

2007-002237

Klamath County, Oregon

AFTER RECORDING RETURN TO:

Ho Wah of Oregon, Inc.
2021 Kimberly Drive
Klamath Falls, Oregon 97603



00014726200700022370040044

02/08/2007 03:21:27 PM

Fee: \$36.00

TRUST DEED

L.W.

THIS TRUST DEED is made as of the 5th day of February, 2007, by LUCAS NELSON, whose address is 804 NW 14th Street, Bend, Oregon 97701 ("Grantor"), to AMERITITLE, INC., whose address is 300 Klamath Avenue, PO Box 5017, Klamath Falls, Oregon 97601 ("Trustee"), for the benefit of HO WAH OF OREGON, INC., an Oregon corporation, whose address is 2021 Kimberly Drive, Klamath Falls, Oregon 97603 ("Beneficiary").

Beneficiary is making a loan to Grantor in the sum of TWO HUNDRED SEVENTY-ONE THOUSAND ONE HUNDRED AND 00/100 DOLLARS (\$271,100.00), which indebtedness is evidenced by a Promissory Note of even date herewith (as modified, supplemented, extended, renewed, or replaced from time to time, the "Note"). As a condition to making the loan evidenced by the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

NOW, THEREFORE, for the purpose of securing the Obligations described in Section 1.1 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of the Beneficiary, with power of sale and right of entry and possession, all of Grantor's right, title, and interest in and to the real property located in Klamath County, State of Oregon, and more particularly described in Exhibit A attached to this Trust Deed and incorporated herein (the "Property");

TOGETHER WITH all interests, estates, and rights that Grantor now has or may acquire in the Property, all tenements, hereditaments, and appurtenances in any manner belonging, relating, or appertaining to the Property; and all rights, titles, and interests of Grantor, now owned or hereafter acquired, in and to any and all buildings and other improvements of every nature now or hereafter located on the Property and all fixtures, machinery, equipment, and other personal property located on the Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Property (all of the foregoing being collectively referred to below as the "Improvements"). All of the above is sometimes referred to below as the "Trust Property."

TO HAVE AND TO HOLD the Trust Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations (as defined in Section 1.1 below) shall be paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed shall be reconveyed.

1 -TRUST DEED

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TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR HEREBY
COVENANTS AND AGREES AS FOLLOWS:

ARTICLE 1

Particular Covenants and Warranties of Grantor

1.1 **Obligations Secured.** This Trust Deed secures the payment of all principal and interest on the Note and the performance of all covenants and obligations of Grantor under this Trust Deed.

1.2 **Insurance.** Grantor shall obtain and maintain property and liability insurance on the Trust Property in full force and effect during the term of this Trust Deed. Grantor shall provide proof of insurance to the Beneficiary annually.

ARTICLE 2

Events of Default; Remedies

Any failure to pay or perform, as required (after the expiration of any grace period) under the Note, any obligation under the Note or this Trust Deed shall constitute an "Event of Default" hereunder. If an Event of Default shall occur, Beneficiary or Trustee may exercise any one or more of the rights and remedies available by law, in equity, or otherwise. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Property by advertisement and sale under applicable law. Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property. All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy shall not preclude the exercise of any other remedy. An election by Beneficiary to cure any breach of Grantor hereunder shall not constitute a waiver of the default or of any of the remedies provided in this Trust Deed.

ARTICLE 3

General Provisions

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

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

3.3 **Notice.** Except as otherwise provided in this Trust Deed, all notices pertaining to this Trust Deed shall be in writing and may be delivered by hand, or mailed by first class, registered, or certified mail, return-receipt requested, postage prepaid, and addressed to the appropriate party at its address set forth at the outset of this Trust Deed. Any party may change its address for such notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph shall be deemed to have been given three days after the

date of mailing; notices given by hand shall be deemed to have been given when actually received.

3.4 **Substitute Trustee.** In the event of dissolution or resignation of Trustee, Beneficiary may substitute a trustee to execute the trust hereby created, and the new trustee shall succeed to all the powers and duties of the prior trustee.

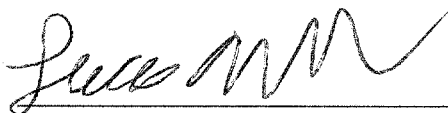
3.5 **Trust Deed Binding on Successors and Assigns.** This Trust Deed shall be binding upon and inure to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary.

3.6 **Expenses and Attorney Fees.** A party shall be entitled to recover its reasonable costs and attorneys' fees incurred in any legal action related to this Trust Deed in which it is the prevailing party.

3.7 **Applicable Law.** This Trust Deed and the validity, interpretation, performance, and enforcement of this Trust Deed shall be governed by the laws of the State of Oregon.

3.8 **Severability.** If any provision of this Trust Deed shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Trust Deed, and such other provisions shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Trust Deed.

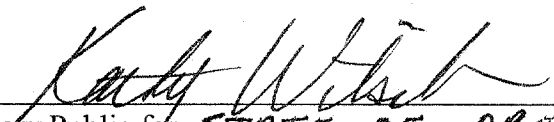
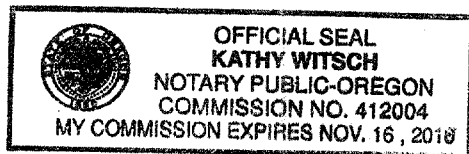
GRANTOR:



Lucas Nelson

STATE OF OREGON)
) ss.
County of DESCHUTES)

This instrument was acknowledged before me this 5TH day of FEBRUARY, 2007, by Lucas Nelson. KW


Notary Public for STATE OF OREGON
My commission expires: 11-16-2010

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EXHIBIT A

PARCEL 1

Tract 68 of FAIR ACRES SUBDIVISION in the SE1/4 SE1/4 SE1/4 of Section 35, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin which lies West along the South line of Section 35, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, which line is also the center line of Shasta Way, a distance of 30 feet and North 0° 11' East a distance of 293.2 feet from the iron pin which marks the Southeast corner of said Section 35 and running thence; continuing North 0° 11' East parallel to the East line of said Section 35 and 30 feet Westerly therefrom, a distance of 131.6 feet to an iron pin; thence West parallel to the South line of said Section 35, a distance of 301.0 feet to an iron pin which is on the West line of Tract 68, FAIR ACRES SUBDIVISION; thence South 0° 11' West along the West line of said Tract 68 and parallel to the East line of said Section 35 a distance of 131.6 feet to an iron pin; thence East parallel to the South line of said Section 35, a distance of 301.0 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM a tract of land in Tract 68 of FAIR ACRES SUBDIVISION NO. 1 in the SE1/4 SE1/4 of Section 35, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin which lies West along the South line of Section 35, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, which line is also the centerline of Shasta Way, a distance of 30 feet and North 0° 11' East a distance of 293.2 feet from the iron pin which marks the Southeast corner of said Section 35 and running thence; continuing North 0° 11' East parallel to the East line of said Section 35 and 30 feet Westerly therefrom a distance of 131.6 feet to an iron pin; thence West parallel to the South line of said Section 35, a distance of 170 feet; thence South parallel to the East line of Section 35, a distance of 131.6 feet to a point on the South line of Book M-83 at page 8260, Microfilm Records of Klamath County, Oregon; thence East parallel to the South line of said Section 35, a distance of 170 feet, more or less to the point of beginning.

TOGETHER WITH an easement for driveway as granted by instrument recorded August 2, 1988 in Volume M88, page 12361, Microfilm Records of Klamath County, Oregon.

PARCEL 2

The E1/2 of Tract 67, EXCEPTING THEREFROM the South 263.2 feet, FAIR ACRES SUBDIVISION NO. 1 according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.