

02 MAR 11 AM 8:23

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AND WHEN RECORDED MAIL TO:

AMERICAN CONTRACTORS INDEMNITY COMPANY  
9841 Airport Blvd., 9th Floor  
Los Angeles, CA 90045  
(310) 649-2663

State of Oregon, County of Klamath  
Recorded 03/11/2002 8:23a m.  
Vol M02, Pg 14160-14161  
Linda Smith, County Clerk  
Fee \$ 31.00 # of Pgs 3

SPACE ABOVE THIS LINE FOR RECORDER'S USE

## DEED OF TRUST AND ABSOLUTE ASSIGNMENT OF RENTS

This Deed of Trust with Assignment of Rents, is made this 16th day of February 2002, by Sara R. O'Connor Merck ("TRUSTOR"),

whose address is 1967 Lawrence Street, Klamath Falls, Or. 97601 (number and street) (City) (State) (Zip)  
to Occidental Services, Inc. ("TRUSTEE"), for the benefit of American Contractors Indemnity Company

("BENEFICIARY"), whose address is 9841 Airport Blvd., 9th Floor, Los Angeles, CA 90045, Trustor  
irrevocably grants and conveys to Trustee, in Trust, with power of sale, all Trustor's right, title and interest now owned or later  
acquired in the following described property located in the County of Klamath, State of Oregon ~~California~~:

The E 1/2 of Lot 21 and all of Lot 22, Block 8, Hillside Addition to the  
City of Klamath Falls, in the County of Klamath, State of Oregon, more  
commonly referred to as 1967 Lawrence Street, Klamath Falls, Oregon,  
97601, Klamath County Assessor's Account No. 3809-29AA-5100.

COMMONLY KNOWN AS: see above description

Together with all the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way apper-  
taining, and the rents, issues and profits thereof are herein referred to as the PROPERTY.

This deed is for the purpose of securing performance of each agreement of Trustor herein contained, and securing payment to  
the said Beneficiary of the monies due to it and of all losses, damages, expenditures and liability suffered, sustained, made or  
incurred by it (and as more fully set forth in that certain bail bond and/or indemnity agreement(s), which agreement(s) is made a  
part hereof by reference as though herein fully set forth), on account of, growing out of, or resulting from the execution of a bond  
or bonds on behalf of: Allan Merck Bond No. A7-2041028, A7-2041027

in the matter of State of California v. Allan Merck

AND FOR WHICH AMOUNTS and the matters set forth in this bail bond and/or indemnity agreement, these presents are security.

To protect the security on this Deed of Trust, Trustor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Trustor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Trustor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof of the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Trustor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the legal rate, shall be added to and become a part of the debt secured by this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby, Beneficiary does not waive its right to require prompt payment when due of all other sums to secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, upon written request of the Trustor and the Beneficiary, or upon satisfaction of the obligation secured and with written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request by Beneficiary, Trustee shall sell the trust property at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Trustor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of a bona fide purchaser and encumbrances for value.

6. Absolute Assignment of Rents. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this trust, to collect the rents, issues and profits of the property, reserving unto the Trustor the right, prior to any default by Trustor of any obligations secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the obligations hereby secured, enter upon and take possession of the Property or any part thereof, in his own name, sue for or otherwise collect 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 obligations secured hereby, and in such order as the Beneficiary may determine. The entering upon and taking possession of this Property, the collection of such rents, issues and profits and the application thereof as previously stated, shall not cure or waive any default hereunder or invalidate any act done pursuant to such notice.

7. Beneficiary, or any successor in ownership of the obligations secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary alone and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor trustee or trustees, who shall, without conveyance from the trustee predecessor, succeed to all its title, estate, rights, powers, and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this deed is recorded and the name and address of the new Trustee.

8. That this Deed applies to, insures to the benefit of and binds all parties, hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term beneficiary shall mean the owner and holder including pledges, of the indemnity Agreement secured hereby, whether or not named as beneficiary herein.

Trustor Signature

*Sara R. O'Connor Merck*  
Sara R. O'Connor Merck

Trustor Signature

Trustor Signature

Trustor Signature

State of California

County of Tehama

On February 16, 2002 before me, Patricia J. Pullen (here insert name)

Notary Public, personally appeared Sara R. O'Connor Merck, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me all that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

*Patricia J. Pullen*

(Seal)

