

MITC 77981p

DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK
2007-03470
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01/19/2007 11:05:14 AM
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\$35.00 \$11.00 \$10.00 \$5.00

2007-001254
Klamath County, Oregon

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01/24/2007 11:40:26 AM Fee: \$56.00

Deschutes County Clerk

Certificate Page



If this instrument is being re-recorded, please complete the following statement, in accordance with ORS 205.244:

Re-recorded to correct [give reason] _____
previously recorded in Book _____ and Page _____,
or as Fee Number _____.

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AFTER RECORDING RETURN TO:

CENTRAL OREGON REALTY, INC.
51379 HWY 97
LA PINE, OR 97739
Grantor

WESTERN TITLE & ESCROW COMPANY
Escrow No. 14-0062106
Tax Lot: 113878

SUMMIT 1031 EXCHANGE
1567 SW CHANDLER, SUITE 101
BEND, OR 97702
Beneficiary

TRUST DEED

THIS TRUST DEED is made as of the 16 day of January, 2007, by CENTRAL OREGON REALTY, INC. ("Grantor"), to WESTERN TITLE & ESCROW COMPANY, having its office at 1345 NW Wall Street, Suite 200, Bend, OR 97701 ("Trustee"), for the benefit of SUMMIT 1031 EXCHANGE and ("Beneficiary"). Grantor owes Beneficiary the principal sum of \$455,000.00, which is evidenced by a promissory note (the Note) of even date herewith. The Note, if not sooner paid, is due and payable in full on January 19, 2009.

For the purpose of securing the Obligations below, Grantor irrevocably grants and conveys to Trustee, in trust, for the benefit and security of Beneficiary, with power of sale, the real property located in DESCHUTES County, Oregon, and more particularly described in Exhibit A attached hereto and incorporated herein, together with all buildings, other improvements and fixtures now or hereafter located thereon or attached thereto, all easements, appurtenances and other rights relating thereto, all awards for any taking of all or any portion thereof, and all insurance proceeds for any damage thereto (collectively, the "Property").

Provided, however, that if all the Obligations shall be paid, performed, and satisfied in full, then the lien and estate hereby granted shall be reconveyed to Grantor.

TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR AGREES:

1.01 Obligations Secured. This Trust Deed secures the payment of all indebtedness, including, but not limited to, principal and interest, and the performance of all covenants and obligations of Grantor under the Note and this Trust Deed, including any extensions or modifications of either (collectively, the "Obligations").

1.02 Payment and Performance. Grantor shall pay and perform all of the Obligations when due.

1.03 Good Title. Grantor warrants that it holds good title to the Property, free and clear of all liens, encumbrances, restrictions, easements, and adverse claims except those items shown on Exhibit B attached hereto and incorporated herein. Grantor covenants that it shall forever defend Beneficiary's and Trustee's rights hereunder and the priority of this Trust Deed against the adverse claims and demands of all persons.

1.04 Compliance with Laws. Grantor covenants that the Property will at all times be maintained in material compliance with all applicable laws, and all covenants, conditions, easements, and restrictions affecting the property.

1.05 Environmental Compliance

(1) For purposes of this section, "Environmental Law" means any federal, state, or local law or regulation now or hereafter in effect pertaining to Hazardous Substances or environmental conditions. "Hazardous Substance" includes, without limitation, any substance that is or becomes classified as hazardous, dangerous, or toxic under any federal, state, or local law or regulation.

(2) Grantor will not use, generate, store, release, discharge, or dispose of any Hazardous Substance on, under, or about the Property, and will not permit any other person to do so, except for storage and use of such Hazardous Substances (and in such quantities) as are commonly used for residential or household purposes. Grantor shall store and use such

Recorded by Western Title as an accommodation only. No liability accepted for condition of title or validity, sufficiency or affect of document. 14-0062106

substances, and keep and maintain the Property, in compliance with all Environmental Laws.

1.06 Maintenance and Improvements. Grantor shall not permit the Property or any improvement thereon to be removed, demolished, or materially altered without Beneficiary's prior written consent. Grantor shall maintain the Property, and every portion thereof, including landscaping, in good repair and condition, except for reasonable wear and tear, and shall at Beneficiary's election restore, replace, or rebuild the Property or any part thereof now or hereafter damaged or destroyed by any casualty. Grantor shall not commit or permit any waste or strip of the Property.

1.07 Liens. Grantor shall pay when due all claims for labor and materials that, if unpaid, might become a lien on the Property. Grantor shall not create or permit any lien, security interest or encumbrance on the Property that may be prior to the lien of this Trust Deed, except for the lien of property taxes which are not yet due, and as otherwise provided herein.

1.08 Taxes. Grantor shall pay when due all taxes, assessments, fees, and other charges of every nature now or hereafter assessed against any part of the Property (collectively, the "Impositions"); provided, however, that if by law any such Imposition may be paid in installments, Grantor may pay the same in installments, together with interest on the unpaid balance thereof, as they become due. Grantor shall furnish to Beneficiary satisfactory evidence of the payment of all Impositions promptly after the payment.

1.09 Limitations on Use. Grantor shall not initiate or consent to any rezoning of the Property or any change in any covenant or other public or private restrictions limiting or defining the uses that may be made of the Property without the prior written consent of Beneficiary.

1.10 Insurance

(1) Grantor shall obtain, and continuously maintain during the term of this Trust Deed, all-risk property insurance in an amount not less than the full remaining principal balance of the Note or, if greater, in the amount of the full replacement cost of all improvements on the Property, without reduction for coinsurance.

(2) All insurance shall be written by a company or companies reasonably acceptable to Beneficiary; shall contain a mortgagee endorsement in favor of Beneficiary with proceeds under any policy payable to Beneficiary, subject to terms of this Trust Deed; and shall require at least 10 days' prior written notice to Beneficiary of cancellation or reduction in coverage. Grantor shall furnish to Beneficiary a certificate evidencing the coverage required under this Trust Deed and a copy of each policy promptly when issued and at least fifteen days prior to the expiration date of any policy now or hereafter in effect.

(3) ORS 746.201 WARNING: UNLESS GRANTOR PROVIDES BENEFICIARY WITH EVIDENCE OF INSURANCE COVERAGE AS REQUIRED BY THIS TRUST DEED, BENEFICIARY MAY PURCHASE INSURANCE AT GRANTOR'S EXPENSE TO PROTECT BENEFICIARY'S INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT GRANTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE PURCHASED BY BENEFICIARY MAY NOT PAY ANY CLAIM MADE BY OR AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THE COVERAGE BY PROVIDING EVIDENCE THAT GRANTOR HAS OBTAINED PROPERTY COVERAGE ELSEWHERE. GRANTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE COVERAGE PURCHASED BY BENEFICIARY, WHICH COST MAY BE ADDED TO GRANTOR'S NOTE BALANCE. IF IT IS SO ADDED, THE INTEREST RATE ON THE UNDERLYING NOTE WILL APPLY TO IT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE GRANTOR'S PRIOR COVERAGE LAPSED OR THE DATE GRANTOR FAILED TO PROVIDE PROOF OF COVERAGE. THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE GRANTOR MIGHT OTHERWISE OBTAIN ALONE AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

1.11 Casualty/Loss Restoration

(1) After the occurrence of any casualty to the Property, whether or not covered by insurance, Grantor shall give prompt written notice thereof to Beneficiary. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

(2) All insurance proceeds with respect to the Property shall be payable to Beneficiary. At Grantor's election, insurance proceeds may be applied to the Obligations or may be used, on such reasonable terms and conditions as Beneficiary elects, for restoration of the Property.

1.12 Actions to Protect Trust Property. If Grantor shall fail to pay, perform, or observe any of its covenants hereunder, Beneficiary may, but shall not be required to, take such actions as it deems appropriate to remedy such failure. All sums, including reasonable attorney fees, so expended, or expended to protect or enforce any of Beneficiary's rights hereunder, shall be secured by this Trust Deed, and shall be paid by Grantor on demand, together with interest thereon at the rate provided in the Note. No payment or other action by Beneficiary under this section shall impair any other right or remedy to Beneficiary or constitute a waiver of any event of Default.

2.01 Condemnation. Should the Property or any part thereof be taken by reason of any right of eminent domain or condemnation proceeding, or should Grantor receive any notice or other information regarding such action, Grantor shall give immediate notice thereof to Beneficiary. Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefore up to the full amount of the Obligations. Beneficiary may, at its option, apply the condemnation proceeds to the Obligations or release the proceeds to Grantor, on such terms and conditions as Beneficiary elects, for restoration of the Property.

3.01 Security Agreement. To secure the Obligations, Grantor hereby grants to Beneficiary a security interest in all fixtures located on the Property and in any way

4.01 Events of Default. Each of the following shall constitute an Event of Default under this Trust Deed:

(1) **Nonpayment.** Failure of Grantor to pay any of the Obligations on or within 5 days after the due date.

(2) **Breach of Other Covenants.** Failure of Grantor to perform or abide by any other covenant included in the Obligations.

(3) **Other Indebtedness, Secondary Financing.** Grantor's default beyond applicable grace periods in the payment of any other indebtedness secured by all or any portion of the Property.

(4) **Transfer; Due-on-Sale.** The occurrence of any sale, gift, conveyance, formation of any contract for sale of, or option to purchase, the Property, or any part thereof or any interest herein, without Beneficiary's prior written consent (except for any earnest money agreement expressly conditioned on Beneficiary's written consent before closing, and any conveyance to Grantor's heirs or devisees after Grantor's death), 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. Beneficiary may attach such conditions to its consent as Beneficiary may determine in its sole discretion, including without limitation, an increase in the interest rate or the payment of transfer or assumption fees, and the payment of legal fees and costs incurred by Beneficiary in connection with such consent and transfer.

4.02 Remedies in Case of Default. If an Event of Default shall occur, Beneficiary may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise.

(1) **Acceleration.** Beneficiary may declare all or any portion of the Obligations immediately due and payable.

(2) **Power of Sale.** Beneficiary may direct Trustee to foreclose this Trust Deed by advertisement and sale pursuant to ORS 86.735 to 86.795, subject to Grantor's right to cure the default as provided by ORS 86.753.

(3) **Foreclosure.** Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property.

(4) **Fixtures and Personal Property.** With respect to any fixtures or personal property subject to a security interest in favor of Beneficiary, Beneficiary may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code.

4.03 Sale. In any sale under this Trust Deed or pursuant to any judgment, the Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in such order as Beneficiary may elect. Any person, including Beneficiary, may purchase at any such sale.

4.04 Cumulative Remedies. All remedies under this Trust Deed are cumulative. Any election to pursue one remedy shall not preclude the exercise of any other remedy.

4.05 Application of Proceeds. All proceeds from the exercise of the foregoing rights and remedies shall be applied to the costs of exercising such rights and remedies; then to the Obligations, in such order as Beneficiary shall determine at its sole discretion; and the surplus, if any, shall be paid to the clerk of the court in the case of a judicial foreclosure proceeding, otherwise to the person or persons legally entitled thereto.

5.01 Time is of the Essence. Time is of the essence with respect to all covenants and obligations of Grantor under this Trust Deed.

5.02 Reconveyance by Trustee. At any time on the request of Beneficiary, payment of Trustee's fees, and presentation of this Trust Deed, without affecting the liability of any person for payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Property. The grantee in any reconveyance may be described as the "person or persons legally entitled hereto," and the recitals therein of any facts shall be conclusive proof of the truthfulness thereof.

5.03 Notice. All notices under this Trust Deed shall be effective when actually delivered in writing, or when mailed by registered or certified mail to the address of the party stated herein or such other address as either party may designate by written notice to the other party.

6.04 Successor Trustee. From time to time Beneficiary may appoint one or more successor trustees to execute the trust hereby created, and the new trustee shall succeed to all the powers and duties of the prior trustee(s).

6.05 Successors and Assigns. This Trust Deed shall be binding on and inure to the benefit of the heirs, devisees, personal representatives, successors, and assigns of Grantor and Beneficiary.

6.06 Expenses and Attorney Fees. If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice following a default, if Beneficiary is the prevailing party in any litigation instituted in connection with any of the Obligations, or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Obligations or the Property (including not limited to foreclosure, bankruptcy, eminent domain, or probate proceedings), and an attorney is employed by Beneficiary to appear in such proceedings or seek relief from a judicial or statutory stay, or otherwise enforce Beneficiary's interests, then in any such event Grantor shall pay reasonable attorney fees, costs and expenses incurred by Beneficiary in connection with the above mentioned events and any appeals, including the cost of any foreclosure or title report, trustee's fees, surveyor's reports and appraisal fees. Such amounts shall be secured by this Trust Deed and, if not paid upon demand, shall bear interest at the rate specified in the Note.

6.07 "Person" Defined. As used in this Trust Deed, the word "person" shall mean any natural person, partnership, trust, corporation, or other legal entity of any nature.

GRANTOR:

CENTRAL OREGON REALTY, INC.

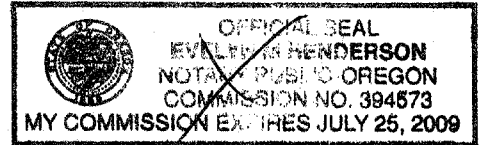
BY


B. ALLAN JONES
PRESIDENT

STATE OF OREGON, COUNTY OF DESCHUTES) SS.

This instrument was acknowledged before me on January 18, 2007 by CENTRAL OREGON REALTY, INC. BY B. ALLAN JONES AS PRESIDENT.


(Notary Public for Oregon)
My commission expires 7-25-09



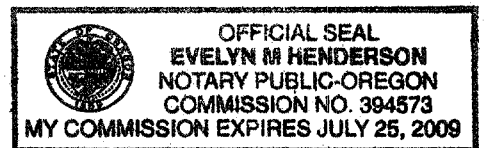
REQUEST FOR FULL RECONVEYANCE (to be used only when all obligations have been paid)

TO: WESTERN TITLE & ESCROW COMPANY, Trustee

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 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 of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to _____.

DATED: _____, _____.

Beneficiary



Beneficiary

Do not lose or destroy this Trust Deed or the Promissory Note which it secures. Both must be delivered to trustee for cancellation before reconveyance will be made.

EXHIBIT "A"

TRACT I:

Lot 3, Block 2, NORTH ADDITION, C. W. REEVE RESORT TRACT, Deschutes County, Oregon.

TRACTS II AND III:

Lots 12 and 13, Block 2, CAGLE SUBDIVISION, PLAT NO. 8, Deschutes County, Oregon.

TRACT IV:

PARCEL I:

Beginning at the Southwest corner of Lot 2, Block 2, LECHNER ACRES, Deschutes County, Oregon; thence North 124 feet, more or less, to the Southwest corner of a parcel conveyed by Deed recorded in Book 138, Page 285, Deed Records; thence East, along the South line of said conveyed parcel 190 feet; thence South 124 feet, more or less, to a point whence the Southeast corner of Lot 2 bears North 89°56'25" West 25 feet; thence North 89°56'25" West 190 feet, more or less, to the point of beginning.

PARCEL II:

A parcel of land in the Northeast Quarter of the Northwest Quarter (NE ¼ NW ¼) of Section 4, Township 22 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Commencing at the Northeast corner of Lot 1, Block 2, LECHNER ACRES, which point is also located on the South side line of the Burgess Road; thence South 00°16'00" West 100 feet; thence North 89°38' West 66.77 feet; thence South 00°14'21" West 100 feet to the true point of beginning of the tract being conveyed; thence North 89°38' West 75.00 feet; thence South 00°14'21" West 269.00 feet; thence South 89°56' East 20.00 feet; thence North 00°14'21" East 249.00 feet; thence South 89°38' East 55 feet; thence North 00°14'21" East 20 feet, more or less, to the point of beginning.

PARCEL III:

Beginning at the Southeast corner of Lot 2, Block 2 of LECHNER ACRES SUBDIVISION; thence South 89°56' East 45.00 feet and North 00°14'21" East 103.77 feet to the place of beginning of this tract; thence South 89°38' East 75 feet; thence South 00°14'21" West 268.61 feet; thence North 89°56' West 75 feet; thence North 00°14' East 269.00 feet to the place of beginning of tract.

EXCEPTING THEREFROM the East 20.00 feet and the South 2.00 feet;

PARCEL IV:

Lot 1, Block 1, LECHNER ACRES, Deschutes County, Oregon.

TRACT V:

In Township 22, South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon:

Section 14: That portion of Government Lot 28, lying Westerly of the East right-of-way line of the existing Pacific Telephone and Telegraph Company's easement, according to the official plat on file with the Bureau of Land Management.

TRACT VI:

Lot No. 28, Section 14, Township 22 South, Range 10 East, Willamette Meridian, Deschutes County, Oregon, according to the plat of the Government Subdivision on file in the Office of the United States Department of Interior, save and except that portion thereof lying Westerly of the East right-of-way line of the easement of the Pacific Telephone and Telegraph Company.

ALSO EXCEPTING THEREFROM the Easterly 90 feet.

TRACT VII:

The South Half (S ½) of the South 235.0 feet of the West Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter (W ½ NW ¼ NW ¼ NW ¼) of Section 4, Township 22 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM Dorrance Meadow Road.

TRACT VIII:

Lot 1, Block 7, 6TH ADDITION TO WOODLAND PARK HOMESITES, Deschutes County, Oregon.

TRACT IX:

THE EASTERLY 90 FEET OF THE FOLLOWING DESCRIBED TRACT:

Lot 28, Section 14, Township 22 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, according to the plat of the Government Subdivision on file in the office of the United States Department of Interior.

TRACT X:

The North Half (N ½) of the South 235.0 feet of the West Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter (W ½ NW ¼ NW ¼ NW ¼) of Section 4, Township 22 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon.

AND

LOTS 141 AND 142, BLOCK 1, SUN FOREST ESTATES, TRACT 1060, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.