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NO PART OF ANY STEVENS-NESS FORM MAY BE REPRODUCED IN ANY FORM OR BY ANY ELECTRONIC OR MECHANICAL MEANS.



TRUST DEED

*Aaron J. Lacey
Jamie Lacey*

Grantor's Name and Address

*Candice Sonerholm
Eric Sonerholm
3627 Beverly Dr., Klamath Falls, OR*

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

*Amerititle Escrow
MT 77533-LW*

MTO 11530

2006-022350
Klamath County, Oregon



00008236200600223500030030

11/08/2006 11:35:10 AM

Fee: \$31.00

SPACE RE
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RECORDETHIS TRUST DEED, made on October 31, 2006, between

Aaron J. Lacey and Jamie Lacey, as Grantor,
Amerititle, as Trustee, and
Candice Sonerholm and Eric Sonerholm, as Beneficiary,
or the survivor

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee, in trust, with power of sale, the property in Klamath County, Oregon, described as:

Lot 2, Block 56, Lakeside Addition to the city of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

together with all and singular the 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, 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

Thirty thousand \$ 30,000.00

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, if not sooner paid, to be due and payable on

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 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; and 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 the 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 other hazards, as the beneficiary may from time to time require, in an amount not less than \$ N/A, written by one or more companies acceptable to the beneficiary, with loss payable to the latter. All policies of insurance shall be delivered to the beneficiary as soon as issued. 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 now 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 becomes 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. 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. 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 shall 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 and attorney 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 in all cases shall be fixed by the trial court, and in the event of an 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 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 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. 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.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

Beneficiary _____

Both should be delivered to the trustee for cancellation before
securities.

DAILED _____

dated by the terms of the trust deed, the estate now held by you under the same. Mail the reconveyance and documents to
of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to record, without warranty, to the parties design-
and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences
The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid
to. _____

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid)

My commission expires 11/20/07

Notary Public for Oregon
John W. Mullally

of
as
by

This instrument was acknowledged before me on July 1, 2007

STATE OF OREGON, County of Klamath
(ss.)

IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first written above
REGULATORY NOTICE: Delete, by striking out, whichever warranty (a) or
(b) is inapplicable. 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
a credit agreement by making required disclosures. If compliance with the
Act is not required, disregard this notice.

of apply equally to corporations and to individuals.
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 here-
in constituting this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the
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 benefit-
ary hereinafter applies to, unless to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives,
(a) for an organization, or (even if grantor is a natural person) for business or commercial purposes.
(b) to an organization, or (even if grantor is a natural person) for household purposes.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are (choose one):
law.

WARRNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agree-
ment between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may
not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable
law. The coverage beneficiary purchases may be considerably more expensive than insurance obtain alone and
effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage.
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
erty coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be
any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained prop-
erty not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay
but between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may
not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable
law.

17. Trustee accepts 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
records of the county or counties in which the property is situated, shall be conclusive proof of proper application of the successor trustee.
18. Beneficiary may, from time to time, appoint a successor trustee to the successor trustee, the latter shall be vested with all the
powers and duties contained upon any trustee herein named hereinafter. Upon
successor in interest entitled to such surplus.

19. When trustee sells realty to another, attorney fees not exceeding the amount of sale to payment of (1) the expenses of sale, including the
compensation of the trustee and compensation to the successor trustee, the latter shall be vested with all the
trustee is not obligated to notify
or proceeding is brought by law.

20. The trustee shall deduct from the amount of sale the amount of attorney fees not exceeding the amount of sale to payment of (1) the expenses of sale, including the
expenses of the trustee and compensation to the successor trustee, the latter shall be vested with all the
trustee is not obligated to notify
or proceeding is brought by law.

21. After the trustee has commenced proceedings to foreclose this note, the trustee shall pay to the beneficiary all costs and expenses actually incurred in enforcing the
trust deed, together with trustee fees not exceeding the amount of sale to payment of (1) the expenses of sale, including the
expenses of the trustee and compensation to the successor trustee, the latter shall be vested with all the
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or proceeding is brought by law.

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24. After the trustee has commenced proceedings to foreclose this note, the trustee shall pay to the beneficiary all costs and expenses actually incurred in enforcing the
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25. After the trustee has commenced proceedings to foreclose this note, the trustee shall pay to the beneficiary all costs and expenses actually incurred in enforcing the
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expenses of the trustee and compensation to the successor trustee, the latter shall be vested with all the
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26. After the trustee has commenced proceedings to foreclose this note, the trustee shall pay to the beneficiary all costs and expenses actually incurred in enforcing the
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expenses of the trustee and compensation to the successor trustee, the latter shall be vested with all the
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or proceeding is brought by law.

27. After the trustee has commenced proceedings to foreclose this note, the trustee shall pay to the beneficiary all costs and expenses actually incurred in enforcing the
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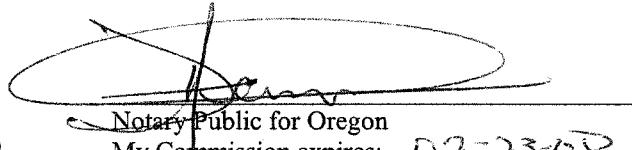
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State of Oregon
County of Jackson

On this 6 day of November, 2006, personally appeared before me the above named Jamie Lacey, and acknowledged the foregoing instrument to be his/her/their voluntary act and deed.

WITNESS My hand and official seal.


Notary Public for Oregon
My Commission expires: 02-23-08

