

DEED OF TRUST

Vol M01 Page 8504

Grantor: Stephen R. Mark/Amy M. Mark

Grantee: Ronald J. Mastroguseppe/Joy Mastroguseppe

Consideration: \$50,000.00

After recording, return to: First American Title Insurance Company
422 Main Street
Klamath Falls, OR 97601

THIS TRUST DEED, made this 15th day of February, 2001, between Stephen R. Mark and Amy M. Mark, as Grantor, First American Title Insurance Company as Trustee, and Ronald J. Mastroguseppe and Joy Mastroguseppe, husband and wife 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:

Parcel 1: Commencing at a point 308 feet South of the Northeast corner of Section 21, Township 33 South, Range 7 ½ East of the Willamette Meridian; thence West 200 feet; thence South 90 feet; thence East 200 feet; thence North 90 feet to the point of beginning.

Parcel 2: Commencing 398 feet South of the Northeast corner of Section 21, Township 33 South, Range 7 ½ East of the Willamette Meridian, thence 200 feet West; thence South 20 feet; thence East 200 feet; thence North 20 feet, to the point of beginning.

Subject to: Reservations, including the terms and provisions thereof, as contained in the deed from Daniel Cronemiller and Mary J. Cronemiller, his wife, to F. Larson and R. Newman, dated July 13, 1899, recorded March 13, 1900, in Volume 12 page 599, Deed records of Klamath County, Oregon, as follows: "In case intoxicating liquor is sold on above described, land to revert to Makers of this deed or their heirs."

Telephone line right of way easement, including the terms and provisions thereof from Richard Olney Varnum and Elva Moon Varnum to Telephone Utilities of Eastern Oregon, Inc., an Oregon Corporation, dated January 15, 1988, recorded May 23, 1988, in Volume M88, page 7979, Deed records of Klamath County, Oregon,

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in any wise 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 Fifty 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 March 15, 2021.

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 property 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 become 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 improvement 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 \$ FULL INSURABLE VALUE, written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary 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 nor or hereafter placed on the buildings, the beneficiary may procure 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 hereunder 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 payment, 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 payable 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 expenses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this paragraph 7 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 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, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking 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 endorsement (in case of full reconveyance, 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 of 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 \$5.00.

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 a 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, time 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 86.753, 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 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, 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 part 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 whosoever.

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 holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this mortgage, it is understood that the mortgagor or mortgagee may 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.

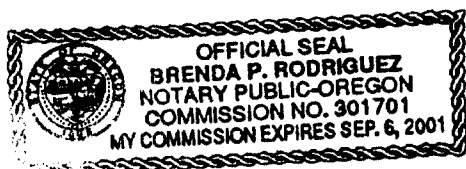
***IMPORTANT NOTICE:** Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary **MUST** comply with the Act and Regulation by making required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

Stephen R. Mark
Amy M. Mark

STATE OF OREGON, County of Clatsop ss.

This instrument was acknowledged before me on February 15, 2001, by Steven R. Mark and Amy M. Mark.

Brenda P. Rodriguez
 Notary Public for Oregon
 My Commission Expires:



RIGHT OF FIRST REFUSAL

Grantor: Stephen R. Mark/Amy M. Mark

Grantee: Ronald J. Mastrogiuseppe/Joy Mastrogiuseppe
P.O. Box 2425 CS
Pullman, WA 99165

After recording, return to: Ronald J./Joy Mastrogiuseppe
P.O. Box 2425 CS
Pullman, WA 99165

DATE: February 15, 2001

PARTIES: Stephen R. Mark & Amy M. Mark
Ronald J. Mastrogiuseppe & Joy Mastrogiuseppe

The undersigned, Stephen R. Mark and Amy M. Mark, hereinafter called Grantor, in consideration of the purchase of real property from the Grantor, hereby grants to Ronald J. Mastrogiuseppe and Joy Mastrogiuseppe, husband and wife, a right of first refusal with respect to the following described real property:

Parcel 1: Commencing at a point 308 feet South of the Northeast corner of Section 21, Township 33 South, Range 7 ½ East of the Willamette Meridian; thence West 200 feet; thence South 90 feet; thence East 200 feet; thence North 90 feet to the point of beginning.

Parcel 2: Commencing 398 feet South of the Northeast corner of Section 21, Township 33 South, Range 7 ½ East of the Willamette Meridian, thence 200 feet West; thence South 20 feet; thence East 200 feet; thence North 20 feet, to the point of beginning,

on the following terms and conditions:

1. **Restriction on Transfer:** The Grantor shall not at any time prior to March 15, 2021, sell, contract to sell, transfer, exchange, grant an option to sell, or lease or otherwise dispose of the property to anyone other than the Grantee, unless the owners shall have first communicated to Grantee by written notice a written offer to sell the property to Grantee, which offer hereinafter called grantor's offer, shall specify, in commercially reasonable detail, the price, terms, and conditions upon which the Grantor is willing to sell the property.

2. **Acceptance of Offer:** Grantee shall have a period of 45 days following the giving of the Grantor's offer notice within which to accept the Grantor's offer by giving the Grantor written notice of acceptance. If the Grantor's offer is accepted, the parties shall be obliged to close the sale in accordance with the terms of the Grantor's offer. Closing shall occur within 30 days following acceptance or within such longer closing period as may be specified in Grantor's offer.

3. **Sale to Third Party:** If Grantee does not accept the Grantor's offer, Grantor may sell the property to any other party provided that such a sale must be consummated within 60 days following the earlier of the expiration of the acceptance period for the Grantor's offer, or the date of any written rejection of the Grantor's offer by Grantee and be upon the same price, terms, and conditions as those specified in the Grantor's offer. If such a sale to another party is consummated, Grantee's rights hereunder shall be automatically and forever extinguished. If, however, such a sale to another party is not consummated, Grantee's rights hereunder shall be in full force and effect.

4. **Notices.** All notices and communications given with respect hereto shall be in writing and shall be deemed given when personally delivered or on the third day following the date of deposit of the notice in a postage paid envelope in the registered or certified mails and addressed to the parties intended to receive the notice at the party's address as follows:

Grantor: Stephen R. Mark/Amy M. Mark
P.O. Box 487
Ft. Klamath, OR 97626

Grantee: Ronald J. Mastrogiuseppe/Joy Mastrogiuseppe
P. O. Box 25425 CS
Pullman, WA 99165

or at such other address as either party may hereafter specify by notice to the other.

5. **Long Term Lease.** Any lease of the property by Grantor for a period longer than the termination date of this agreement shall be subject to the terms hereof provided, however, the property shall remain subject to the terms hereof notwithstanding any lease of the property, whether to the Grantee or any other party.

6. **Successors and Assigns.** This right of first refusal shall be binding upon, and inure to the benefit of the parties and their respective heirs, successors and assigns.

7. **Termination.** Grantee's rights hereunder shall terminate automatically and forever at 11:59 p.m. on the termination date. Upon such termination, or in the event of termination pursuant to paragraph 3 above, Grantee shall cooperate in providing Grantor with any instruments which Grantor may reasonably require for the purpose of removing from the public record any cloud on Grantor's title to the property attributable in any manner to the grantor or existence of this right of first refusal.

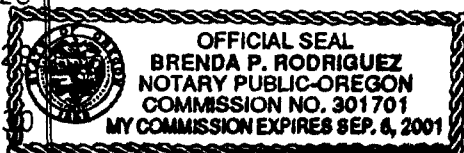
8. **Attorney Fees.** If any suit or action shall be instituted to enforce or interpret this agreement, the prevailing party shall be entitled to recover from the losing party, in addition to statutory costs, such sums as the court may adjudge as reasonable for the prevailing party's attorney fees in such suit, action or any appeal thereof.

Stephen R. Mark
Amy M. Mark

STATE OF OREGON)
) SS
County of Klamath)

Personally appeared the above named Stephen R. Mark and Amy M. Mark and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

Brenda P. Rodriguez
Notary Public for Oregon
My Commission Expires: 9-6-01



Right of First Refusal - Page 2