

RECORDED IN REQUESTED BY:

South Valley Bank and Trust
P O Box 5210
Klamath Falls, OR 97601

WHEN RECEIVED MAIL TO:

South Valley Bank and Trust
P O Box 5210
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Henry J. Caldwell Jr. and Deborah L. Caldwell
7950 Hill Road
Klamath Falls, OR 97603

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

DEED OF TRUST

THIS DEED OF TRUST IS DATED J
January 5, 1996, by and between Henry J.
Caldwell, and Deborah L. Caldwell, his
successor in interest, whose address is 7950 Hill
Road, Klamath Falls, OR 97603 (referred to below as
"Grantor"); South Valley Bank and Trust, whose address is 411
Brandt Street, Klamath Falls, OR 97601 (referred to below as
"Lender"); and William P.

JANUARY 20, 1999, among Henry J. Caldwell Jr. and Deborah L. Caldwell, not
Fol Caldwell Family Trust under the provisions of a Trust Agreement dated
and Deborah L. Caldwell, Trustees of the Caldwell Family Trust,
and, whose address is 7950 Hill Road, Klamath Falls, OR 97603
and William P. Caldwell, whose address is 411 Brandt Street, Klamath Falls, OR 97601 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently created or altered buildings, improvements and fixtures; all easements, rights of way, and any other rights (including stock in utilities with such and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar materials, located in Klamath County, State of Oregon (the "Real Property")):

See attached Exhibit "A"

The Real Property or its address is commonly known as 32867 Washburn Way, Klamath Falls, OR 97603. The Real Property tax identification number is 3809-0108-00200.

Grantor personally assigns to Lender (also known as Beneficiary in this Deed of Trust) as of Grantor's right, title, and interest in and to all present and future leases of the Property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the

DEFINITIONS. The following words shall have the meanings attributed to such terms in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. References to dollar amounts shall mean amounts in lawful money of the United States of America.

Beneficiary. The word "Beneficiary" refers to the "Lender" in this Deed of Trust.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignments and security interest provisions.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described below in the Existing Indebtedness section of this Deed of Trust.

Grantor. The word "Grantor" means Henry J. Caldwell Jr. and Deborah L. Caldwell, Trustees for Fol Caldwell Family Trust.

Guarantor. The word "Guarantor" means any person connected with the Indebtedness.

Improvements. The word "Improvements" means, and includes without limitation all existing and future improvements, buildings, structures, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means the obligations of Grantor to Lender to discharge obligations of Grantor to Lender together with interest on such obligations as debts and liabilities, plus interest thereon, in whole or in part, whether now existing or hereafter arising, whether due or not due, absolute or contingent, liquidated or unliquidated, and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such

is South Valley Bank and Trust, its successors and assigns. South Valley Bank and Trust also is

mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignments and security interest provisions.

Indebtedness" mean the indebtedness described below in the Existing Indebtedness section of this Deed of Trust.

all persons and entities executing this Deed of Trust, including without limitation Henry J. Caldwell Jr. and Deborah L. Caldwell, Trustees for Fol Caldwell Family Trust.

and includes without limitation any and all guarantors, sureties, and accommodation parties in

means, and includes without limitation all existing and future improvements, buildings, structures, facilities, additions, replacements and other construction on the Real Property.

says as principal and interest payable under the Note and any amounts expended or advanced by expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, added in this Deed of Trust, in addition to the Note, the word "Indebtedness" includes all obligations, to Lender, or any one or more of them, as well as all claims by Lender against Grantor, or any or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or pre-existing, liquidated or unliquidated, and whether Grantor may be liable individually or jointly with others, whether obligors as grantor or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become otherwise unenforceable.

Lender. The word "Lender" means South Valley Bank and Trust, its successors and assigns.

Note. The word "Note" means the Note dated January 20, 1999, in the principal amount of \$210,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions to the Note. The maturity date of the Note is August 15, 1999.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, if and now or hereafter attached and all substitutions for, any of such property or premiums thereon, if any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property interests and rights described above in the "Conveyance and Grant" section.

Documents. The words "Documents" mean and include without limitation all promissory notes, credit agreements, loan contracts, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, royalties, profits, and other benefits derived from the

Property. The word "Trustee" means William P. Caldwell, his heirs, executors, administrators or successors or trustees.

THIS DEED OF TRUST, RELATING PROPERTY IS GIVEN TO SECURE GRANTOR UNTEN THE XONE, THE PAYMENT AND PERFORMANCE, EXCEPT AS STATED BELOW, OF THE FOLLOWING TERMS:

POSSESSION AND MAINTENANCE OF THE PROPERTY. Following provisions:

Possession and Use. Until the good opinion or manager of the Property, and obligations of the Property, THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND APPROVED USES AND TO DETERMINE ANY LIMITATION ON LIVELIHOODS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hazardous Substances. The terms of this Deed of Trust, shall have the same meaning as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-493 Section 3001, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms and substances. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, conduct in compliance with all applicable federal, state and local laws, regulations and ordinances, including without limitation those laws, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state and local laws, regulations and ordinances, including without limitation those laws, tests, at Grantor's expense, at Lender's direction, appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspection or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of the section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the properties. The provisions of this section of the Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause any damage or nuisance nor commit, permit, or suffer any stripping, cut or waste on or to the Property or any portion of the Property, without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of such improvements with Lender. Lender may require Grantor to make arrangements satisfactory to Lender to replace Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to the purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Government Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities, including the Americans With Disabilities Act. Grantor may contest in court any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to these acts set forth above in this section, which from time to time are reasonably necessary to protect and preserve the Property.

DEED OF SALE - CONSENT BY LENDER. Lender may, at its option, declare immediately due and payable all sums unpaid by this Deed of Trust upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein, whether legal, beneficial or equitable, whether voluntary or involuntary, whether by outright sale, deed, instalment sales contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract, or by lease, assignment, or transfer, if any beneficial interest in or to any land trust holding title to the Real Property, or by any other method, of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

TAKES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Grantor shall pay when due (and when rendered or material furnished to the Property) all events prior to deficiency all taxes, special taxes, assessments, charged (including water and on account of the Property, and shall pay when due all claims for work done on or for services rendered to the Property, and shall maintain the Property free of all items having priority over or equal to the interest of Lender under this Deed of Trust, except for taxes, assessments and assessments not due, except for the existing indebtedness referred to below, and

Rental To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a claim arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the claim arises or is filed within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the tax, or if disputed by Lender, deposit with Lender cash or a sufficient corporate surety bond or security satisfactory to Lender in an amount sufficient to cover the claim, plus other charges that could accrue as a result of a foreclosure or sale under the tax. In any contest, Grantor shall defend itself and Lender and shall satisfy the court judgment before enforcement against the Property. Grantor shall pursue bond & arbitration if necessary.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall furnish to Lender a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender of least fifteen (15) days before any work is commenced, any materials are furnished, or any materials and the cost exceeds \$1,000.00. Lender will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on all improvements on the Real Property in an amount sufficient to avoid application of any clause in favor of Lender. Grantor shall also procure and maintain comprehensive general

local insurance in such amounts and in such policies, which may be incurred by Lender in connection with the indebtedness, as Lender may reasonably and lawfully be entitled by a company or agent to do for the purpose of certifying that the withheld at least ten (10) days prior to the date of Lender's payment of the principal of the Note, Lender will not be impaired time becomes located in such areas as agreed to obtain and maintain Federal Flood Insurance under the National Flood Insurance Program.

Application of Proceeds. Grantor agrees that if the unpaid principal exceeds \$500,000, Lender's security is impaired, Lender's reduction of the indebtedness, pay the proceeds to restoration and repair, Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for its reasonable cost of repair or under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Note, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment

Unexpired Insurance at Sale. An Deed of Trust at any trustee's sale of

Compliance with Existing Indebtedness. Insurors provisions contained in the Deed of Trust, to the extent any proceeds from the insurance or portion of the proceeds not payable

under this Deed of Trust, Lender being named as additional insured in such liability insurance policies, including but not limited to fire, theft, business interruption, and other property damage, such amount, coverage and terms reasonably acceptable to Lender, shall be delivered to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time in formal manner to Lender, including stipulations that coverage will not be cancelled or discontinued, such insurance, which also shall include an affidavit proving that coverage is in full force and effect of Grantor or any other party. Should the Real Property at any time become located in a flood-hazard area, Grantor shall file a Federal Emergency Management Agency (FEMA) Flood Insurance Policy for the full unpaid principal balance of the loan, up to the maximum policy limit set forth in the other documents required by Lender, and to maintain such insurance for the term of the loan.

shall promptly notify Lender of any loss or damage to the Property. If the estimated cost of repair or to repair makes payoff of the Note if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not may, at its option, recover and retain the proceeds of any insurance and apply the proceeds to the extent of any loss affecting the Property, or its restoration and repair of its Property. If Lender elects to apply Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender, of such expenditure, pay or reimburse Grantor from the proceeds for its reasonable cost of repair or under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Note, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds all of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Unexpired Insurance shall transfer to the buyer of, and pass to, the purchaser of the Property covered by this other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

(e) During the period in which any Existing Indebtedness described below is in effect, compliance with the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions in compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If same payable off loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that the holder of the Existing Indebtedness.

EXPENDITURES BY LENDER. If Grantor is in good standing as required by Note, Lender on Grantor's behalf may expend in so doing will bear interest at All such expenses, at Lender's option, payable with any installments payments Note, or (c) be treated as a balloon of these amounts. The rights provided for account of the default. Any such action would have had.

fails to comply with any provision of this Deed of Trust, including any obligation to maintain Existing Indebtedness, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender may be required to pay or pay to Lender from the date incurred or paid by Lender to the date of repayment by Grantor, (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of this payment shall be in addition to any other rights or any remedies to which Lender may be entitled on this Deed of Trust. Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise may have.

WARRANTY; DEFENSE; OWN TITLE.

THE Grantor warrants that: (a) no encumbrances other than those set forth in the Final Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion, full right, power, and authority to enter into and deliver this Deed of Trust to Lender.

Defenses of Title. Subject to the claims of all persons, in the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender in the property, Lender shall be entitled to participate in the proceeding, but Lender shall not be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

EXISTING INDEBTEDNESS. The following provisions concerning existing indebtedness (the "Existing Indebtedness") are a part of this Deed of Trust.

Exhibiting Note. The Note of this Deed of Trust securing the indebtedness may be secondary and inferior to the lien securing payment of an existing Note of 330105119 to South Valley Bank & Trust. The existing obligation has a current principal balance of approximately \$1,100,000.00 and Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such instrument, evidencing such indebtedness, or any default under any security documents for such indebtedness.

Default. If the payment of any instrument of payment or any interest on the Existing Indebtedness is not made within the time required by the note, should a default occur under the instrument securing such indebtedness and not be cured during any grace period therein, or at the option of Lender, the indebtedness secured by this Deed of Trust shall become immediately due and payable and this Deed of Trust shall be in default.

Instrument of Modification. Grantor shall not modify over this Deed of Trust without the prior written consent of Lender. Grantor shall neither release Lender, or Lender's interest in the Property, from this Deed of Trust without the prior written consent of Lender.

CONSIDERATION.

The following provisions relating to consideration proceedings are a part of this Deed of Trust.

Application of Net Proceeds. If in case of condemnation, Lender receives any award or restoration of the property, attorney's fees incurred by the

Grantor or any portion of the Property is condemned by eminent domain proceedings or by any proceeding or purchase of the property, the net amount received by Lender in payment of the award or by Lender in connection with the condemnation, less reasonable costs, expenses, and attorney's fees incurred by the

Pitce Proceedings. If any proceeding may be necessary to determine who is entitled to participate in the proceeds to be delivered to Lender such instrument shall be delivered to Lender such instru-

ments relating to condemnation proceedings or by any proceeding or purchase of the property, the net amount received by Lender in payment of the award or by Lender in connection with the condemnation, less reasonable costs, expenses, and attorney's fees incurred by the

IMPOSITION OF TAXES, FEES AND CHARGES.

Charges by Governmental Authorities. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust.

Current Taxes, Fees and Charges. Lender may exercise such documents in addition to this Deed of Trust and take by Lender to protect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all

and other expenses for recording or registering this Deed of Trust, including without limitation a fee to record this Deed of Trust or upon all or any portion of this Deed of Trust; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments of any portion of the Note; (c) a fee on this type of Deed of Trust chargeable against the Lender or the holder of all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. Any taxes levied as an Event of Default (as defined below) unless Grantor either (a) submit and deposit with Lender

its taxes to which this section applies; (b) a specific tax upon this type of Deed of Trust or upon all or any portion of this Deed of Trust; (c) a specific tax on Grantor which Grantor is authorized or required to deduct from payments of any portion of the Note; (d) a fee on this type of Deed of Trust chargeable against the Lender or the holder of all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

SECURITY AGREEMENT; FINANCIAL STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal

Borrower's Interest. Upon payment by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to

becomes entitled to possession of the Property (and shall, at Lender's option, upon the demand of Lender).

Other Remedies. Trustee or Lender:

Notice of Sale. Lender shall give three (3) days' notice prior to sale or other intent to sell (10) days before the time of the sale of the Property.

Sale of the Property. To the extent exercising its rights and remedies, the separately stated, Lender shall be entitled

Waiver; Election of Remedies. A waiver of the party's rights otherwise to demand payment in this Deed of Trust, the Note, election to make expenditures or to affect Lender's right to declare a default,

Attorneys' Fees; Expenses. If Lender recovers such sum as the court may award, all reasonable attorneys' fees incurred by enforcement of its rights shall become an expenditure until repaid. Expenses of Lender's attorneys' fees whether or not vacated any automatic stay or injunction, title reports (including foreclosure reports), applicable law, Grantor also will pay all

Rights of Trustee. Trustee shall have

POWERS AND OBLIGATIONS OF TRUSTEE

Powers of Trustee. In addition to all respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, or rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender

Trustee. Trustee shall make all qualified with respect to all or any part of the Property to be foreclosed by judicial foreclosure, in either

Successor Trustee. Lender, at Lender's instrument executed and acknowledged contains, in addition to all other matters this Deed of Trust is recorded, and the Lender or its successors in interest, shall be conferred upon the Trustee in this Deed of Trust all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be deemed effective when delivered when actually delivered, or when deposited with a nationally recognized overnight courier, or certified or registered mail, postage prepaid, directed to the Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal notice to the other party specifying the holder of any lien which has priority over the notice proposed, Grantor agrees to accept

MISCELLANEOUS PROVISIONS

Amendments. This Deed of Trust, together with any related documents, constitutes the entire understanding and agreement of the parties as to the subject matter of this Deed of Trust, and no alteration or amendment to this Deed of Trust shall be effective unless given in writing and signed by Lender and by Grantor.

Applicable Law. This Deed of Trust shall be governed by and construed

Caption Headings. Caption headings provisions of this Deed of Trust.

Merger. There shall be no merger of the time held by prior to the benefit of Lender.

Multiple Parties. All obligations of every Grantor. This means that each of

Severability. If a court of competent circumstance, such finding shall not render provision shall be deemed to be modified, it shall be stricken and all

Successors and Assigns. Subject to binding upon and inure to the benefit of Lender, Lender, without notice to or way of notice or notice or extension without

Time is of the Essence. Time is of the

Waivers and Consents. Lender shall unless such waiver is in writing and not of such right or any other right, a valid right otherwise to demand strict compliance between Lender and Grantor, shall not, whenever consent by Lender is requested, consent to substitution instead

COMMERCIAL DEED OF TRUST

the use of the Property without Lender's prior

GRANTOR'S LIABILITY. This Deed of Trust is personally obligated upon and issued in instrument), and it is expressly understood that part of Grantor personally to pay the Note and any covenant either express or implied contained or heretofore claiming any right or interest in holder or holders of the Note and the only obligor for the payment provided in the Note and herein to be action

upon upon default of Grantor, Grantor shall become a tenant in common of Lender or the purchaser of in, either (a) for a reasonable rental for the use of the Property, or (b) until the Property immediately

it has any other right or remedy provided in this Deed of Trust or the Note or by law.

or reasonable notice of the time and place of any public sale of the Personal Property or of the time after disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least one day in advance. Any sale of Personal Property may be made in conjunction with any sale of the Real

Property by applicable law, Grantor hereby waives any and all rights to have the Property marshaled. In trust or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by bid at any public sale on all or any portion of the Property.

or by any party if a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice such compliance with that provision or any other provision. Electro by Lender to pursue any remedy in, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall stand and to examine any of its remedies.

Institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to reasonable attorneys' fees at trial and on any appeal. Whether or not any court action is involved, Lender which Lender's opinion are necessary at any time for the protection of its interest or the part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of created by this paragraph include, without limitation, however subject to any limits under applicable law, there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or speeds and any anticipated post-judgment collection services (the cost of searching records, obtaining copies, surveyors' reports, appraisal fees, title insurance, and fees for the trustee, to the extent permitted by court costs), in addition to all other sums provided by law.

of the rights and duties of Lender as set forth in this section.

The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

Power of Trustee. In addition to all respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, or rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other

agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

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NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be deemed effective when delivered when actually delivered, or when deposited with a nationally recognized overnight courier, or certified or registered mail, postage prepaid, directed to the Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal notice to the other party specifying the holder of any lien which has priority over the notice proposed, Grantor agrees to accept

its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an

by Lender and recorded in the office of the recorder of Yamhill County, Oregon. The instrument shall be signed by state law, the names of the original Lender, Trustee, and Grantor, the book and page where name and address of the successor trustee, and the instrument shall be executed and acknowledged by a successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of

Amendments. Any amendment to this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be deemed effective when delivered when actually delivered, or when deposited with a nationally recognized overnight courier, or certified or registered mail, postage prepaid, directed to the Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal notice to the other party specifying the holder of any lien which has priority over the notice proposed, Grantor agrees to accept

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Applicable Law. This Deed of Trust shall be governed by and construed

Caption Headings. Caption headings provisions of this Deed of Trust.

Merger. There shall be no merger of the time held by prior to the benefit of Lender.

Multiple Parties. All obligations of every Grantor. This means that each of

Severability. If a court of competent circumstance, such finding shall not render provision shall be deemed to be modified, it shall be stricken and all

Successors and Assigns. Subject to binding upon and inure to the benefit of Lender, Lender, without notice to or way of notice or notice or extension without

Time is of the Essence. Time is of the

Waivers and Consents. Lender shall unless such waiver is in writing and not of such right or any other right, a valid right otherwise to demand strict compliance between Lender and Grantor, shall not, whenever consent by Lender is requested, consent to substitution instead

GRANTOR'S LIABILITY. This Deed of Trust is personally obligated upon and issued in instrument), and it is expressly understood that part of Grantor personally to pay the Note and any covenant either express or implied contained or heretofore claiming any right or interest in holder or holders of the Note and the only

obligor for the payment provided in the Note and herein to be action

D1-20

LOAN # S1106127

2940 Page 6

EACH GRANTOR ACKNOWLEDGES THAT
TERMS OF THIS DEED OF TRUST ARE BEING
RECORDED AS CALDWELL, FRANCIS H.
(GRANTOR)

Henry J. Caldwells Jr., Sr.
Henry J. Caldwells Jr., Sr.
Deborah L. Caldwells, Jr.
Deborah L. Caldwells, Jr.

AND HE IS THE TRUSTEE
OF THIS DEED OF TRUST
AS OF THE DATE
HEREIN.

Henry J. Caldwells Family Trust
Henry J. Caldwells Family Trust

THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS
TERMS, WHETHER OR NOT IT IS RECORDED
ALONE, BUT NO TRUSTEE UNDER THE TRUST AGREEMENT

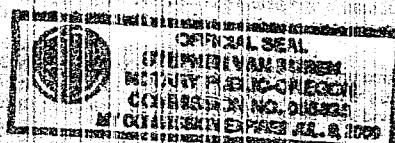
STATE OF OregonCOUNTY OF Klamath

On this day before me, the undersigned individuals, as described and who executed this Deed of Trust, do solemnly declare, for the uses and purposes herein mentioned:

Given under my hand and officially sealed this

By Henry J. Caldwells Jr.
Notary Public in and for the State of

INDIVIDUAL ACKNOWLEDGMENT



STATE OF OREGON
SECRETARY OF STATE
RECEIVED IN MY OFFICE
MAY 14, 2000
COURT DATE EXPired JULY 8, 2000

Henry J. Caldwells Jr. and Deborah L. Caldwells, to me known to be the

two individuals described, have signed this Deed of Trust as their free and voluntary act and

day of January, 1999

Residing at Klamath Falls

My commission expires July 9, 2000

REQUEST (To be used only if applicable)

OR FULL RECONVEYANCE

when obligations have been paid in full)

To:

The undersigned is the legal owner and holder
fully paid and satisfied. You are hereby directed
any applicable statute, to cancel this Note so
without warranty, to the parties hereto and to
recoveyanc and Related Documents as

of all indebtedness
due upon pay
ment by the Dthe terms of thi
Trustee

assured by this Deed of Trust. All sums secured by this Deed of Trust have been
to you or any claim relating to you under the terms of this Deed of Trust or pursuant to
of law (which is submitted to you together with this Deed of Trust), and to recover
Deed of Trust, the same is now held by you under this Deed of Trust. Please mail the

Date:

LAW OFFICES OF PATRICK T. A. O'FARRELL, PLLC
1000 BROADWAY, SUITE 1000
SEATTLE, WASHINGTON 98101-3121
(206) 467-1000 FAX: (206) 467-1001

Attest: Henry J. Caldwells Jr.

Notary Public

State of Oregon

My Commission Expires July 9, 2000

Beneficiary:

By:

Name:

Title:

Address:

City:

State:

Zip:

Country:

Phone:

Fax:

Email:

Other:

EXHIBIT "A"
LEGAL DESCRIPTION

A tract of land situated in the NW 1/4 NW 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said tract being a portion of Parcel 1 as shown on the recorded Major Land Partition No. 79-37, said tract being more particularly described as follows:

Beginning at a 5/8 inch iron pin with cap at the intersection of the Southerly right of way line of Hilyard Avenue and the Easterly right of way line of Washburn Way, S14 iron pin being South 89 degrees 06' 10" East 64.11 feet and South 00 degrees 02' 42" East 30.00 feet from the Northwest corner of said Section 10; thence South 89 degrees 06' 00" East along the said Southerly right of way line of Hilyard Avenue, S14.46 feet, more or less, to the West right of way line of Broadmore Street, as described in Volume M87 at page 18488, Microfilm Records of Klamath County, Oregon, thence along said West line of Broadmore Street South 00 degrees 09' 18" West 569.42 feet to a point on the North line of that tract of land described in Volume M86 at page 6690, Microfilm Records of Klamath County, Oregon, thence North 89 degrees 33' 43" West along said North line and the North line of Deed Volume M73 at page 10201, Microfilm Records of Klamath County, Oregon, to a 5/8 inch iron pin with cap on the Easterly right of way line of Washburn Way; thence North 00 degrees 02' 42" West along said Easterly right of way line, 564.75 feet to the point of beginning, with bearings based on the recorded map of survey of said Major Land Partition 79-37.

EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its Department of Transportation by deed recorded December 21, 1995 in Volume M95 at page 34781, Microfilm Records of Klamath County, Oregon, and also in deed recorded December 12, 1995 in Volume M96 at page 33695, Microfilm Records of Klamath County, Oregon.

STATE OF OREGON	COUNTY OF KLAMATH	M.	st.				
Filed for record at request of	South Valley Bank	the	27th	day			
January A.D. 1996	at 11:55 a.m. and duly recorded in Vol. M95	of	Page	2935			
of	Mo. 1st pages	by		Linda Smith, County Clerk			
FEE	\$10.00						