

Until a change is requested all tax statements shall be sent to the following address.

99 FEB 23 P3:49

WHEN RECORDED MAIL TO KLAMATH FIRST FEDERAL SAVINGS & LOAN ASSOCIATION  
206 E FRONT STREET  
MERRILL, OR 97633

ACCOUNT NUMBER 080-04-00019

TAX ACCOUNT NUMBER 123048 & 123057 & 123066 & 861954

## DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on FEBRUARY 23, 1999. The grantor is JMJ PARTNERSHIP

("Borrower"). The trustee is WILLIAM L SISEMORE

("Trustee"). The beneficiary is KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is MERRILL BRANCH, 206 E FRONT STREET, MERRILL, OR 97633

("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED THOUSAND AND NO/100

Dollars (U.S. \$ 100,000.00)

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on MARCH 1, 2009. This Security instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances").

FUTURE ADVANCES. Upon request to Borrower, Lender, at Lenders's option prior to full reconveyance of the property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in

KLAMATH County, Oregon:

SEE ATTACHED EXHIBIT "A"

which has the address of 137 & 139 E FRONT ST, MERRILL (Street, City), Oregon 97633 (Zip Code) ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related

mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due, and last, to any late charges due under the Note.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

7a. **Hazard Insurance Warning.** Unless you, (the "Borrower") provide us, (the "Lender") with evidence of insurance coverage as required by our contract or loan agreement, Lender may purchase insurance at Borrower's expense to protect the Lender's interest. This insurance may, but need not, also protect the Borrower's interest. If the collateral becomes damaged, the coverage the Lender purchased may not pay any claim Borrower makes or any claim made against the Borrower. Borrower may later cancel this coverage by providing evidence that Borrower has obtained property coverage elsewhere.

The Borrower is responsible for cost of any insurance purchased by Lender. The cost of this insurance may be added to your contract or loan balance. If the cost is added to the contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. Effective date of coverage may be the date the Borrower's prior coverage lapsed or the date the Borrower failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance the Borrower can obtain on Borrower's own and may not satisfy the need for property damage coverage or other mandatory liability insurance requirements imposed by applicable law.

8. **Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premium required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification or amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument and the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

**19. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**21. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

**22. Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty for a fee of not less than \$5.00 to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

**23. Substitute Trustee.** Lender may, from time to time, remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

**24. Attorneys' Fees.** As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

**25. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable box(es))

- ☐ Adjustable Rate Rider  
☐ Graduated Payment Rider  
☐ Balloon Rider  
☐ VA Rider

- ☐ Condominium Rider  
☐ Planned Unit Development Rider  
☐ Rate Improvement Rider

- ☐ 1-4 Family Rider  
☐ Biweekly Payment Rider  
☐ Second Home Rider

☒ Other(s) [specify] COMMERCIAL PROPERTY RIDER

"UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSION WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE."



BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

JMY PARTNERSHIP

*[Signature]*  
JON K. O'DONNELL / PARTNER

(Seal)  
-Borrower

BY: *Michael Romtvedt*  
MICHAEL ROMTVEDT / PARTNER

(Seal)  
-Borrower

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(Seal)  
-Borrower

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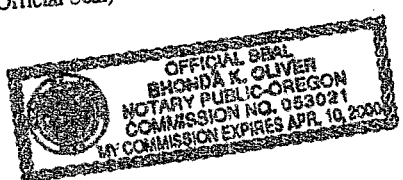
STATE OF OREGON, KLAMATH  
On this 23rd day of February, 1999  
MICHAEL ROMTVEDT AND JON K. O'DONNELL  
the foregoing instrument to be their

County ss:  
personally appeared the above named  
and acknowledged

voluntary act and deed.

My Commission Expires: April 10, 2000  
(Official Seal)

Before me:  
*[Signature]*  
Notary Public for Oregon



## COMMERCIAL PROPERTY RIDER

THIS COMMERCIAL PROPERTY RIDER is made this 23RD day of February 1999 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to Klamath First Federal Savings and Loan Association (the "Lender") of same date or covering the Property described in the Security Instrument and located at:

137 & 139 E FRONT STREET  
MERRILL, OR 97633

**COMMERCIAL PROPERTY COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

Commercial Property. Borrower covenants and warrants that the Property and Improvements are used by Borrower exclusively for business and commercial purposes. Borrower also covenants and warrants that the Property and Improvements are not now, and at no time in the future will be, occupied as the principal residence of Borrower, Borrower's spouse, or Borrower's minor or dependent child. Any conflicting representation regarding use or occupancy in the Deed of Trust, particularly at Paragraph 6, are superseded by this covenant and warranty.

Compliance with Laws. Borrower further represents, warrants, and covenants that:

(1) The Property, if developed, has been developed, and all Improvements, if any, have been constructed and maintained, in full compliance with all applicable laws, statutes, ordinances, regulations, and codes of federal, state, and local governments (collectively "Laws"), and all covenants, conditions, easements, and restrictions affecting the Property (collectively "Covenants"); and

(2) Borrower and its operations upon the Property currently comply, and will hereafter comply, in all material respects with all applicable Laws and Covenants.

3. Limitations of Use. Borrower shall not initiate, join in, or consent to any rezoning of the Property, or any change in any Covenant or other public or private restrictions limiting or defining the uses that may be made of all or any part of the Property and the Improvements without the prior written consent of Lender.

4. Assignment of Leases, Rents, Issues, and Profits

4.01 Assignment. Borrower assigns and transfers to Lender (1) all leases, subleases, licenses, and other contracts, and other agreements, whether now existing or hereafter arising, and relating to the occupancy or use of all or any portion of the Property, including all modifications, extensions, and renewals thereof (the "Leases"), and (2) all rents, revenues, issues, profits, income, proceeds, and benefits derived from the Property and the lease, rental, or license of all or any portion of the Property, including but not limited to lease and security deposits (collectively, the "Rents"). The assignment is intended by Borrower and Lender to create a present and unconditional assignment to Lender, subject only to the license set forth in Section 4.04 below.

4.02 Rights of Lender. Subject to the provisions of Section 4.04 below giving Borrower a revocable, limited license, Lender shall have the right, power, and authority to: (1) Notify any and all

Initials: JOD  
MOP

tenants, renters, licensees, and other obligors under any of the Leases that the same have been assigned to Lender and that all Rents are to be paid directly to Lender, whether or not Lender shall have foreclosed or commenced foreclosure proceedings against the Property, and whether or not Lender has taken possession of the Property; (2) Discount, settle, compromise, release, or extend the time for payment of, any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Lender; (3) Collect and enforce payment of Rents and all payments of the Leases, and to prosecute any action or proceeding, in the name of Borrower or Lender, with respect to any and all Leases and Rents; and (4) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

4.03 **Application of Receipts.** Lender shall have the right, power, and authority to use and apply the Rents received under this Security Instrument (1) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Lender, and in collecting any Rents; and (2) for the operation and maintenance of the Property and the payment of all costs and expenses in connection therewith, including but not limited to the payment of utilities, taxes, assessments, governmental charges, and insurance. After the payment of all such costs and expenses, and after Lender shall have set up such reserves as it shall deem necessary in its sole discretion for the proper management of the Property, Lender shall apply all remaining Rents collected and received by it to the reduction of the Obligations in such order as Lender shall determine. The exercise or failure by Lender to exercise any of the rights or powers granted in this assignment shall not constitute a waiver of default by Borrower under this Mortgage, the Note, or any of the other Loan Documents.

4.04 **License.** Lender hereby grants to Borrower a revocable license to collect and receive the Rents. Such license may be revoked by Lender, without notice to Borrower, upon the occurrence of a default under this Security Instrument, including any default by Borrower of its covenants under this Security Instrument or this Commercial Property Rider. Unless and until such license is revoked, Borrower agrees to apply the proceeds of Rents to the payment of the Obligations and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Property, and to the maintenance of the Property, before using such proceeds for any other purpose. Borrower agrees to (1) observe and perform every obligation of Borrower under the Leases; (2) enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases; (3) promptly give notice to Lender of any default by any such lessee or other party under any of the Leases, and promptly provide Lender a copy of any notice of default given to any such lessee or other party; (4) not collect any Rents more than 15 days in advance of the time when the same shall become due, or anticipate any other payment under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent; (5) not further assign or hypothecate any of the Leases or Rents; (6) except with Lender's prior written consent, not waive, release, or in any other manner discharge any lessee or other party from any of its obligations under any of the Leases; (7) except with Lender's prior written consent, not modify or amend any of the Leases; (8) except with Lender's prior written consent, not terminate, or accept surrender of any of the Leases unless Borrower shall have entered into a lease for the space to be vacated on terms at least as favorable to Borrower, commencing within 30 days after such cancellation, termination, or surrender; (9) obtain Lender's prior written approval as to the form and content of all future leases and any modifications of any present or future leases; (10)

deliver copies of all present and future leases to Lender promptly; and (11) appear in and defend, at Borrower's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents.

- 4.05 **Limitation of Lender's Obligations.** Notwithstanding the assignment provided for in Section 4, Lender shall not be obligated to perform or discharge, and Lender does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment shall not operate to place responsibility for the control, care, maintenance, or repair of the Property upon Lender, or to make Lender responsible for any condition of the Property. Lender shall be accountable to Borrower only for the sums actually collected and received by Lender pursuant to this assignment. Borrower shall hold Lender fully harmless from, indemnify Lender for, and defend Lender against any and all claims, demands, liabilities, losses, damages, and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Lender on account of this assignment or any obligation or undertaking alleged to arise therefrom.
- 4.06 **Termination.** The assignment provided for in this Section 4 shall continue in full force and effect until all the Obligations have been fully paid and satisfied. At such time, this assignment and the authority and powers herein granted by Borrower to Lender shall cease and terminate.
- 4.07 **Attorney-in-Fact.** Borrower irrevocably constitutes and appoints Lender, and each of its officers, as its true and lawfully attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers, and authorities described in this Section 4 with the same force and effect as if undertaken or performed by Borrower, and Borrower ratifies and confirms any and all such actions that may be taken or omitted to be taken by Lender, its employees, agents, and attorneys.

**Cross-Default Provision.** Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

**Financial Information, Books & Records, Inspection.** Borrower shall furnish to Lender within 30 days after the end of each of Borrower's fiscal years a complete copy of Borrower's financial statements for such year, audited or reviewed by a certified public accountant (including balance sheet, income statement, and statement of changes in financial position). Borrower shall also furnish copies of annual tax returns within 30 days after filing. Borrower shall promptly furnish to Lender any and all other financial information as Lender shall reasonably request from time to time. Borrower shall keep complete and accurate records and books of account with respect to the Property and its operation in accordance with generally accepted accounting principles consistently applied. Borrower shall permit Lender and its authorized representatives to enter and inspect the Property, and to examine and make copies or extracts of the records and books of account of the Borrower with respect to the Property, all at such reasonable times as Lender may choose.



UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Commercial Property Rider.

JMJ PARTNERSHIP

BY: Jon K O'Donnell  
JON K O'DONNELL/PARTNER

BY: Michael Romtvedt  
MICHAEL ROMTVEDT/PARTNER

Initials: \_\_\_\_\_

## EXHIBIT "A"

## PARCEL 1:

A portion of the NW 1/4 of Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at the Northwest corner of Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence East 372 feet; thence South 40 feet to the true point of beginning; thence East parallel to the North line of Section 12, a distance of 16.5 feet; thence South to the North Bank of Lost River; thence Southwesterly along said river to a point lying South of the true point of beginning; thence North to the true point of beginning.

CODE 228 MAP 4110-12BB TL 1000

## PARCEL 2:

The following described real property is situate in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at a point 40 feet South and 332 feet East of the Northwest corner of said Section 12, Township 41 South, Range 10 East of the Willamette Meridian, running thence East 40 feet; thence South to the meander line on the North Bank of Lost River; thence up stream following said meander line, to a point due South of the Initial Point; thence due North to the Initial Point, or Place of Beginning, on the North line of said Section 12 and there terminating. Being a portion of Lot 2, Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being a portion of the property commonly known as the Anchor Flouring Mill Property.

EXCEPTING THEREFROM a strip of land 28 feet wide and 70 feet deep along the South side of Front Street in the City of Merrill, Klamath County, Oregon, being a portion of Lot 2, Section 12, Township 41 South, Range 10 East of the Willamette Meridian and being more particularly described and bounded as follows:

Beginning at a point 40 feet South and 332 feet East of the North-West corner of said Section 12, Township 41 South, Range 10 East of the Willamette Meridian, running thence East 28 feet; thence South 70 feet; thence West 28 feet; thence North 70 feet back to the point of beginning.

CODE 228 MAP 4110-12BB TL 1100

Continued on next page

## EXHIBIT "A" CONTINUED

## PARCEL 3:

A strip of land 28 feet by 70 feet along the South side of Front Street in the City of Merrill, being a portion of Lot 2, Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and more particularly described as follows:

Beginning at a point 40 feet South and 332 feet East of the Northwest corner of said Section 12; thence East 28 feet; thence South 70 feet; thence West 28 feet; thence North 70 feet to the point of beginning, in the County of Klamath, State of Oregon.

CODE 228 MAP 4110-12BB TL 1200

## PARCEL 4:

A portion of Lot 2, Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point which is 40 feet South and 277 feet East of the corner common to Section 1, 2, 11 and 12, Township 41 South, Range 10 East of the Willamette Meridian; thence East along the South line of Front Street in the City of Merrill, a distance of 55 feet; thence South to the North Bank of Lost River; thence Southwesterly along said river to a point lying South of the true point of beginning; thence North to the true point of beginning.

CODE 228 MAP 4110-12BB TL 1301

NOTE: The following legal description is a consolidation of the above described 4 Parcels of land:

A portion of Lot 2, Section 12, Township 41 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point which is 40 feet South and 277 feet East of the corner common to Sections 1, 2, 11 and 12, Township 41 South, Range 10 East of the Willamette Meridian; thence East along the South line of Front Street in the City of Merrill, a distance of 111.5 feet; thence South to the North bank of Lost River; thence Southwesterly along said river to a point lying South of the true point of beginning; thence North to the true point of beginning.

CODE 228 MAP 4110-12BB TL 1000

CODE 228 MAP 4110-12BB TL 1100

CODE 228 MAP 4110-12BB TL 1200

CODE 228 MAP 4110-12BB TL 1301

STATE OF OREGON : COUNTY OF KLAMATH: ss

Filed for record at request of Aspen Title & Escrow the 23rd day  
of February A.D. 1999 at 3:49 o'clock P. M. and duly recorded in Vol. M99  
of Mortgages on Page 6216

Linda Smith, County Clerk

FEE \$60.00

by Kathleen Ross

NS 1-10-88

750E7

99 FEB 24 AM 10:32

## TRUST DEED

Vol. M99 Page 6227

Grantor's Name and Address

SPACE RESERVED  
FOR  
RECORDER'S USE

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

Aspen Title &amp; Escrow, Inc.

525 Main Street

Klamath Falls, OR. 97601

Attn: Collection Department

STATE OF OREGON,

County of \_\_\_\_\_ } ss.

I certify that the within instrument  
was received for record on the \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_, at  
\_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in  
book/reel/volume No. \_\_\_\_\_ on page  
\_\_\_\_\_ and/or as fee/file/instru-  
ment/microfilm/reception No. \_\_\_\_\_  
Record of \_\_\_\_\_ of said County.

Witness my hand and seal of County  
affixed.

By \_\_\_\_\_ NAME \_\_\_\_\_ TITLE \_\_\_\_\_ Deputy

THIS TRUST DEED, made this 18th day of February, 1999, between  
LANCE LAMONT LESUEUR and MARY BERNICE LESUEUR, Husband and wife  
as Grantor,  
ASPEN TITLE & ESCROW, INC., an Oregon Corporation as Trustee, and  
SYLVIA C. LESUEUR, TRUSTEE AND LANCE C. LESUEUR, TRUSTEE AND REX R. LESUEUR,  
TRUSTEE OF THE SYLVIA C. LESUEUR TRUST as Beneficiary,

## WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in  
Klamath \_\_\_\_\_ County, Oregon, described as:

SEE LEGAL DESCRIPTION MARKED EXHIBIT "A" ATTACHED HERETO AND BY  
THIS REFERENCE MADE A PART HEREOF. . . .

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now  
or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with  
the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum  
of EIGHTY SEVEN THOUSAND and NO/100 - - - - - Dollars, with interest thereon according to the terms of a promissory  
note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if  
not sooner paid, to be due and payable at maturity of Note

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note  
becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the prop-  
erty or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the  
beneficiary's option\*, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall be-  
come immediately due and payable. The execution by grantor of an earnest money agreement\*\* does not constitute a sale, conveyance or  
assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or im-  
provement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed,  
damaged or destroyed thereon, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property. If the beneficiary  
so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and  
to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching  
agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or  
damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than insurable value  
written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the bene-  
ficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary  
at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may pro-  
cure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon  
any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected,  
or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default here-  
under or invalidate any act done pursuant to such notice.
5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or  
assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and  
promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums,  
liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such pay-  
ment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note  
secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of  
the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments,  
with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are  
bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice,  
and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and pay-  
able and constitute a breach of this trust deed.
6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the  
trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee;  
and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed  
or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and ex-  
penses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this para-  
graph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor  
further agrees to pay such sum at the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal  
It is mutually agreed that:
8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, ben-  
eficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking,

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company  
or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real  
property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 636.505 to 636.585.

\*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

\*\*The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for enforcement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, 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, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, trustee being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale. Give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.735, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all the powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when, this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in an addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

**WARNING:** Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are (a) primarily for grantor's personal, family or household purposes (see Important Notice below) (b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the lender and owner, including pledgee of the contract secured hereby, whether or not named as a beneficiary herein.

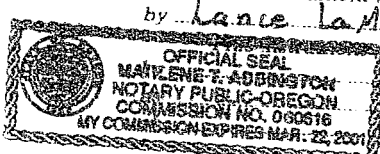
In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person, that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

**IN WITNESS WHEREOF,** the grantor has executed this instrument the day and year first above written.

\* **IMPORTANT NOTICE:** Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (c) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary **MUST** comply with the Act and Regulation by making required disclosures, for this purpose use Stevens-Nesbitt Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

STATE OF OREGON, County of Yamath ) ss.

This instrument was acknowledged before me on February 23, 1999, by Lance LaMont Lesueur & Mary Bernice Lesueur.



W. L. Orrington  
Notary Public for Oregon My commission expires 3-22-00

TO: REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the 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 the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to

DATED: 1999

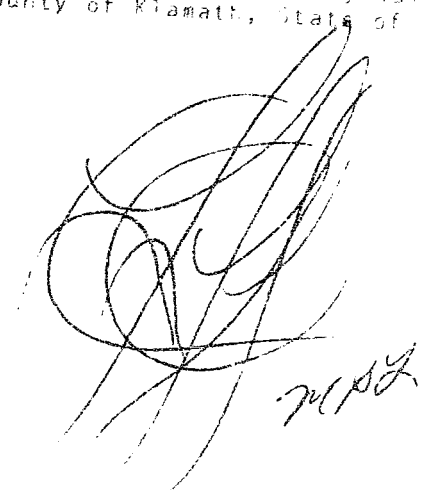
Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

Beneficiary



## EXHIBIT "A"

Beginning at a point on the Northerly line of Main Street and the Southerly line of Lot 2 of Block 16, ORIGINAL TOWN OF PINKVILLE, 9 feet Southwesterly from the Southeast corner of said Lot 2, being the center line of the party wall between said Lot 2 to the center line of a concrete wall; thence Southwesterly 22 feet, more or less, along the Southerly line of said Lot 2 to the center line of said wall; thence Southwesterly 100 feet, more or less, parallel to said wall along the center line of said wall to the Southerly line of Main Street, 22 feet to the center line of the party wall; thence above referred to; thence 100 feet, more or less, Southeast along the center line of said first described party wall to the point of beginning, in the County of Klamath, State of Oregon.



STATE OF OREGON : COUNTY OF KLAMATH:

ss.

Filed for record at request of Aspen Title & Escrow the 24th day  
of February A.D. 1999 at 10:32 o'clock A M., and duly recorded in Vol. M99  
of Mortgages on Page 6227

FEE \$20.00

Linda Smith, County Clerk

by Kathleen Ross