

- 1. **PARTIES:** In this Deed of Trust ("Deed") the words you and your refer to each and all of those who sign this Deed as Grantor. The words we, us and our refer to Beneficial Oregon Inc. d/b/a BENEFICIAL MORTGAGE CO., the Beneficiary of this Deed, whose address is 818 NW WALL STREET BEND, OREGON 97701. The word Trustee refers to AMERTITLE whose address is 555 SOUTH SIXTH ST KLAMATH FALLS OREGON 97601. You are ROBERT GARDNER AND JERRI GARDNER.
- 2. **OBLIGATION SECURED:** We have made you an open-end loan (the "Account") pursuant to a Credit Line Account Agreement (the "Agreement") under which we are obligated to make loans and advances to you, including any initial cash advance, up to the maximum Credit Line of \$64,000.00. The Agreement evidences Credit Line Account ("Account") which is repayable in scheduled monthly payments called "Payment Amounts" beginning one month from the date of the Agreement. The Agreement provides for adjustments in the Annual Percentage Rate utilized to calculate the Finance Charge, based on changes in an Index identified in the Agreement. The term or final maturity of the Agreement will be 360 months from the date of the last cash advance or the date there has been a change of rate, whichever first occurs.
- 3. **CONVEYANCE OF PROPERTY:** To secure the prompt payment of the Account, you make this Deed on JULY 09, 1998 with the Trustee and sell and convey to the Trustee, with power of sale, the real property described below (the "Property") in trust for us:

Property: The Property is located in the County of KLAMATH, Oregon.
The legal description of the Property is:

LOT 1 IN BLOCK 6 OF RIVER PINE ESTATES, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

The Property is improved by buildings erected thereon.

- 4. **USE OF PROPERTY:** The Property is not currently used for agricultural, timber or grazing purposes.
- 5. **OTHER ENCUMBRANCES:** The Property is subject to a prior encumbrance identified as follows:
Name of Lienholder _____ Date _____, 19____ Type of Security Instrument: Deed of Trust Mortgage
Principal Amount \$ _____
Recording Information: Date of Recording _____, 19____ Book No. _____ Page _____
Place of Recording: (check appropriate box)
 Clerk of _____ County Recording Division of Records & Elections of Washington County
 Director of Records and Elections of Benton County Department of Records and Elections of Hood River County
 Recording Dept. of Assessments & Records of Multnomah County Department of Records and Assessments of Lane County
- 6. **ACCOUNT:** You shall pay the Account according to the terms of the Agreement.
- 7. **TITLE:** You warrant title to the Property. To do so, you establish that you own the Property, have the right to give this Deed and are responsible for any costs or losses to us if anyone but you claims an interest in it.
- 8. **LIENS ON PROPERTY:** You shall not allow any type of lien to attach to the Property, whether it be a mechanic's lien, materialmen's lien, judgment lien or tax lien.
- 9. **INSURANCE:** Until you pay your debt, you will insure all buildings on the Property against damage by fire and all hazards (often called "extended coverage.") If we ask, you will get insurance acceptable to us for any other risk that we may reasonably require. We will not require you to insure the Property for more than its full replacement value. You will name us on the policy to receive payment if there is a loss and deliver to us a loss payable endorsement. You will assign and give the insurance policies to us if requested so that we can hold the insurance policies as further security for the payment of your debt. These insurance policies shall include the usual standard clauses protecting our interest.
- 10. **FAILURE TO MAINTAIN INSURANCE:** In the event that you fail to maintain the required hazard insurance outlined above or fail to provide adequate proof of its existence, you authorize us at our option to obtain coverage on the Property in an amount not greater than the outstanding balance of principal and interest on the Account or, if known to be less, the replacement value of the Property. You authorize us to charge you for the costs of this insurance and add the insurance charges to the Principal Balance of your Account, which will accrue interest at the Daily Periodic Rate in effect on the Account. The addition of these insurance charges to the Principal Balance on your Account is treated just like a cash advance and will result in the recalculation of the scheduled monthly Payment Amounts on your Account as explained in the Agreement. The cost of Creditor Placed Hazard Insurance might be higher than the cost of standard insurance protecting the Property. This insurance will not insure the contents of the Property or provide liability coverage. The insurance might not be the lowest cost coverage of its type available and you agree that we have no obligation to obtain the lowest cost coverage. We or an affiliated company might receive some benefit from the placement of this insurance (i.e. Commission, Service Fee, Expense Reimbursement, etc.) and you will be charged for the full cost of the premium without reduction for any such benefit. If at any time after we have obtained this insurance, you provide adequate proof that you have subsequently purchased the required coverage, we will cancel the coverage we obtained and credit any unearned premiums to your Account.
- 11. **INSURANCE PROCEEDS:** If we receive any insurance proceeds as a result of your experiencing loss of the use of the Property and then filing a claim for that loss, we need not pay you any interest on the loss and we can (a) use the proceeds to reduce the balance of your loan, (b) pay you as much of the money as we choose for the single purpose of repairing the Property or (c) use the money for any other purpose we may require.
- 12. **TAXES:** You will pay all the taxes, water or sewer rates or assessments on the Property unless we require you to pay the monies due for these items to us. If you do not pay these charges when due, we can pay them after we give you any notice the law may require. You will promptly reimburse us for any amount we have paid together with interest on the amounts paid. This Deed secures any such amounts we have paid.
- 13. **MAINTAIN PROPERTY:** You shall keep the Property in good condition and repair. You shall not commit any waste. Mortgagor warrants that (a) the Property has not been used in the past and is not presently used for hazardous and/or toxic waste, (b) the Property complies with all federal, state and local environment laws regarding hazardous and/or toxic waste, (c) asbestos has not been used as a building material on any building erected on the Property in the past, (d) the property is not presently used for asbestos storage and (e) the Mortgagor complies with all federal, state, and local laws, as well as regulations, regarding the use and storage of asbestos. Mortgagor covenants and agrees to comply with all federal, state, and local environmental laws in the maintenance and use of the Property. Mortgagor warrants that neither the Property nor the loan proceeds were or will be used in illegal drug activity, and the Property is not subject to seizure by any governmental authority because of any illegal drug activity.

- 14. **DEFENSE OF PROPERTY:** You shall appear and defend any action affecting the Property, our rights, or the powers of the Trustee. You shall pay, purchase, contest or compromise any interest in the Property including, without limitation, encumbrances, charges or liens which, in our judgment, appear to be superior to this Deed. To protect our interests, we may at your expense pay necessary expenses, employ counsel and pay reasonable attorney's fees. You shall, to the extent allowed by law, pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees, in any action where we may appear.
- 15. **ALTERATIONS OR IMPROVEMENTS:** No building or improvement on the Property will be altered, demolished or removed without our consent.
- 16. **WHEN FULL AMOUNT DUE:** We may, at our option, declare the full amount of your loan due immediately for any of the following reasons:
 - (a) Failure to Pay as Scheduled: If you do not pay any Payment Amount on your Account on the day it is due.
 - (b) Failure to Pay Additional Amounts: If you do not pay any tax, water or sewer rate or assessment when it is due.
 - (c) Failure to comply with this Deed or the Agreement: If you do not do anything you promise to do in this Deed or your Agreement.
 - (d) Repairs: If you do not keep the Property in good repair, or if it is damaged, or parts of it are removed.
- 17. **DEFAULT:** If you default in the payment of the Account, or in the performance of any terms of your Agreement, or in the performance of anything you agree to do in this Deed, we may foreclose this Deed, either by legal action or by advertisement and sale in accordance with the laws of Oregon.
- 18. **RIGHT TO CURE DEFAULT:** You have the right to cure the default within 5 days of the date set by the Trustee as the date of sale, by paying us (a) the entire amount due, (b) the actual costs and expenses we incur, and (c) actual trustee's and attorney's fees, as provided by section §6.753(1)(a) of the Oregon Revised Statutes or as provided by the laws of Oregon in effect at the time cure is effected.
- 19. **SALE OF PROPERTY:** If you sell the Property voluntarily without obtaining our consent, we may declare as immediately due and payable the Unpaid Balance on the Account plus Finance Charge on that Balance. We will not exercise our right to make that declaration if (1) we allow the sale of the Property because the creditworthiness of the purchaser of the Property is satisfactory and (2) that purchaser, prior to sale, signed a written assumption agreement with us which contains terms we specify including, if we require, an increase in the Finance Charge Rate under the Agreement.
- 20. **PRIOR MORTGAGES OR DEEDS OF TRUST:** You shall pay and keep current the monthly instalments on any prior deed of trust or mortgage and shall prevent any default of the prior mortgage or deed of trust. Should any default be made in the payment of any instalment of principal or any interest on the prior deed of trust or mortgage, or should any suit be filed to foreclose the prior deed of trust or mortgage, you agree the amount secured by this Deed shall be due and payable in full at any time. At our option, we may pay the scheduled monthly instalments on the loan secured by the prior deed of trust or mortgage and, up to the amount we pay, we may become subrogated to the rights of the beneficiary or mortgagee on the prior deed of trust or mortgage. All payments we make on the loan secured by the prior deed of trust or mortgage shall bear interest at the Finance Charge Rate until the amount so paid is paid in full.
- 21. **PREPAYMENT CHARGE:** A Prepayment Charge may be assessed and collected if you prepay this Account; that is, if you reduce the Principal Balance on the Account to zero and close the Account during the first 60 months that this Account is open. The Charge will be collected at the time the Principal Balance is reduced and will be an amount equal to 6 months' Finance Charge on the average of the Principal Balances for each of the 6 months prior to the closing of the Account at the then prevailing Annual Percentage Rate. This Prepayment Charge may be assessed regardless of whether the prepayment on your Account was voluntary or involuntary.
- 22. **FUTURE OWNERS:** This Deed shall be binding upon you, your heirs and personal representatives and all persons who subsequently acquire any interest in the Property.
- 23. **PARTIAL RELEASE OF PROPERTY:** At your request, we may release any part of the Property from this Deed. Any release shall not affect our interest or any rights we may have in the rest of the Property.
- 24. **COSTS OF RELEASE:** You shall pay all costs and expenses of obtaining and recording all releases from and of this Deed.
- 25. **CHANGES IN DEED:** This Deed cannot be changed or terminated except in a writing which we sign.
- 26. **SUBSTITUTION OF TRUSTEE:** If the Trustee resigns, we may appoint a Successor Trustee.
- 27. **NOTICE OF DEFAULT:** We request that a copy of any notice of default and a copy of any notice of sale mailed to you also be mailed to us at the address on the front.
- 28. **COPY:** You acknowledge that you received a true copy of this Deed.
- 29. **SIGNATURE:** You have signed and sealed this Deed on JULY 09, 1998 in the presence of the persons identified below as "witnesses."

Witness _____
 Witness Connie L. Brey

Robert Gardner (SEAL) Grantor
Jerry Gardner (SEAL) Grantor

STATE OF OREGON, COUNTY OF DESCHUTES
 On this 09 day of JULY, 1998
 before me, a Notary Public in and for said State, personally appeared
ROBERT GARDNER AND JERRY GARDNER
 known to me to be the person(s) whose name(s) ARE
(s) (are)
 subscribed to the within instrument and acknowledged to me that he Y executed the same.
Connie L. Brey
 Notary Public of Oregon
 My Commission expires: May 14, 2001
 0743/ 00502973

STATE OF OREGON, COUNTY OF _____
 I HEREBY CERTIFY That this instrument was filed for record at the request of the Beneficiary at _____ minutes past _____ o'clock M., this day of _____, 19____ in my office, and duly recorded in Book _____ of Mortgages at page _____

OFFICIAL SEAL
 CONNIE L BREY
 NOTARY PUBLIC-OREGON
 COMMISSION NO. A301124
 COMMISSION EXPIRES MAY 14, 2001

REQUEST FOR FULL RECONVEYANCE

STATE OF OREGON: COUNTY OF KLAMATH : ss.
 Filed for record at request of _____ Amerititle the 14th day of July A.D., 1998 at 3:33 o'clock P. M., and duly recorded in Vol. M98 of Mortgages on Page 25281
 FEE \$15.00
 By Bernetha G. Letsch, County Clerk
Kathleen Ross