

2006-021232

Klamath County, Oregon



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10/23/2006 11:37:27 AM

Fee: \$81.00

1st-886786

WHEN RECORDED, PLEASE RETURN TO:

SOUTHERN OREGON INVESTMENT GROUP
100 REITEN DRIVE
ASHLAND, OREGON 97520

Space above this line for recorder's use only

Second Deed of Trust

Dated: OCTOBER 12, 2006

Among: Grantor: BRENT A. CHEYNE
13411 SPRING LAKE ROAD
KLAMATH FALLS, OREGON 97603

Trustee: FIRST AMERICAN TITLE COMPANY
404 MAIN STREET, SUITE 1
KLAMATH FALLS, OREGON 97601

And

Beneficiary: KELLY A. THOMPSON, A SINGLE WOMAN, AND REX H. STEVENS, TRUSTEE OF THE WOOLLEY, FRENCH, HAGERTY & STEVENS PROFIT SHARING UNDER UA 12-31-1984 FOR THE BENEFIT OF REX H. STEVENS. SOIG: 100 REITEN DRIVE, ASHLAND, OREGON 97520.

81-F

This Second Deed of Trust ("Trust Deed") is made this 12th day of OCTOBER, 2006 by and among **BRENT A. CHEYNE**, ("Grantor"), **FIRST AMERICAN TITLE COMPANY OF OREGON** ("Trustee"), and, **KELLY A. THOMPSON, A SINGLE WOMAN, AND REX H. STEVENS, TRUSTEE OF THE WOOLLEY, FRENCH, HAGERTY & STEVENS PROFIT SHARING UNDER UA 12-31-1984 FOR THE BENEFIT OF REX H. STEVENS.** ("Beneficiary").

Grantor is the owner of that real property situated in **KLAMATH COUNTY, STATE OF OREGON, COMMONLY KNOWN AS 13411 SPRING LAKE ROAD, KLAMATH FALLS, OREGON 97603, AND LEGALLY DESCRIBED AS FOLLOWS ("REALTY"):**

See **Exhibit "A"** attached hereto and by this reference incorporated herein.

This Second Trust Deed is granted by Grantor to Trustee for the benefit of Beneficiary to encumber the above-described Realty with respect to payment of the sum of **TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00)** (the "Stated Principal Sum"). To secure payment and performance of the agreements, warranties, representations and provisions of this Second Trust Deed and all other Loan Documents (defined in paragraph 3 below), Grantor hereby bargains, sells, conveys to the Trustee the Realty, with power of sale, and Grantor further warrants, covenants, and agrees as follows:

The Realty 1. The Realty includes all right, title and interest which Grantor has or may have or acquire, now or hereafter, in or to the Realty, including (a) all rights now or hereafter appertaining thereto, such as but not limited to land lying in or under adjoining streets and roads, water rights, rents, issues and profits, reversions and remainders, and (b) all fixtures ("Fixtures") and improvements now or hereafter situated or erected or installed in or upon the Realty ("Improvements"). "Fixtures" and "Improvements" shall include, without limitation, all heating, cooling and air conditioning equipment, generating equipment, plumbing and plumbing fixtures and equipment, cooking and refrigerating fixtures and equipment, carpeting, drapes, blinds, screens, awnings and other furnishings and equipment.

Absolute Assignment of Rents Receiver Beneficiary Possession 2. (a) Absolute Assignment. As part of the consideration for the Indebtedness (defined in paragraph 3 below), Grantor hereby absolutely and irrevocably assigns, transfers and sets over to Beneficiary all income of every kind and nature from the Realty, including all rents, issues and profits accrued and to accrue from time to time (collectively "Rents"), and all present and future leases of the Realty or in any portion thereof. So long as there shall be no "Default" (defined in paragraph 18 below), Grantor may collect and receive the assigned Rents, but only as the same become due and payable, and not for more than one month in advance. Grantor shall hold such sums in trust to the extent necessary to pay the usual and reasonable expenses of operating and maintaining the Realty, and to pay sums secured hereby as they become due and payable. Upon the occurrence of a Default, Grantor's privilege to collect Rents shall terminate; at any time thereafter Beneficiary at its option, but without obligation to do so, may collect and receive Rents and do any acts and take any action to do so, including notifying persons (including tenants) and directing them to pay Rents to Beneficiary or otherwise in accordance with Beneficiary's instructions, seeking the appointment

of a receiver or other custodian, entering into possession of the Realty and managing or operating it, directly or through agents or representatives, making, terminating and extending leases or tenancies, and taking any other action to protect Beneficiary's rights or interests. Beneficiary may apply Rents which it receives to any reasonable expenses to effect the foregoing, including without limitation paying taxes, costs of insurance, assessments, repairs and renovations to the extent Beneficiary may elect from time to time, to other costs and expenses of collection and receiving Rents, including fees to and expenses of professional persons and consultants and upon sums secured hereby, whether or not then due and payable.

(b) Receiver. Grantor hereby consents to the appointment by any court of competent jurisdiction of a receiver or other person to receive or collect Rents and otherwise take charge of the Realty in the event of a Default, with authority to do all such things as Beneficiary could do if Beneficiary were to enter into possession of the Realty after Default. Grantor further agrees that an application for or the appointment of a receiver shall not be grounds for objection to any acts or actions which Beneficiary may undertake to exercise following a Default, and shall not prevent Beneficiary from foreclosing this Trust Deed by exercise of the Power of Sale provided for hereinabove.

(c) Effects of Acts. The receipt or collection of sums by Beneficiary by reason of the exercise of any provisions of this section shall not affect a cure of any Defaults. Beneficiary's election to exercise or failure to exercise any one or more remedies provided for in this section shall not constitute a waiver of such rights or remedies or any Defaults, or be deemed a consent by Beneficiary to any acts or failure of Grantor to act in any respect. Beneficiary shall not be liable to Grantor or to anyone claiming by or through Grantor, including any lessees or tenants of the Realty, for acting or failing to act with respect to any of the rights or remedies in this section, or for anything done by Beneficiary, its agents, servants or employees in good faith.

Loan: 3. "Loan," as used herein, shall mean the loan from Beneficiary to Grantor
Loan evidenced by the Loan Documents. "Loan Documents," as used herein, shall
Documents: mean this TRUST DEED, the PROMISSORY NOTE, (the "Note"), THE
Indebtedness SECURITY AGREEMENT, and any other document or instrument executed in connection with or to evidence or secure the Loan, as modified, supplemented, extended, renewed, or replaced from time to time. "Indebtedness," as used herein, shall include all sums due and obligations now owed or hereafter due and owing under this Trust Deed and the other Loan Documents.

Warranty of 4. Grantor has and at all times shall have good and marketable title to the
Title premises (described on Exhibit "A"), free from liens, encumbrances and
defects of title of any kind other than installments if ad valorem taxes which are not in arrears and Permitted Exceptions, if any. "Good and Marketable Title" shall mean fee simple title to the Realty, including Fixtures and Improvements. Permitted Exceptions are described on the attached **Exhibit "B"**.

Hazardous 5. (a) "Hazardous Substances" shall mean substances of any kind or nature
Substances which any law, regulation, rule or ruling of courts or executive or administrative bodies of the United States of America or of the **STATE OF**

OREGON, or of any subdivision of such State, has determined or at any future time may determine to be hazardous or toxic, whether to humans or as affecting the environment or ecology. For the purposes of this Agreement, "Contamination" of the Realty or any personal property thereon by Hazardous Substances shall mean that such Realty or personal property, as the case may be, is then affected by Hazardous Substances which have been or may be released into or upon, or which are situated in or upon, such property at any time in the past, whether or not Grantor then had any right or interest in such property, or at any time in the future before Grantor's rights and interests in such property are extinguished by the exercise of any rights and remedies under this Trust Deed, irrespective of Grantor's knowledge or lack of knowledge of such Hazardous Substances. The meaning of "Contamination" shall not include safe and proper use and storage of materials commonly sold in retail stores to the public; petroleum products; fertilizers, pesticides, herbicides, and other materials used in maintenance of landscaping or in the regular course of Grantor's business; paints, solvents, lubricants and cleaning materials used in connections with the ordinary operation and maintenance of the Improvements; provided that all use and storage of such materials and disposal of any waste from such use and storage is and shall be in compliance with all applicable state and federal statutes and regulations.

(b) If any claims, demands actions, causes of action, damages, liabilities, judgments or cost shall be asserted against or suffered by Beneficiary or Trustee, or if Beneficiary or Trustee shall incur or suffer any expenses, losses or damage by reason of the Contamination or claimed Contamination of the Realty or personal property by Hazardous Substances, Grantor shall indemnify and defend Beneficiary and Trustee against and hold each of them harmless from the same, whether asserted against, suffered by or imposed upon them or either of them while the lien of this Trust Deed is or remains in effect or after its expiration by discharge, satisfaction, foreclosure or otherwise, or by transfer of title to such property to Beneficiary or others, whether by foreclosure or in lieu of foreclosure or otherwise; *provided, however*, nothing in this agreement shall require Grantor to indemnify or defend Beneficiary, its successors and assigns for any Contamination occurring after Beneficiary or its successors and assigns take possession or control of the Realty or personal property. For the purposes hereof, "Beneficiary" and "Trustee" shall include any person who has or who may have or acquire any interest in the Indebtedness or in this Trust Deed, and any successor in interest of either of them.

(c) Grantor represents that Grantor is not aware of any Contamination of the Realty or personal property by Hazardous Substances, and has not been informed or advised of any such Contamination or claim thereof.

(d) In the event of any action or proceeding by Beneficiary or Trustee to recover against any Grantor under the provisions of this section, and in any review of or appeal from any decision in any such action or proceeding, Grantor shall reimburse Beneficiary and Trustee for all reasonable costs and expenses which each of them may incur with respect thereto, including, without limitation, fees and expenses of consultants and other professionals (for example, attorneys, engineers and other experts).

(e) If there is more than one Grantor, each Grantor shall be jointly and severally liable to Beneficiary and to Trustee with respect to any such claims, demands, actions, causes of action, damages, liabilities, judgments or costs which may be asserted against or

suffered by Beneficiary or Trustee, whether or not any other person is or may be liable to protect, indemnify or defend Beneficiary or Trustee, whether by virtue of any agreement or otherwise. The warranties and undertakings in this section are independent of and separate from any obligations of Grantor or others on the Loan secured by this Trust Deed and any other Loan Document with respect thereto are made to induce Beneficiary to enter into and to make such Loan, and shall survive any satisfaction of such Loan and other sums secured hereby and any discharge of any person, including Grantor if Grantor is liable as a borrower, guarantor or otherwise, from liability in whole or in part with respect to such sums.

Pay 6. Grantor shall pay the Indebtedness and all portions thereof as the same
Indebtedness: become due and payable, shall pay all installments of taxes and assessments
Comply with on the Realty, and shall comply with all provisions of the Loan Documents.
Loan Documents Grantor shall pay, before they become delinquent, all sums, which become owing on or by reason of Permitted Exceptions, if any, and comply with all agreements, conditions, terms and conditions relating thereto. In this Trust Deed, "Assessments" shall include, in addition to any levied by public authorities, assessments and charges payable with respect to condominium units, ground rents, and any other payments necessary to enable Grantor to have unencumbered and undisturbed possession and use of the Realty, including Fixtures and Improvements.

Reserves 7. In the event of a Default and if Beneficiary shall so require, Grantor at the time of making each installment payment, whether of principal or interest or both, on the Indebtedness, or at such other intervals as Beneficiary reasonably may designate, shall deposit with Beneficiary such sum as Beneficiary reasonably may estimate to be necessary to pay installments of taxes and assessments next becoming due upon the Realty, Fixtures, and Improvements and the costs and expenses of maintaining insurance with respect thereto. All such sums may be held by Beneficiary and applied in such order as Beneficiary may elect to payment of taxes, assessments and costs of such insurance or to payment of other sums secured hereby, at Beneficiary's election. Grantor hereby grants a security interest to Beneficiary in such sums as security for Grantor's payment and performance of the Grantor's obligations under the Loan Documents. Unless otherwise provided by law, Beneficiary shall have no obligation with respect to such sums other than to account to Grantor for receipt and applications thereof. Upon any transfer by Beneficiary of its rights or interests in the Indebtedness or of this Trust Deed, Beneficiary may turn over to such transferee such of those sums as Beneficiary then holds, and Beneficiary's responsibilities with respect hereupon shall terminate. Upon any transfer by Grantor of the Realty, Grantor's interest in any such sums shall be deemed automatically transferred to such transferee.

Late Charge 8. In addition to and not in lieu of any other rights or remedies the Beneficiary may have by virtue of any default under the Loan Documents, Grantor agrees to pay a Late Charge equal to ten percent (10%) of each delinquent monthly installment which is not paid within fifteen (15) days commencing with the date it becomes due; *provided, however*, if such amount, when added to all other charges contracted for, charged or received hereunder which are treated as interest or a loan finance charge under applicable federal or state law, is in excess of the amount permitted to be charged to Grantor under applicable federal or state law, Beneficiary shall be entitled to collect, in lieu thereof, such amount only to

the maximum amount permitted by such law on the payment so overdue, computed from the original due date to the date such payment is made, which amount shall become immediately due to Beneficiary, at Beneficiary's option, as liquidated damages for Grantor's failure to make prompt payment, but in no event shall such amount, when added to all other sums deemed to be interest or a loan finance charge by applicable law, exceed the maximum amount allowed by law. Grantor acknowledges that late payment to Beneficiary of any sum due under this Trust Deed or any of the other Loan Documents will cause Beneficiary to incur costs not contemplated at the time it made the Loan to Grantor which is evidenced by the Loan Documents, including, without limitation, processing and accounting charges, but that actual damages to Beneficiary would be costly, inconvenient and impracticable to ascertain. Grantor agrees that the Late Charge set forth above represents a fair and reasonable estimate of such costs and represents a reasonable sum considering all of the circumstances existing on the date of this Trust Deed. The Late Charge shall be paid without prejudice to the right of Beneficiary to collect any other amounts provided to be paid, to declare a default under the Note or under the Loan Documents, at law, or in equity. Further, nothing in this Trust Deed shall be construed as an obligation on the part of Beneficiary to accept, at any time, less than the full amount then due hereunder, or as a waiver or limitation of Beneficiary's right to compel prompt performance.

Repair and
Maintenance

9. Grantor shall maintain the Realty, including Fixtures and Improvements, and in good condition and repair at all times, and shall not commit or suffer any waste with respect thereto. Grantor shall comply with all laws, regulations, rules and ordinances affecting the foregoing and the use and occupancy thereof, and shall pay all fees and charges with respect thereto, and all fees and charges for utilities or other services to the same. In the event of any damage to or destruction of Fixtures and Improvements, Grantor at its expense shall restore or replace the same within thirty (30) days of the occurrence thereof, or, if it is physically impossible to so restore or replace within that time, Grantor shall commence such restoration or replacement within thirty (30) days of such occurrence and pursue the same at its expense diligently to completion. If at the time of such restoration or replacement there shall be no existing Default, Beneficiary shall permit the proceeds of any casualty insurance which may be payable by reason of such damage or destruction to be disbursed to pay for the cost of such restoration or replacement if such cost can be paid in full from such proceeds or, if such proceeds are not sufficient, if Grantor shall make available additional funds in such form and manner as may be satisfactory to Beneficiary so that such cost can be paid in full from such insurance proceeds and such additional sums.

No Alteration

10. Grantor shall not alter or demolish or remove from the Realty any Fixtures and Improvements (unless replaced with Fixtures and Improvements of equal or greater value) unless Beneficiary first shall have consented thereto in writing.

Insurance

11. Grantor at its expense shall keep the Fixtures and Improvements insured at all against loss or damage by reason of such casualties and contingencies, and in such amounts as Beneficiary may require from time to time, with loss payable to Beneficiary and shall maintain liability insurance in such amounts or limits and against such risks as Beneficiary from time to time may require. All insurance shall be written by such insurance companies as may be satisfactory to Beneficiary. Grantor shall pay all premiums for and costs of such insurance, and shall furnish Beneficiary with receipts or other satisfactory evidence of such payment before the

same become delinquent and before such insurance would lapse by reason of nonpayment. All insurance contracts and policies shall be in such form as shall be satisfactory to Beneficiary, and Grantor shall furnish Beneficiary with the same or certificates thereof. Except as provided in paragraph 9 above, Beneficiary shall be entitled to receive and apply proceeds of insurance and apply the same on any sums secured by this Trust Deed, whether then otherwise due and payable or not. All policies and contracts of insurance shall provide that they shall not be subject to cancellation or termination unless Beneficiary shall first have been given thirty (30) days advance written notice thereof.

Preserve
Leases
Tenancies

12. If the Realty shall be occupied by a tenant or tenants, Grantor at its expense shall perform all duties owing to such tenant or tenants, and shall and comply with all terms, conditions and provisions of any leases. Except in the ordinary course of business, Grantor shall not cancel or terminate any leases or release any tenants from liability for rents or other sums without first obtaining Beneficiary's written consent. Grantor shall not suffer or permit any transfer or assignment of any rents or other sums or leases to any person other than Beneficiary.

Condemnation

13. If the Realty, or any part thereof or any right, title or interest therein shall be taken by power of eminent domain or subjected to any taking or condemnation, and if Grantor fails to diligently prosecute its claims for its and Beneficiary's protection, Beneficiary at its option may commence or appear in or prosecute in its own name any action or proceeding with respect thereto, and shall be entitled to obtain all compensation, awards or other relief therefore. Grantor hereby assigns all such sums to Beneficiary. Unless Beneficiary otherwise consents in writing, such compensation, awards, damages or other relief shall be applied first to payment of Beneficiary's costs and expenses with respect thereto and then to any sums secured hereby in such order as Beneficiary may elect, and whether or not then otherwise due and payable. All such sums shall be secured hereby, and Grantor hereby grants a security interest in such sums to Beneficiary.

Suits,
Actions, etc.

14. Except as provided for in paragraph 13, Beneficiary or Trustee at its or their election may appear and participate in any actions, suit or proceeding, judicial or otherwise, which may affect any of their rights or remedies or any liens or security interests created by this Trust Deed. Grantor upon demand shall reimburse Beneficiary and Trustee for all reasonable costs and expenses, which they or either of them may incur by reason therefore.

Reimburse
Beneficiary
and Trustee for
Expenses, etc.

15. Except as provided for in paragraph 13, Grantor shall reimburse Beneficiary and Trustee for all reasonable costs and expenses which they or either of them may incur with respect to any rights, remedies and interest they or either of them may have, arising from this Trust Deed or any other Loan Document, whether or by virtue of any actions, suits or proceedings or otherwise, including, without limitation, those reasonable costs and expenses arising with respect to any condemnation or taking, or by reason of any Default. Such reasonable costs and expenses shall include reasonable attorneys' fees and expenses, reasonable fees for other services and advice, costs of title searches and reports, and reasonable costs, expenses and fees of accountants, engineers, appraisers and other professional consultants, advisers and assistants.

The obligation to reimburse Beneficiary and Trustee for such costs and expenses is secured hereby.

Beneficiary May Perform 16. If Grantor shall fail to pay any sum, other than principal or interest on the Stated Principal Sum, or to perform or comply with any other obligation required by this Trust Deed or any Loan Document, Beneficiary at its election may pay such sum or cause or effect performance of such obligation. In such event, Grantor shall reimburse Beneficiary immediately on demand for all sums so paid by Beneficiary and for all expenses and expenditures of Beneficiary in such respects, together with interest thereon from the date of demand until paid at the Default Rate of interest provided in the Note. Such obligation to reimburse with interest is secured hereby.

No Transfer or Encumbrance of Realty 17. (a) Grantor shall not cause, suffer or permit any change in the ownership or occupancy of the Realty, including Fixtures and Improvements "Change in ownership or occupancy" shall include any grant of or succession to any interest in the Realty, including Fixtures and Improvements, voluntarily, involuntarily, by operation of law or otherwise, including any lease or demise thereof unless the lease or demise is in the ordinary course of business. Any encumbering of the Realty by deed of trust or mortgage shall constitute such change. A sale or agreement to sell pursuant to an executory real estate contract shall constitute such change. Whether in one transaction or cumulatively as a result of more than one transaction, or change in or addition to the general partners in a partnership Grantor or lessee which results in a change of ownership percentage of more than fifty percent (50%), or a change in the ownership of a majority of the voting stock of a corporate Grantor or lessee shall constitute such change. Notwithstanding the foregoing, a change in the general partners in a partnership Grantor allowed under this paragraph shall not constitute a release for any withdrawing partner. Grantor shall give the Beneficiary or assignee or other holder hereof immediate notice of any change in the title, ownership or occupancy of the Realty, and failure to do so shall be deemed a default under this Trust Deed.

(b) In the event of any change of ownership or occupancy prohibited hereby, Beneficiary at its election may declare all sums then secured thereby to be immediately due and payable or, at its sole option, Beneficiary may consent to such change and by reason thereof increase the interest rates provided for with respect to the Indebtedness evidenced by the Loan Documents by an amount per annum not to exceed (i) the proportionate increase, if any, in average mortgage interest rates between the time when this Trust Deed is executed and the time when such change occurs or (ii) three percentage points, whichever may be greater. Such proportionate increase may be determined by Beneficiary from generally available trade or industry data which reasonably reflects interest rates from time to time on term loans secured by real property mortgages and deeds of trust (for example, the "effective rate" on "Conventional Home Mortgages made: For all Major Types of Lenders (combined construction-purchase)", made available from or published by the Federal Home Loan Bank Board).

Default 18. (a) Each of the following shall constitute an event of default ("Default"): (i) failure to pay the Indebtedness or any portion thereof or any other sum secured hereby when the same shall be due and payable: (ii) failure to comply with or perform any other condition, agreement or provision of the Trust Deed or other Loan

Documents, or the material breach of any warranty or representation in any of the Loan Documents; (iii) failure of any Grantor or any person obligated on any of the Indebtedness (Obligor") to pay its debts or other obligations in the ordinary course of business, or the admission by any of them of inability to do so; (iv) the making by Grantor or any Obligor of any general assignment for the benefit of creditors; (v) the appointment of a receiver for any property which is subject hereto or for any Grantor or any Obligor; (vi) the commencement of any proceedings by or against any Grantor or Obligor under any bankruptcy, insolvency or debtor relief law; (vii) the commencement of any acts or proceedings for the dissolution of a corporate Grantor or Obligor; (viii) the commencement of any proceedings for the dissolution and winding up of the affairs of a partnership, limited partnership or trust Grantor or Obligor; (ix) failure of Grantor to make any payment required by any prior Deed of Trust; and (x) failure of Grantor to perform any obligation other than payment obligation required by the First Deed of Trust.

(b) Upon the occurrence of an event of Default, all sums secured hereby, at the option of the Beneficiary, shall become immediately due and payable without demand or notice. In such event, Beneficiary shall have the right to have the Realty, including Fixtures and Improvements sold in such manner as may be permitted by law, including pursuant to the power of sale granted hereinabove or, at Beneficiary's option, to have this Trust Deed foreclosed in judicial proceedings as a mortgage; and Beneficiary shall have the right to exercise all other rights remedies which may be provided for herein and in the Loan Documents, and rights and remedies which may be applicable pursuant to law. Beneficiary may exercise its rights and remedies at such times and in such order as Beneficiary may elect. All rights and remedies provided for herein and in any Loan Document and by law shall be cumulative. If this Trust Deed is foreclosed as a mortgage in judicial proceedings, any judgment, which Beneficiary may recover, shall bear interest at the Default Rate provided in the Note, not to exceed, however, the highest rate permitted by law.

Non-Waiver 19. Neither the acceptance by Beneficiary of any payment or any other performance, nor any act or failure of Beneficiary to act or to exercise any rights, remedies or options in any one or more instances shall be considered as a waiver of any such right, remedy or option, or of any other then existing or thereafter accruing right, remedy or option, or of any breach or default then accrued or thereafter accruing. No claimed waiver by Beneficiary of any rights, remedies or options shall be binding unless the same shall be in writing and signed by Beneficiary.

Reconveyance 20. Upon Beneficiary's written request, the Trustee shall reconvey, without warranty, all or any part of the property then held hereunder. Recitals in such reconveyance of any matters of fact shall be conclusive proof of the accuracy thereof. The Grantee may be described in such reconveyance as "the person or person legally entitled thereto."

Severability 21. If any provision of this Trust Deed or any other Loan Document shall be invalid or unenforceable at any time, such invalidity or unenforceability shall not affect the remaining portions of this Trust Deed or the other Loan Documents, all of which shall remain in full force and effect.

Miscellaneous Provisions

22. "Beneficiary" shall mean the original Beneficiary herein and any future owner or holder hereof, including any pledges or assignees of the Indebtedness. "Grantor" shall mean any original Grantor herein and any successor in interest thereof. "Trustee" shall mean the original Trustee herein and any successor in interest and any successor Trustee. Obligor" shall mean any person now or hereafter obligated with respect to the Indebtedness or with respect to any portion thereof. "Premises" shall mean the Realty and all fixtures, accessions and improvements thereon. Whenever the context requires, any gender shall include all other genders, and the singular number shall include the plural, and the plural shall read as the singular. All captions and sections an paragraph divisions of this Trust Deed are for convenience of reference only, and shall not affect the construction, interpretation or meaning of this Trust Deed or of any provisions hereof. All exhibits referred to herein are by this reference incorporated herein as though set forth herein at length.

Commercial Purpose

23. Grantor is engaging in this loan transaction exclusively for business or commercial purposes and not for any personal, family, or household purposes.

Beneficiary's Authorization

24. By excepting delivery and recording this Deed of Trust, Beneficiary authorizes and appoints Chris Thompson of SOIG and/or Richard A. Stark, their Attorney, to appoint a Successor Trustee or sign requests for full or partial reconveyances on behalf of Beneficiary.

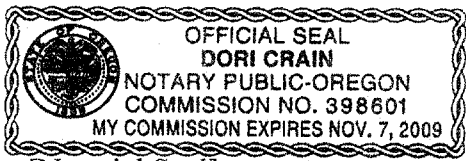
IN WITNESS WHEREOF, Grantor has executed this instrument as of the day and year first herein above written.


BRENT A. CHEYNE

ACKNOWLEDGMENTS

STATE OF OREGON)
County of Klamath) ss.

On Oct 20, 2006 before me, Dori Crain, a Notary Public in and for said County and State, personally appeared **BRENT A. CHEYNE**, Individual, personally know to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



[Notarial Seal]

WITNESS my hand and official seal.

[Signature]
Notary Public in and for the State of Oregon
My Commission Expires: 11/7/09

EXHIBIT "A"

Attached to and made a part of the Deed of Trust

between

BRENT A. CHEYNE

as Grantor,

and

**KELLY A. THOMPSON, A SINGLE WOMAN, AND
REX H. STEVENS, TRUSTEE OF THE WOOLLEY, FRENCH,
HAGERTY & STEVENS PROFIT SHARING UNDER UA 12-31-1984
FOR THE BENEFIT OF REX H. STEVENS**

as Beneficiary

LEGAL DESCRIPTION:

**THE N ½ SW ¼ OF SECTION 11 IN TOWNSHIP 40 SOUTH,
RANGE 9 EAST OF THE WILLAMETTE MERIDIAN,
KLAMATH COUNTY, OREGON. EXCEPTING
THEREFROM THAT PORTION THEREFROM LYING IN
THE USBA C-4-F (E-5-1) LATERAL; AND EXCEPTING
THEREFROM THAT PORTION THEREOF IN SPRING
LAKE ROAD (SUMMERS LANE.)**

EXHIBIT "B"

Attached to and made a part of the Deed of Trust

between

BRENT A. CHEYNE
as Grantor,

and

**KELLY A THOMPSON, A SINGLE WOMAN, AND REX H. STEVENS,
TRUSTEE OF THE WOOLLEY, FRENCH, HAGERTY & STEVENS PROFIT
SHARING UNDER UA 12-31-1984
FOR THE BENEFIT OF REX H. STEVENS**

as Beneficiary

**PERMITTED EXCEPTIONS CONTAINED IN
FIRST AMERICAN TITLE COMPANY OF OREGON
ORDER NUMBER 7021-886786**

NUMBERS 1, 2, 3, 4, 6, 7, 8, 9, AND 10 & First Deed of Trust of \$250,000.00.