

70956

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After recording, return to:

98 DEC -7 AM '02

Key Bank of Oregon
ATTN: Alan Mitchell
1211 SW 5th Ave #300
Portland OR 97204

Until requested otherwise
send all tax statements to:

Terry A. Crane
4000 Round Lake Rd #122
Klamath Falls OR 97601

Aspen Title #01048722

DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS made this th day of December, 1998, between TERRY A. CRANE ("Grantor"), LEWIS B. HAMPTON ("Trustee"), and RALPH BOLLIGER ("Beneficiary"), WITNESSETH:

1. **THE PROPERTY.** That Grantor irrevocably grants, bargains and sells to Trustee in trust, with power of sale, that real property in the City of Klamath Falls, County of Klamath, State of Oregon, described on the attached and incorporated Exhibit "A", and that personal property described on the attached and incorporated Exhibit "B".

The property is commonly known as 2705 Wiard Street, Klamath Falls, Oregon.

This document shall be considered a security agreement for purposes of the Uniform Commercial Code.

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Grantor to collect and apply such rents, issues and profits prior to any default hereunder, and including all buildings and improvements now or hereafter constructed thereon, and all appurtenances, streets, roads, public places, easements, rights of way, and fixtures being hereby declared to be, for all purposes of this Deed of Trust and Assignment of Rents, a part of the realty; and all the estate, interest or other claim, demand, or recovery, including insurance or condemnation proceeds, in law as well as in equity, which Grantor now has or may hereafter acquire, in and to the aforesaid property ("Property").

The Property is not now used for agricultural, timber or grazing purposes.

2. **TITLE.** Grantor hereby warrants that Grantor is the owner in fee simple absolute of the Property and every part thereof; that the same is free from all liens and encumbrances, except those accepted by Beneficiary in writing, and that Grantor, or its successors in interest, will defend the title hereby granted to Trustee and Beneficiary, or its successors in interest forever, as against every person claiming or to claim the same.

3. **SECURITY.** This Deed of Trust and Assignment of Rents is made for the purpose of securing, in such order of priority as Beneficiary may elect, payment of:

a. The indebtedness in the sum of \$129,500.00 evidenced by that certain Promissory Note ("Note") of even date made by Grantor, delivered to Beneficiary and payable to its order, with final payment due on or before December 1, 2003 ("Maturity Date") and any and all amendments, modifications, extensions or renewals, whether future advances, evidenced by the Note or otherwise;

b. Interest on the indebtedness according to the terms of the Note;

c. All other sums, with interest as herein provided, becoming due and payable to Trustee or Beneficiary;

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d. Performance of each and every condition, obligation, covenant, promise or agreement contained herein, or in the Note between the parties; and

e. Such additional sums with interest thereon as may be hereafter borrowed from Beneficiary, its successors or assigns, by the then record owner or owners of the Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Deed of Trust and Assignment of Rents.

To protect the security of this Deed of Trust and Assignment of Rents, Grantor agrees:

4. **PROPERTY REPAIR, LAWS AND ENCUMBRANCES.** To keep the Property in good condition and repair; not to permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Property; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or requiring any alteration or improvements to be made thereon; not to commit or permit waste thereon; not to commit, suffer or permit any act upon the Property in violation of law; and to keep the Property free from all encumbrances, except those accepted by Beneficiary in writing.

5. **COMPLETION OR RESTORATION.** To complete or restore promptly and in good and workmanlike manner any buildings or improvements which may be constructed, damaged or destroyed, and pay when due all claims for labor performed or materials furnished, and, Grantor further agrees to complete construction or restoration of improvements on the Property, in accordance with plans and specifications satisfactory to Beneficiary, to allow Beneficiary to inspect the Property at all times during construction or restoration and to replace any work or materials unsatisfactory to Beneficiary promptly after written notice from Beneficiary of such fact. If the work of the construction or restoration is discontinued for a period of fifteen (15) days for any cause which is not beyond the reasonable control of Grantor, Beneficiary may, at its option, enter into and upon the premises and complete the construction. Grantor hereby gives to Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore the building or buildings, and all monies expended by Beneficiary in connection with such completion or restoration shall be added to the principal balance under the Note, shall be secured by this Deed of Trust and Assignment of Rents and shall be payable by Grantor on demand with interest as provided in the Note.

6. **INSURANCE.**

a. To provide to Beneficiary certificates establishing that Grantor has procured (and Grantor shall, while any portion of the Note remains unpaid, maintain) fire insurance with extended coverage for one hundred percent (100%) of the full replacement cost of all improvements, but in no event less than the principal balance of the Note.

b. That Beneficiary shall be named as loss payee on all policies. Grantor shall provide and shall continue to provide, Beneficiary with a current (from time to time) certificate of each required insurance coverage, in a form and with companies acceptable to Beneficiary. The certificate shall be issued to Beneficiary and shall provide for thirty (30) days' written notice to be sent to Beneficiary in the event of any cancellation or change in policy.

7. **PROCEEDS AND AWARDS.**

a. Any proceeds which Beneficiary may receive under any such policy, or policies, or through any condemnation proceeding or from any government agency or third party resulting from damage to the Property, may be applied by Beneficiary, at its option, to reduce the indebtedness hereby secured, whether then matured or to mature in the future, and without regard to whether or not its security is impaired, and in such manner as Beneficiary may elect, provided, however, that if no Event of Default has occurred, Beneficiary shall permit Grantor to use any insurance proceeds to repair or replace all improvements damaged or destroyed and covered by the policy.

b. Any awards or proceeds of insurance are assigned to Beneficiary, who is authorized to collect and receive the proceeds or awards from such authorities and to give proper receipts and acquittances therefor and any affected insurance company is authorized and directed to make payment to Beneficiary.

c. Grantor hereby covenants and agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid awards to Beneficiary, free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

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d. Any award or awards received by Grantor shall be delivered immediately to Beneficiary in the form received and, prior to the date of receipt, shall be held in trust for Beneficiary. For purposes of this paragraph, the term "award" shall mean and include any amount paid upon a taking or a voluntary conveyance in lieu of or in anticipation of a taking of all or any part of the Property or any interest therein in exercise of the right of condemnation or eminent domain. In the event of any loss or damage to the Property, Grantor will give immediate notice thereof in writing to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if not promptly made by Grantor. In the event Grantor fails to settle or compromise any claim to the satisfaction of Beneficiary, Beneficiary is authorized and empowered to settle, adjust, or compromise any claims for loss, damage or destruction under any policy or policies of insurance. In any event, Beneficiary may deduct and retain from the proceeds of any insurance or any award the amount of all expenses incurred by it in connection with any settlement.

8. **DEFENSE.** To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.

9. **TAXES.** To pay, when due, all taxes and assessments, including personal property taxes, if any, affecting the Property, Deed of Trust and Assignment of Rents, or the debt secured thereby, or against the Beneficiary by reason of the ownership of the Deed of Trust and Assignment of Rents and Note, or either of them, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property, or any part thereof, which appear to be prior or superior hereto and to deliver to the Beneficiary upon request the official receipt or receipts showing payment.

10. **ATTORNEY FEES.**

a. To reimburse Beneficiary for all costs and expenses, including, without limitation, reasonable attorney fees incurred by Beneficiary in connection with (1) the review by Beneficiary of Grantor's request for Beneficiary's consent to a transfer or disposition of all or any portion of the Property or any interest therein, including, without limitation, any attorney fees and expenses incurred by Beneficiary in preparing or reviewing any subordination agreement(s) for a lien or other encumbrance on the Property, and (2) the preparation or review by Beneficiary of any subordination agreement(s) for a lien or other encumbrance on the Property as a result of the determination by a court of competent jurisdiction that the prohibition against the creation of a lien or encumbrance on the Property without the prior written consent of Beneficiary is unenforceable by the provisions of any applicable law.

b. If an attorney is employed to construe, interpret or enforce any provision of this Deed of Trust or to take any action in any bankruptcy, insolvency or similar proceeding affecting creditor's rights generally (including, without limitation, prosecution of a motion for relief from stay, proposal of a Chapter 11 plan, objection to a disclosure statement or Chapter 11 or Chapter 13 plan, or objection to proposed use, sale or lease of Property), the Beneficiary shall be entitled to recover from the Grantor the Beneficiary's reasonable attorney fees and other costs incurred irrespective of whether any legal proceeding is commenced. In case litigation or other proceeding is instituted arising directly or indirectly out of this Deed of Trust and Assignment of Rents, the prevailing party shall have the right to recover its reasonable attorney fees and costs at both the trial and appellate levels. Any attorney fees awarded Beneficiary shall be payable on demand, shall bear interest at the Note default rate, and shall be secured by the Loan Documents.

11. **TRANSFER.**

a. This loan is personal to Grantor and not assignable. In making it, Beneficiary has relied on Grantor's credit, Grantor's interest in the Property, and financial market conditions at the time this loan is made. Without the prior written consent of Beneficiary, which consent may be granted or denied in Beneficiary's sole discretion, Grantor shall not voluntarily or involuntarily, by operation of law or otherwise, transfer or dispose of all or any portion of the Property or any interest therein. A transfer or disposition of the Property or any interest therein shall include, without limitation, execution of a contract to sell or option to purchase, any lease for space for a term of more than one (1) year (including renewal terms) or for purposes other than occupancy by the tenant, any lease for space containing an option to purchase, or any direct or indirect sale, assignment, conveyance, transfer (including a transfer as a result of or in lieu of condemnation), or other alienation of all or any portion of the Property or any interests therein, including the creation of a lien or other encumbrance on the Property and further including any assignment, pledge, grant of security interest in, conditional sale, or the execution of a title retention agreement with regard to any personal property included in the Property unless Grantor has obtained prior written consent of Beneficiary. The following shall also be deemed to constitute a transfer of the Property, whether made directly or through an intermediary (1) if Grantor is a corporation, a transfer of any of the outstanding voting stock of Grantor or of securities which may be converted to voting stock; (2) if Grantor is a partnership, a transfer of or the grant of a security interest in any general partnership interest in Grantor; or (3) if Grantor is a trust or other entity, a transfer of any beneficial interest in Grantor.

b. If Grantor takes or permits any such action without the prior written consent of Beneficiary, Beneficiary may, at its option and without limiting any other right or remedy available to Beneficiary at law, in equity or by agreement with Grantor, accelerate the maturity of the Note and require the payment of the then existing outstanding principal balance and all other sums due under the Note and under this Deed of Trust and Assignment of Rents. The giving of consent by Beneficiary to the transfer or disposition of the Property in any one or more instances shall not limit or waive the need for such consent in any other or subsequent instance.

c. Assumption by a third party does NOT release Grantor or any successor in interest from liability for payment or for nonperformance of the terms, covenants and conditions of this loan.

12. **LEASES.** Grantor covenants and agrees to keep, observe and perform and to require the tenants to keep, observe and perform all of the covenants, agreements, and provisions of any present or future leases or rental agreements of any portion of the Property on their respective parts to be kept, observed and performed. If Grantor shall neglect or refuse so to do, Beneficiary may, if it shall so elect, perform and comply with or require performance and compliance by the tenants with any such lease covenants, agreements and provisions. Upon receipt of any written notice of default under a lease from any person or corporation authorized to enforce performance thereof, Trustee or Beneficiary may rely thereon and take any action deemed necessary to cure such default, even though the existence of the default or the nature thereof be questioned or denied by Grantor or by any party on behalf of Grantor. Any sums expended by Beneficiary in performance or compliance or in enforcing such performance or compliance by Grantor or the tenants, including costs, expenses and attorney fees, shall bear interest from the date of such expenditures at the Note rate, shall be paid by Grantor to Beneficiary upon demand, and shall be deemed a part of the debt secured hereby and recoverable as such in all respects.

13. **ASSIGNMENT OF CLAIMS.** In addition to awards and proceeds payable pursuant to Paragraph 7 of this Deed of Trust and Assignment of Rents, all causes of action, whether accrued before or after the date of this Deed of Trust and Assignment of Rents, all claims for damages or injury to the Property or any part thereof, including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary, and the proceeds shall be paid to Beneficiary. Beneficiary may elect, in its sole and absolute discretion, without regard to whether or not its security is impaired, to apply any and all such sums on any portion of the indebtedness selected by it, whether then matured or subsequently to mature, or to release the entire amount so received, or any part thereof.

14. **ASSIGNMENT OF RENTS AND PROFITS.** All of the rents and profits are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust and Assignment of Rents or other instruments given as security for the Note. All leases now or in the future entered into will be in form and substance subject to the prior written approval of Beneficiary. All leases of the Property shall specifically provide that such leases are subordinate to this Deed of Trust and Assignment of Rents; that the tenant attorns to Beneficiary, such attornment to be effective upon Beneficiary's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; that the attornment of tenant shall not be terminated by foreclosure; that the tenant agrees to execute estoppel certificates in form and substance satisfactory to Beneficiary; and that Beneficiary, at Beneficiary's option, may accept or reject such attornments. Prior to the happening of any Event of Default hereunder, Grantor shall have a license to collect and receive all rents and profits, which license shall be terminable at the sole option of Beneficiary without regard to the adequacy of its security hereunder and without notice to or demand upon Grantor, upon the occurrence of any Event of Default. Grantors shall apply the amount so collected first to the payment of the principal and interest and all other sums payable under the Note and Deed of Trust and Assignment of Rents, or any other instrument given as security for the Note. Thereafter, so long as no Event of Default has occurred, the balance shall be for the account of Grantor. Upon the written request of Beneficiary, Grantor shall execute such further assignments to Beneficiary of any or all such leases, agreements, or rents and profits as Beneficiary may, in its sole judgment, require and deliver to Beneficiary a fully executed original of any or all such leases or agreements. The Assignment of Rents and Profits is given as further security for the indebtedness evidenced by the Note, and nothing herein contained shall be construed as constituting Beneficiary a "mortgagee in possession" of the Property. Beneficiary's acceptance of this assignment does not constitute a promise by it nor is Beneficiary obligated any way to perform any of Grantor's duties or obligations under or in connection with the leases, rents or agreements. Grantor hereby agrees to indemnify Beneficiary against and hold it harmless from any and all liability, loss or damage which it may or might incur under the leases, rents or agreements or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against it by any reason of any alleged obligation or undertaking on Beneficiary's or Grantor's part to perform or discharge any of the terms of the leases, rents or agreements. Upon any Event of Default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, or the solvency of Grantor, or the presence of waste or danger of loss or destruction of the security, enter upon and take possession of the Property or any

part thereof, and any personal property in which Beneficiary has a security interest, or in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid.

15. **CURE.** Should Grantor fail to make any payment or to do any act as provided for, Beneficiary or Trustee may make the payment or cure any other failure to act to the extent either may deem necessary to protect the security hereof. However, each of Beneficiary and Trustee is without obligation so to do and need not give notice to or make demand upon Grantor. Payment or cure by Beneficiary or Trustee shall not release Grantor from any obligation for which or on behalf of which payment or cure is made. Beneficiary or Trustee may at any time, prior to full payment of all sums secured by this Deed of Trust and Assignment of Rents, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereof, and, in exercising any power conferred by this Deed of Trust and Assignment of Rents, pay necessary expenses, employ counsel and pay his reasonable fees. Grantor agrees to repay immediately upon demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the Note default rate. All sums so expended by Beneficiary, and the interest thereon, shall be secured hereby. Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged by Beneficiary in whole or in part pursuant to any provision in this Deed of Trust and Assignment of Rents.

16. **SUBORDINATE DEED OF TRUST.** Grantor will not, without prior written consent of Beneficiary, permit, consent to, execute or deliver any lien, pledge, judgment, security agreement, mortgage, deed of trust, or other encumbrance covering all or any portion of the Property or any interest therein ("Subordinate Deed of Trust"). If Beneficiary consents to a Subordinate Deed of Trust or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable by the provisions of any applicable law, Grantor will not execute or deliver any Subordinate Deed of Trust unless there shall have been executed, acknowledged, and delivered to Beneficiary not less than ten (10) days prior to the date of creation of the Subordinate Deed of Trust, a copy thereof together with a Subordination Agreement which shall contain express covenants to the effect that:

a. The Subordinate Deed of Trust is in all respects subject and subordinate to this Deed of Trust and Assignment of Rents and to all extensions, renewals and modifications thereof;

b. The Subordinate Deed of Trust is in all respects subject and subordinate to any and all leases of all or any portion of the Property made or to be made. If any action or proceeding shall be brought to foreclose the Subordinate Deed of Trust (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no occupant or tenant of any portion of the Property will be named as a party defendant except for officers or principals of Grantor who may be occupants thereof, nor will any action be taken with respect to the Property which would terminate any occupancy or tenancy of the Property without the prior written consent of Beneficiary;

c. The rents and profits, if collected through a receiver or by the holder of the Subordinate Deed of Trust, will be applied first to the obligations secured by this Deed of Trust and Assignment of Rents, including principal and interest due and owing on or to become due and owing on the Note and then to the payment of maintenance, operating charges, taxes, assessments and disbursements incurred in connection with the ownership, operation and maintenance of the Property; and

d. If any action or proceeding, whether judicial or nonjudicial, shall be brought or commenced to foreclose the Subordinate Deed of Trust, prompt written notice of the commencement thereof will be given to Beneficiary.

17. **ADDITIONAL CONSTRUCTION.** There shall be no construction on the Property, or on any adjoining land at any time owned or controlled by Grantor or related business entities, unless plans and specifications for such construction shall have first been submitted to and approved by Beneficiary. Grantor hereby grants to Beneficiary the first right of refusal to provide financing for any additional improvements on the Property.

18. **RENTS, PROFITS AND LEASES.**

a. Grantor will not without the prior written consent of Beneficiary (1) execute any further assignment of any of its right, title or interest in the rents and profits (except to Beneficiary); or (2) consent to the alteration, amendment, sublease, cancellation or surrender of any lease of the Property or of any part thereof, now existing or hereafter to be made; or (3) modify any lease of the Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the rent payable thereunder; or (4) other than in the ordinary course of business, enter into any future lease of any portion of the Property without the prior written consent of Beneficiary; or (5) accept prepayments of any installments of rent to become due under any leases in excess of two

(2) months, except prepayments in the nature of security for the performance by any tenant of its obligations thereunder, or (6) in any other manner impair the value of the Property or the security of this Deed of Trust and Assignment of Rents.

b. Grantor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Property now or hereafter existing, on the part of lessor thereunder to be kept and performed. All leases shall provide for the subordination, in form and substance satisfactory to Beneficiary, of such leases to this Deed of Trust and Assignment of Rents and all extensions, renewals and modifications thereof, and actual occupancy by the lessee.

c. Grantor shall furnish to Beneficiary from time to time, within thirty (30) days after a request by Beneficiary to do so, a written statement containing the names of all lessees of the Property, the terms of their respective leases, the spaces occupied and the rentals payable thereunder.

19. **EVENTS OF DEFAULT.** Time is of the essence hereof. If Grantor does not pay the secured indebtedness as provided, or if, within thirty (30) days after written notice, Grantor does not comply with the terms and conditions of this Deed of Trust and Assignment of Rents, the Loan Agreement or the Security Agreement, or should any representation of Grantor contained herein be false, or should a breach of any warranty of Grantor contained herein occur, or should any suit be instituted for the enforcement of any Subordinate Deed of Trust prohibited by Paragraph 16, or if a proceeding under any bankruptcy, receivership or insolvency law be instituted by or against Grantor, or if Grantor makes an assignment for the benefit of creditors, or if any guaranty delivered to Beneficiary in connection with the indebtedness is terminated or revoked, or if state laws are changed hereafter to impose what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in the Deed of Trust and Assignment of Rents (unless Grantor may lawfully pay such tax and does so), this Deed of Trust and Assignment of Rents shall be in default ("Event of Default"). Any Event of Default under this Deed of Trust and Assignment of Rents shall constitute a default under the Note, the Loan Agreement and Security Agreement. An Event of Default under the Loan Documents as that term is defined in the Note ("Loan Documents") shall constitute an Event of Default under this Deed of Trust and Assignment of Rents.

20. **REMEDIES.**

a. **Notice.** Upon default, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to sell the Property, which notice Trustee shall cause to be recorded, filed for record, mailed, published or posted as may be required by law.

b. **Rights of Receiver or Beneficiary-in-Possession.** Upon taking possession of all or any part of the Property, the receiver or Beneficiary may:

(1) Use, operate, manage, control and conduct business on the Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(2) Collect the income from the Property, including any past due, and apply such sums in Beneficiary's sole discretion in any order to: (a) the expenses of use; (b) operation and management, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorney fees; and (c) to the sums secured by this Deed of Trust and Assignment of Rents;

(3) At Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Beneficiary deems appropriate.

Beneficiary or the receiver shall be liable to account only for those rents actually received. If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow from Beneficiary (if Beneficiary, in its sole discretion, agrees to lend) or otherwise, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem necessary for purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in the Note. Such sums shall become a part of the indebtedness secured by this Deed of Trust and Assignment of Rents and shall be payable by Grantor on demand.

c. **Trustee's Sale.** After the lapse of the period required by law following the recordation of the notice of default, and notice of sale having been given as required by law, Trustee, without demand on Grantor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in the order as it may determine, or otherwise in the manner prescribed by law, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee

may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to a purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Grantor, Trustee, or Beneficiary may purchase at the sale. All unexpired hazard insurance on the Property sold shall pass to and inure to the benefit of the purchaser of the Property at the sale, and Beneficiary is hereby irrevocably authorized to assign in Grantor's name to the purchaser all policies, which may be amended or rewritten to show the interest of the purchaser. The delivery to Beneficiary of any policy or policies of insurance, or renewals thereof, shall constitute an assignment to Beneficiary of all unearned premiums as further security for the payment of the indebtedness secured hereby.

d. **Transfer of Possession.** If any sale is made of the Property, or any portion thereof, under the terms of this Deed of Trust and Assignment of Rents, or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor, its heirs and assigns or its successors in interest, shall forthwith upon sale surrender and deliver possession of the Property so sold to the purchaser at the sale, and in the event of their failure to do so they shall thereupon from and after the making of the sale be and continue as tenants at will of the purchaser (or Beneficiary) and shall pay a reasonable rental for use of the Property.

e. **Set Off.** Beneficiary may apply or set off any and all deposits or other sums at any time credited by or due from Beneficiary to Grantor without notice and whether or not other property is considered by Beneficiary to be adequate. Trustee and Beneficiary shall have any other right or remedy provided in this Deed of Trust and Assignment of Rents, the Note, the Loan Agreement or any other Loan Document, or available at law, in equity or otherwise.

21. **PROCEEDS OF TRUSTEE'S SALE.** After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid with accrued interest at the Note rate or the maximum rate permitted by law, whichever is the lesser; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

22. **COSTS OF SALE; DEFICIENCY.** If Beneficiary elects to commence suit for foreclosure of this Deed of Trust and Assignment of Rents, Grantor agrees to pay to Beneficiary or Trustee (whichever may be the plaintiff in the foreclosure suit) the costs of the suit and a reasonable sum for attorney fees as the court may allow, witness fees (expert and otherwise), deposition costs, copying charges and other expenses, appraisals, surveyor reports, title insurance and trustee fees, including those on appeal whether said suit be brought to a decree or not, and also such further sums, if any, as Beneficiary or Trustee shall have paid for procuring an abstract of, or search of, the title to said premises subsequent to the execution of this Deed of Trust and Assignment of Rents, and also a reasonable fee for Trustee. All moneys herein agreed to be paid shall be secured hereby. Beneficiary shall be entitled to a judgment which provides that if foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the unpaid balance of the judgment.

23. **ORDER OF SALE.** Grantor expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust and Assignment of Rents or of any other security for any of the indebtedness.

24. **RIGHTS TO PERSONAL PROPERTY.** With respect to all or any part of the Property that shall constitute personal property, if any, Beneficiary shall have all rights and remedies of a secured party under the Uniform Commercial Code of Oregon. Beneficiary shall give Grantor reasonable prior written notice of the time and place of any public sale of personal property, or of the time after which any private sale or any other intended disposition is to be made, and Grantor agrees that five days notice is reasonable notice.

25. **SUCCESSORS AND ASSIGNS.** This Deed of Trust and Assignment of Rents applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust and Assignment of Rents or arising therefrom or by reason of any default of the Grantor, is waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust and Assignment of Rents, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

26. **RIGHTS OF BENEFICIARY.** Except for the notice provided in Paragraph 20, Grantor waives presentment, demand, protest and all notices and agrees that Beneficiary, without notice or consent, and upon such terms as Beneficiary may deem advisable,

and without affecting in any way Beneficiary's rights hereunder as against the Property, may extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust and Assignment of Rents or any other instrument securing this loan; or take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Trust Property.

27. **SUCCESSOR TRUSTEE.** Beneficiary may, at any time and from time to time, by instrument in writing, substitute and appoint a successor or successors (either corporate or individual) to any Trustee named herein or previously substituted hereunder, which instrument shall, when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Property is situated, be conclusive proof of the proper substitution and appointment of each such successor, Trustee or Trustees, who shall then have all the title, powers, duties and rights of the predecessor Trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust and Assignment of Rents, duly executed and acknowledged, is made a public record as provided by law. The undersigned Grantor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his mailing address, to-wit:

4000 Round Lake Rd #122
Klamath Falls OR 97601

28. **RECONVEYANCE.**

a. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and Assignment of Rents and the Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey all or any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or in any agreement subordinating the lien or charge hereof.

b. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matter or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

29. **HAZARDOUS WASTE.** Grantor shall permit no hazardous or dangerous objects, materials or products to be located upon or generated, stored, disposed of or used in any portion of the Property, nor permit any hazardous or dangerous use to be made of the Property, and shall keep the Property in a safe condition in full compliance with all safety, health and environmental statutes, ordinances and regulations. Grantor warrants to Beneficiary that no asbestos, formaldehyde, toxic, chemical, radioactive or other hazardous materials (including, without limitation, any substance, material or waste which is or becomes regulated or classified as a hazardous material by the United States or any state, county or municipality in which the Property is located) have been or shall be used, incorporated, stored, disposed of, leached or intruded into or on the Property, and if the same do so exist, or hereafter exist, Grantor covenants to cause the same to be collected, stored, treated and removed and the Property restored to the extent required by all applicable federal, state and local regulations and to immediately pay all of the costs thereof. Grantor agrees to defend, indemnify and hold Beneficiary harmless against any and all costs, damages or losses, including without limitation, attorney fees at trial and on appeal, arising from or related to the breach of any warranty or covenant in this paragraph, whether prior to or following the repayment of the Note or prior to or following the foreclosure of or trustee's sale under this Deed of Trust and Assignment of Rents or other security for the Note, and for any lien imposed against the Property or any portion thereof to secure the payment of any costs relating to investigatory or remedial action, the removal of hazardous wastes and/or any resulting restoration of the Property. This indemnification shall be secured by this Deed of Trust and Assignment of Rents, but at Beneficiary's option only to the extent not extinguished by a trustee's sale hereunder, and shall survive any foreclosure of or trustee's sale under this Deed of Trust and Assignment of Rents and is statutorily extinguished in connection therewith. At Beneficiary's option, the Note shall become immediately due and payable in the event any lien is imposed against the Property or any portion thereof as a result of the actual or alleged presence on the Property of any hazardous materials of any such items, and Grantor shall be liable to the holder of the Note for the payment and removal of such lien whether prior to or following the foreclosure of, or trustee's sale under, this Deed of Trust and Assignment of Rents.

30. **APPLICABLE LAW.** This Deed of Trust and Assignment of Rents has been executed and delivered in the State of Oregon and is to be construed and enforced according to and governed by the laws of the State of Oregon. Grantor consents to a personal jurisdiction in the State of Oregon.

TRC

31. **WAIVER.** By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay. The failure or delay of Beneficiary to exercise any of its rights or options herein provided shall not constitute a waiver of the right to exercise such right or option because of any continuing or subsequent default.

32. **SEVERABILITY.** If one or more of the provisions contained in this Deed of Trust and Assignment of Rents shall for any reason be held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust and Assignment of Rents, but this Deed of Trust and Assignment of Rents shall be construed as if the invalid, illegal or unenforceable provision had never been contained herein.

33. THIS AGREEMENT SIGNED BY GRANTOR AND SO INITIALED BY GRANTOR IN THE MARGIN OPPOSITE THIS SECTION CONSTITUTES A FINAL WRITTEN EXPRESSION OF ALL OF THE TERMS OF THIS AGREEMENT AND IS A COMPLETE AND AN EXCLUSIVE STATEMENT OF THOSE TERMS. GRANTOR WAS NOT INDUCED TO ENTER INTO THIS AGREEMENT BY ANY STATEMENTS OR REPRESENTATIONS NOT CONTAINED IN THIS AGREEMENT. EACH REPRESENTATION, PROMISE, WARRANTY, OR STATEMENT BY BENEFICIARY, BY BENEFICIARY'S AGENT, BY GRANTOR, OR BY GRANTOR'S AGENTS THAT DIFFER IN ANY WAY FROM THE TERMS OF THIS WRITTEN AGREEMENT SHALL BE GIVEN NO FORCE OR EFFECT. THIS AGREEMENT SHALL BE CHANGED, AMENDED, OR MODIFIED ONLY BY A WRITTEN INSTRUMENT SIGNED BY GRANTOR AND BENEFICIARY. This Agreement shall not be modified or altered by any course of performance by either party, or usage of the trade.

Terry A. Crane
TERRY A. CRANE

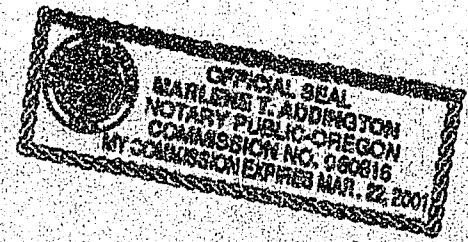
STATE OF OREGON

County of Klamath

)
) ss.
)

This instrument was acknowledged before me on December 4, 1998 by TERRY A. CRANE.

Marlene T. Addington
NOTARY PUBLIC FOR OREGON
My Commission Expires: 3-22-01



44558

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sum secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance and documents to _____

DATED: _____

Beneficiary

EXHIBIT "A"

44559

LOT 34, EXCEPT THE SOUTHERLY 33.4 FEET; THE SOUTH 3 FEET
OF LOT 35, BAILEY TRACTS, IN THE COUNTY OF KLAMATH, STATE
OF OREGON.

CODE 41 MAP 3909-2DC TAX LOT 4500

EXHIBIT "B"

The following described mobile homes, together with the miscellaneous structures and equipment attached thereto:

- 1973 Broadmore VIN 4D22031313S2651
- 1979 Homette VIN 03950573M
- 1960 Flamingo VIN HG0501F60A
- 1970 Safeway VIN C52121658
- 1967 Kit VIN S5532
- 1965 Bel Aire VIN S1495
- 1974 Titan VIN MT400114554036

Foe

All metal and frame storage sheds.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 7th day of December A.D., 1998 at 11:02 o'clock A. M., and duly recorded in Vol. M98 of Mortgages on Page 44549.

FEE \$65.00

By Bernetha G. Letsch, County Clerk
Kathleen Rose