

M06-01425

Klamath County, Oregon

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Pages 8 Fee: \$56.00

WHEN RECORDED RETURN TO:

Randy C. Rubin
Attorney At Law, P.C.
836 W. Military, Suite 206
Roseburg, OR 97470

SEND TAX NOTICES TO:

Larry Hanlon & Debbie Hanlon
147610 Hwy. 97
La Pine, OR 97739

TRUST DEED

ASPERU: 62816

FROM: Larry Hanlon and Debra L. Hanlon **(Grantor)**

TO: Randy C. Rubin
Attorney at Law, P.C. **(Trustee)**

IN FAVOR OF: The Russell B. Phillips and Louise J. Phillips
Family Trust Dated September 7, 2000 **(Beneficiary)**

EFFECTIVE DATE: January 23, 2006

1. **Definitions.** As used herein, the following terms shall have the following meanings:

1.1 **Event of Default.** Any of the happenings and occurrences described in paragraph 4.

1.2 **Fixtures.** To the extent of Grantor's interest therein, all fixtures now or at any time hereafter attached to or used in any way in connection with the operation, use or occupation of the Real Property, including, without limitation, all machinery and equipment, furniture and furnishings, screens, awnings, storm windows and doors, window shades, floor coverings, shrubbery, plants, boilers, tanks, furnaces, radiators, fire prevention and extinguishing apparatus, security and access control apparatus, communications apparatus, all heating, lighting, plumbing, gas, electric, ventilation, refrigerating, air conditioning and incinerating equipment of whatever kind and nature, all of which are hereby declared and shall be deemed to be fixtures and accessory to the fee and part of the Real Property as between the parties hereto, their heirs, legal representatives, successors and assigns and all persons claiming by, through or under them.

\$56.00

1.3 **Improvements.** All buildings and other improvements and all additions thereto and alterations thereof now, or at any time hereafter, located upon the Land or any part thereof.

1.4 **Indebtedness.** The promissory note made by Grantor, payable to Beneficiary, dated this date, in the amount of \$124,500.00, the final payment of which, if not sooner paid, is due February 1, 2036, as may be extended, renewed, modified or amended, and including any adjustments in interest, principal, and payment terms.

1.5 **Land.** The property described on attached Exhibit A.

1.6 **Obligations.** The covenants, promises and other obligations (other than the Indebtedness) made or owing by Grantor to or due to Beneficiary under this Trust Deed.

1.7 **Real Property.** The Land, the Improvements and the Fixtures together with all rights, privileges, permits, licenses, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Land, and all right, title and interest of Grantor in and to any streets, ways, alleys or strips adjoining the Land or any part thereof.

2. **Grant.** To secure payment of the Indebtedness and performance and discharge of the Obligations, Grantor hereby grants, bargains, sells and conveys and assigns to Trustee, in trust for Beneficiary, with power of sale, the Real Property.

3. **Covenants.** Until the entire Indebtedness has been paid in full, Grantor covenants and agrees as follows:

3.1 **Compliance with Laws.** Grantor will promptly and faithfully comply with, conform to and obey all present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental authority or agency which may be applicable to it or to the Real Property, or any part thereof, or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Real Property, or any part thereof, whether or not such law, ordinance, rule, order, regulation or requirement necessitates structural changes or improvements or interferes with the use or enjoyment of the Real Property.

3.2 **Payment of Taxes and Other Government Charges.** Grantor will promptly pay and discharge, or cause to be paid and discharged, before delinquency, all real estate and personal property taxes and other taxes and assessments, water and sewer rates and charges, and other governmental charges and any interest or costs or penalties with respect thereto which at any time prior to or after the execution of this Trust Deed may be assessed, levied or imposed upon the Real Property.

3.3 **Repair.** Grantor will keep the Real Property in good order and condition and make all necessary or appropriate repairs, replacements and renewals thereof, and will use Grantor's best efforts to prevent any act or thing which might impair the value or usefulness of the Real Property.

Grantor shall not make any alterations or additions to the Improvements or remove any of the Improvements if such alterations, additions or removal would impair the value of the Real Property.

3.4 Insurance Required. Grantor shall obtain and continuously maintain throughout the term of this Trust Deed insurance upon the Improvements and Fixtures against loss by fire and other casualties as are normally and usually covered by special extended coverage or "all-risk" policies in an amount not less than the replacement value of the Improvements and Fixtures. Such policy or policies of insurance shall name Beneficiary as additional insured and shall require at least 30 days' notice to Beneficiary before cancellation, expiration or material change. Grantor shall provide Beneficiary with a copy of all insurance policies required by these provisions, or certificates thereof, satisfactory to Beneficiary and shall, from time to time, upon request of Beneficiary, furnish a statement of Grantor of the amounts of insurance maintained in compliance with these provisions, the risks covered by such insurance, the insurance company or companies which carry such insurance and evidence that the premiums thereon have been paid.

3.5 Restoration Following Casualty. In the event of any casualty resulting in damage to or loss or destruction of the Improvements or Fixtures, Grantor shall give prompt notice thereof to Beneficiary, and Grantor shall promptly restore, repair or replace the damaged, lost or destroyed property to a value and condition that is equal to or better than the value and condition existing immediately prior to such damage, loss or destruction.

3.6 Application of Insurance Proceeds. Insurance proceeds may be used by Grantor for repair, replacement or restoration of damaged, lost or destroyed Improvements or Fixtures for which the proceeds have been paid or are payable. Beneficiary may require the proceeds to be deposited or held in such a manner as to reasonably insure their application by Grantor for restoration, repair or replacement.

3.7 Inspection. Beneficiary shall have the right, individually or through agents, at all reasonable times to inspect the Real Property.

3.8 Indemnification. Grantor shall indemnify and hold Beneficiary and Beneficiary's agents, legal representatives, heirs, successors and assigns harmless against any and all claims, demands, losses, liabilities, costs and expenses (including, without limitation, attorney fees at trial and on any appeal or petition for review) arising out of or in any way related to or affecting the Real Property or Grantor's use thereof.

3.9 Construction Liens. Grantor shall not permit or suffer any construction or similar lien on any of the Real Property, except as such liens may be filed in the normal course by contractors, suppliers and the like. Grantor shall remove or cause the removal of all such liens by payment of amounts due on account thereof. If Grantor desires to contest any such lien, immediately upon the commencement of any litigation concerning the same, Grantor may contest the lien by posting a bond necessary for its removal.

3.10 Waste. Grantor shall not commit or suffer any waste of the Real Property.

4. Events of Default. Each of the following shall be an Event of Default.

4.1 The failure of Grantor to pay any portion of the Indebtedness when it is due.

4.2 The failure of Grantor to observe or perform any of the Obligations, other than as specified in this paragraph 4, within 15 days after notice from Beneficiary specifying the nature of the deficiency. No notice of default and opportunity to cure shall be required if during the prior 12 months Beneficiary has already sent a notice to Grantor concerning a deficiency in performance of the same obligation.

4.3 The insolvency of Grantor; abandonment of the Real Property, or any parcel or portion thereof; an assignment by Grantor for the benefit of creditors; the filing by Grantor of a voluntary petition in bankruptcy or an adjudication that Grantor is bankrupt; the appointment of a receiver for the property of Grantor; or the filing of an involuntary petition in bankruptcy and the failure of Grantor to secure the dismissal of the petition within 30 days after filing. Any Event of Default under this paragraph 4 shall apply and refer to Grantor, any guarantor of the Indebtedness, and to each of the individuals or entities which are collectively referred to as "Grantor."

4.4 The sale, conveyance, transfer or other disposition of the Real Property, or any part thereof, or any interest therein, including the transfer of possessory rights therein, directly or indirectly, either voluntarily, involuntarily or by operation of law, by contract, deed or otherwise, without Beneficiary's prior written consent, which consent may be withheld in the exercise of Beneficiary's sole discretion.

5. Remedies. Upon the occurrence of any Event of Default, Beneficiary may exercise any one or more of the following remedies:

5.1 Acceleration. Declare the unpaid portion of the Indebtedness to be immediately due and payable.

5.2 Foreclosure. Foreclose this Trust Deed, either in equity as a mortgage in the manner provided by law for mortgage foreclosures, or nonjudicially by directing the Trustee to foreclose this Trust Deed by advertisement and sale in the manner provided by law.

5.3 Receiver. Beneficiary shall be entitled, as a matter of right, without notice and ex parte, and without regard to the value or occupancy of the security, or the solvency of Grantor or the adequacy of the Real Property as security, to have a receiver appointed to enter upon and take possession of the Real Property, collect the rents therefrom, and apply the same as the court may direct. Any receiver appointed may serve without bond. Beneficiary shall not be disqualified to serve as receiver. The expense of the receivership (including counsel fees and other costs) shall be secured by this Trust Deed.

5.4 Remedies Cumulative and Concurrent. The rights and remedies of Beneficiary as provided in the Indebtedness and this Trust Deed shall be cumulative and concurrent and may be

pursued separately, successively, or together against Grantor or against other obligors, or against the Real Property, or any one or more of them, at the sole discretion of Beneficiary, and may be exercised as often as occasion therefore shall arise.

5.5 Nonwaiver. The election of Beneficiary not to exercise any option or remedy which Beneficiary may have under this Trust Deed with respect to any Event of Default shall not be deemed a waiver of Beneficiary's right to exercise such rights or options as to any proceeding or subsequent Event of Default, nor shall it be deemed a waiver with respect to that Event of Default or any other remedy available to Beneficiary under this Trust Deed, the Note or applicable law.

6. Condemnation.

6.1 Application. This paragraph shall apply to any taking of all or a portion of the Real Property as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain. Grantor shall prosecute Grantor's claim or claims for any such award or payment in good faith and due diligence and authorizes and empowers Beneficiary, under the name of Grantor, to collect and receipt for any such award or payment and, in the event Grantor fails to act or in the event an Event of Default has occurred and is continuing, to file and prosecute such claim or claims.

6.2 Proceeds. All proceeds received by Beneficiary with respect to a taking pursuant to paragraph 6.1 shall be applied as follows, in the order of priority indicated:

6.2.1 To reimburse Beneficiary for all costs and expenses, including reasonable attorney fees incurred in connection with collecting the proceeds;

6.2.2 To Grantor for the purpose of and to the extent necessary for repair or restoration of Land and/or Improvements damaged by the taking, to the extent the award includes sums for such damage;

6.2.3 To the payment of accrued and unpaid interest on the Indebtedness;

6.2.4 To the prepayment of unpaid principal of the Indebtedness; and

6.2.5 The balance, if any, will be paid to Grantor.

7. Miscellaneous.

7.1 Beneficiary's Right to Act. Upon an Event of Default, Beneficiary may, at Beneficiary's option and without waiver of the default, perform the same on behalf of Grantor. Expenditures made or charges incurred by Beneficiary for the foregoing purposes shall be paid by Grantor to Beneficiary immediately upon demand and shall be secured by this Trust Deed. Nothing herein shall require Beneficiary to advance monies for any purpose or to do any other act, and Beneficiary shall not incur any personal liability because of Beneficiary's action or inaction under this paragraph.

7.2 Attorney Fees and Costs. In the event action is instituted to enforce or interpret any of the terms of this Trust Deed, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees incurred in the action, as set by court, at trial, on appeal and review.

7.3 Time of Essence. Time is of the essence in the payment of the Indebtedness and the performance of the Obligations under and secured by this Trust Deed.

7.4 Reconveyance. When the Indebtedness is paid in full and the Obligations are fully performed, observed and discharged, Beneficiary shall request Trustee to reconvey the Real Property, and shall surrender this Trust Deed and the note evidencing the Indebtedness. The reconveyance will be at Beneficiary's expense.

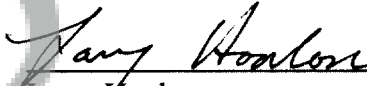
7.5 Successor Trustee. In accordance with applicable law, Beneficiary may, from time to time, appoint a successor to Trustee or any successor Trustee. Upon such appointment and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon Trustee herein.

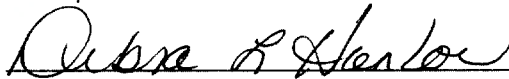
7.6 Application Law. This Trust Deed shall be governed by and construed according to the laws of the state of Oregon.

7.7 Interpretation. In interpreting this Trust Deed, the singular shall include the plural. If Grantor consists of more than one person or entity, each such person and entity shall be jointly and severally liable to pay the Indebtedness and perform the Obligations.

7.8 Severability. In case any one or more of the Obligations shall be invalid, illegal or unenforceable in any respect, the validity of the Indebtedness and remaining Obligations shall be in no way affected, prejudiced or disturbed thereby.

7.9 Modification. This Trust Deed may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

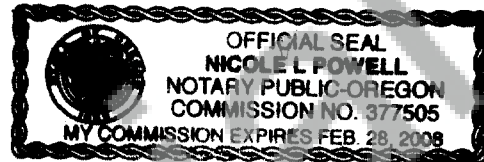

Larry Hanlon


Debra L. Hanlon

STATE OF OREGON)
 DESCHUTES) ss.
County of ~~Douglas~~)

This instrument was acknowledged before me on January 23, 2006, by **Larry Hanlon**
also known as **Lawrence Roy Hanlon**

Nicole J. Powell
Notary Public for Oregon
My Commission Expires: 2/28/08



STATE OF OREGON)
 DESCHUTES) ss.
County of ~~Douglas~~)

This instrument was acknowledged before me on January 23, 2006, by **Debra L. Hanlon**.
also known as **Debra Lynn Hanlon**.

Nicole J. Powell
Notary Public for Oregon
My Commission Expires: 2/28/08

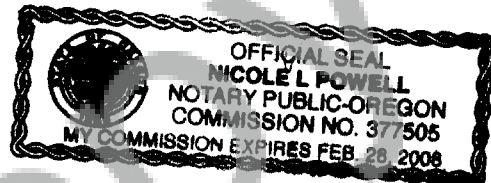


Exhibit A

That portion of the Southeast quarter of Section 24, Township 23 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Commencing to the intersection of the Southeasterly right of way line of the Dalles-California Highway and the Northeasterly right of way line of Tumbo Drive; thence North 59°12' West 300 feet to the Northwestern right of way line of said highway and the true point of beginning of the following described tract; thence North 30°48' East along said Northwestern right of way line 429.85 feet; thence North 59°12' West 170 feet; thence South 30°48' West 200 feet; thence North 59°12' West to the North-South quarter section line of Section 24; thence South along said quarter section line to the Northwestern right of way line of said highway; thence North 30°48' East to the true point of beginning.

SAVING AND EXCEPTING THEREFROM any portion lying within the Dalles California Highway.

CODE 048 MAP 2309-024DO TL 00600 KEY #844322