

After recording return to:  
Centennial Bank  
c/o Legal Department  
P.O. Box 1560  
Eugene, OR 97440

Vol M00 Page 28610

This instrument is being recorded as an accommodation only, and has not been examined as to validity, sufficiency or effect it may have upon the herein described property. This courtesy recording has been requested of ASPEN TITLE & ESCROW, INC.

### TRUST DEED

(Lots 9 and 11, Block 2 QUAIL RIDGE)

THIS TRUST DEED, made this 18<sup>th</sup> day of July, 2000, between Gregrey L. Baker and Denise V. Baker, as Grantor, Steven L. Philpott as Trustee, and Centennial Bank, 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:

Lots 9 and 11, Block 2, Tract 1263 QUAIL RIDGE SUBDIVISION, in the County of Klamath, State of Oregon.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in any way now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate (the "Property").

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of ONE HUNDRED THOUSAND EIGHT HUNDRED AND NO/100 (\$100,800.00), according to the terms of the Centennial/MDM Settlement Agreement dated April 30, 1996, as amended, the final payment of principal and interest hereof, if not sooner paid, to be due and payable on or before September 1, 2003 (the "Note"). The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said Note becomes due and payable.

Notwithstanding the maturity date stated above, if the Property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, assigned or alienated by Grantor (a "Transfer") without Grantor first obtaining Beneficiary's written consent to the Transfer, then, at Beneficiary's option, the Note and all obligations secured by this Trust Deed shall become immediately due and payable in full.

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

1. To protect, preserve and maintain the Property, and not to commit or permit any waste of the Property.
2. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.
3. To provide and continuously maintain insurance on the buildings 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 fair market value, written in companies acceptable to the latter. If required by Beneficiary, Grantor shall name Beneficiary as a loss payee on such policies.
4. 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.
5. 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.
6. 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 Trust Deed, to pay all costs and expenses, including evidence of title and the Beneficiary's or Trustee's attorney's fees; the amount of attorney's fees in all cases shall be fixed by the trial court and in the event of any appeal from any judgment or decree of the trial court, Grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the Beneficiary's or Trustee's attorney's fees on such appeal.

#### IT IS MUTUALLY AGREED THAT:

7. In the event that any portion or all of the Property shall be taken under the right of eminent domain or condemnation, Beneficiary shall have the right, if it so elects, to require that any portion of the monies payable as compensation for such taking that are not applied to the Prior Liens (defined below) shall be paid to Beneficiary upon the indebtedness secured hereby.

8. Upon default by Grantor in payment of the Note secured hereby, or in Grantor's performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable. In such an event, the Beneficiary at his election may proceed to foreclose this Trust Deed in equity as a mortgage or direct the Trustee to foreclose this Trust Deed by advertisement and sale. In the latter event the Beneficiary or the Trustee shall execute and cause to be recorded his written notice of default and his election to sell the Property to satisfy the obligations secured hereby, whereupon the Trustee shall fix the time and place of sale, given notice thereof as then required by law and proceed to foreclose this Trust Deed in the manner provided in ORS 86.705 through 86.795.

9. Should the Beneficiary elect to foreclose by advertisement and sale then after default at any time prior to five (5) days before the date set by the Trustee for the Trustee's sale, the Grantor or other person so privileged by ORS 86.760 may pay to Beneficiary or its successors in interest, respectively, the entire amount then due under the terms of the Trust Deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and Trustee's and attorney's fees not exceeding the amounts provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the Trustee.

10. 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 said 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 sale.

11. 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 his successor in interest entitled to such surplus.

12. For any reason permitted by law, 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 title, 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, containing reference to this Trust Deed and in place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor Trustee.

13. 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.

14. The Grantor covenants and agrees to and with the Beneficiary and those claiming under Grantor, that Grantor is lawfully seized in fee simple of said Property and Grantor has a valid, unencumbered title thereto except easements, covenants, conditions and the following liens of record and that he will warrant and forever defend the same against all persons whomsoever. The following liens and encumbrances are superior to this Trust Deed: Deed of Trust dated June 25, 1993, recorded June 25, 1993 at Book M-93, Page 15151, Klamath County records, granted by Grantor for the benefit of Klamath First Federal Savings & Loan Association as beneficiary ("**Prior Liens**"). Grantor shall pay, when due, all Prior Liens and prevent a default on any indebtedness secured by the Prior Liens. In the event of default on any indebtedness secured by a Prior Lien, which is not cured by Grantor during any applicable grace period, then, at the option of Beneficiary, the Note and all obligations secured by this Trust Deed shall become immediately due and payable in full and this Trust Deed shall be in default. Furthermore, Grantor shall not enter into any agreement with the holder of any Prior Lien by which that lien or the indebtedness secured thereby is modified, amended, extended or renewed without the prior written consent of Beneficiary, nor shall Grantor request or accept any future advances under any Prior Lien without the prior written consent of Beneficiary.

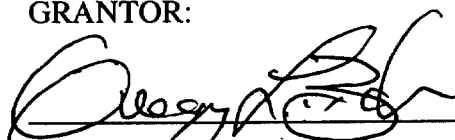
15. The Grantor warrants that the proceeds of the loan represented by the above described note and this Trust Deed are for an organization, or (even if Grantor is a natural person) are for business or commercial purposes.

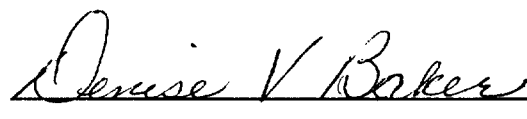
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a Beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

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

GRANTOR:

  
Gregory L. Baker

  
Denise V. Baker

STATE OF OREGON, County of Klamath, ss.

On this 18<sup>th</sup> day of July, 2000, personally appeared before me Gregory L. Baker and acknowledged the foregoing instrument.



Deborah Torrie  
Notary Public for Oregon

STATE OF OREGON, County of Klamath, ss.

On this 18<sup>th</sup> day of July, 2000, personally appeared before me Denise V. Baker and acknowledged the foregoing instrument.



Deborah Torrie  
Notary Public for Oregon

State of Oregon, County of Klamath  
Recorded 08/04/00, at 11:27a m.  
In Vol. M00 Page 28616  
**Linda Smith,**  
County Clerk Fee\$ 41.00