

State of Oregon, County of Klamath
 Recorded 11/03/03 2:52 p. m
 Vol M03 Pg 81686-87
 Linda Smith, County Clerk
 Fee \$ 26.00 # of Pgs 2

Return Address:

Property Taxes:

SUNWEST MANAGEMENT, INC.

(no changes)

3723 Fairview Industrial Dr. SE, Suite 270 or P.O. Box 3006Salem, Oregon 97302-006

ATTN: James Estes

DEED OF TRUST

		(Please print last name first)
Reference # (If applicable): _____		
Grantor(s) (Borrower): (1) <u>Willa D. Morris</u>	(2) _____	Add' on pg _____
Grantor(s) (Beneficiary/Trustee): (1) <u>Crystal Terrace Retirement Community, LLC</u> (2) _____		
Add' on pg _____	Legal Description (abbreviated): <u>See description of Property below</u>	
Add' legal is on pg _____ Assessor's Property Tax Parcel/Account # <u>R-3909-024A0-01400-000 and R-3909-024A0-01500-000</u>		

THIS DEED OF TRUST, made this ___ day of October, 2003, between Willa D. Morris, as Grantor, whose address is 6402 Highway 39, Klamath Falls, Oregon 97603; First American Title Insurance Company of Oregon, as Trustee; and Crystal Terrace Retirement Community, LLC, an Oregon limited liability company, as Beneficiary, whose address is c/o Sunwest Management, Inc., 3723 Fairview Industrial Drive, S.E., Suite 270, mailing address P.O. Box 3006, Salem, Oregon 97302-006;

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Klamath County, Oregon:

Township 39, Range 9, Block Section 24, Tract POR NE4NE4 and POR NW4NE4 and Township 39, Range 9, Block Section 24, Tract POR NE4NE4 S Drain which are commonly known as 6402 Highway 39, Klamath Falls, Oregon 97603 and 6440 Highway 39, Klamath Falls, Oregon 97603 respectively.

(the "Property") which real property is not used principally for agricultural or farming purposes, together with all 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.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of Twenty Five Thousand and No/100 Dollars (\$25,000) or so much thereof as may be advanced from time to time, with interest in accordance with the terms of a promissory note of even date herewith payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor 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 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 Grantor. 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

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foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceedings purporting to affect the security hereof or 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 Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

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

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

3. The trustee shall reconvey all or any part of the Property to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor 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 of Beneficiary, Trustee shall sell the Property, in accordance with the Deed of Trust Act of the State of Oregon, at the 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 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 deposited with the clerk of the court of the county of sale.

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 Grantor had or had the power to convey at the time of Grantor's execution of this Deed of Trust, and such as Grantor 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 bona fide purchasers and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Oregon is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint, in writing, a successor Trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor Trustee shall be vested with all powers of the original Trustee. The 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, Trustee or Beneficiary shall be a party unless the Trustee brings such action or proceeding.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

Executed on the day and year first above written.

By Willa D. Morris
Willa D. Morris

STATE OF OREGON

County of Clatsop

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) SS. (INDIVIDUAL ACKNOWLEDGEMENT)
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I certify that I know or have satisfactory evidence that Willa D. Morris, is the person who appeared before me, and the person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 24 day of October, 2003.

Print Name Carmen Babcock
Notary Public in and for the State of Oregon
My appointment expires: 5/4/2006

