

UTC 83825-MS

After recording. return to:
Compass Bank
P.O. Box 797808
Dallas, TX 75379-7808

2008-017016
Klamath County, Oregon



12/31/2008 11:37:45 AM

Fee: \$91.00

**TRUST DEED,
SECURITY AGREEMENT,
ASSIGNMENT, AND FIXTURE FILING**

DATED: Dec 30, 2008

BETWEEN: **Timothy J. Moore and Heather L. Moore**, as tenants by the entirety
4700 S. 6th Street
Klamath Falls, Oregon 97603

GRANTOR

AND: **Compass Bank**
P.O. Box 797808
Dallas, Texas 75379-7808

BENEFICIARY

AND: **AmeriTitle**
300 Klamath Avenue
Klamath Falls, Oregon 97601

TRUSTEE

Beneficiary has loaned, agreed to loan, or advanced credit to Grantor and Timothy J. Moore, D.D.S., P.C., an Oregon professional corporation in the amount of \$700,000.00 on certain terms and conditions (the "Loan"). The Loan will be repayable with interest according to the terms of a promissory note (the "Note") given to evidence the Loan, dated the same as this deed, under which the final payment of principal and interest will be due 25 years and 9 months from the date of the Note. In connection with the Loan, Grantor and Timothy J. Moore, D.D.S., P.C., an Oregon professional corporation, will execute the Note and various other documents (collectively, including this deed, the "Loan Documents").

The term "Indebtedness" as used in this deed shall mean (a) the principal and interest payable under the Note, (b) any future amounts that Beneficiary may in its discretion loan to Grantor, with interest thereon, (c) any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Beneficiary or Trustee to enforce obligations of Grantor, as permitted under this deed, with interest thereon, payable by Grantor to Beneficiary under the Indemnification Agreement executed by Grantor this same date (the "Environmental Agreement") to the extent Beneficiary specifically elects by written notice to Grantor to include such amounts in the Indebtedness and (e) any and all other amounts due and owing from Grantor to Beneficiary.

FOR VALUE RECEIVED, Grantor conveys to Trustee in trust, with power of sale, the real property in Klamath County, Oregon described on the attached Exhibit "A", together with all existing and subsequently erected or affixed improvements and fixtures (collectively, the "Land").

Grantor presently assigns to Beneficiary all of Grantor's right, title and interest in and to all rents, revenues, income, issues and profits (the "Income") from the Land, whether now or hereafter due. Grantor grants Beneficiary a security interest in the Income as well as all equipment and other personal property in which Grantor now has, or at any time hereafter acquires, an

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interest, and which are now, or at any time hereafter, either a part of the Land or situated in, on, or about the Land and utilized in connection with the operation of the Land, or acquired or delivered to the Land for use or incorporation in construction of any improvements on the Land, together with all proceeds (including insurance proceeds) therefrom.

The real and personal property described above is collectively referred to as the "Property."

This deed, the assignment of the Income, and security interest are given to secure payment of the Indebtedness and performance of all obligations of Grantor under this deed and the Loan Documents and are given and accepted on the following terms and conditions which Grantor will promptly and faithfully observe and perform:

1. PAYMENT AND PERFORMANCE

Grantor shall pay to Beneficiary promptly when due all amounts, payment of which is secured by this deed and shall strictly perform all obligations imposed upon Grantor by this deed and the Loan Documents.

2. POSSESSION AND MAINTENANCE OF THE PROPERTY

2.1 Possession. Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.

2.2 Duty to Maintain. Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.

2.3 Nuisance, Waste. Grantor shall not conduct or permit any nuisance and shall not commit or suffer any strip or waste on the Property.

2.4 Removal of Improvements. Grantor shall not demolish or remove any improvements from the Property without the prior written consent of Beneficiary. Beneficiary shall consent if Grantor makes arrangements satisfactory to Beneficiary to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures and parking facilities.

2.5 Beneficiary's Right to Enter. Beneficiary and its agents and representatives may enter upon the Property at all reasonable times to attend to Beneficiary's interest and to inspect the Property.

2.6 Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Beneficiary's interest in the Property is not jeopardized.

2.7 Duty to Protect. Grantor shall do all other acts, in addition to those set forth in this deed, that from the character and use of the Property are reasonably necessary to protect and preserve the security.

2.8 Construction Loan. If some or all of the proceeds of the loan creating the Indebtedness is to be used to construct or complete construction of any improvement on the Property, the improvement shall be completed within six months from the date of this deed, and Grantor shall pay in full all costs and expenses in connection with the work.

3. TAXES AND LIENS

3.1 Payment. Grantor shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this deed, except (1) for the lien of taxes and assessments not due, and (2) as otherwise provided in Section 3.2.

3.2 Right to Contest. Grantor may withhold payment of any tax, assessment or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If the Property is subjected to a lien which is not discharged within 15 days, Grantor shall deposit with Beneficiary cash, a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest proceedings, Grantor will defend itself and Beneficiary and will name Beneficiary as an additional obligee under any surety bond, and Grantor shall satisfy any final adverse judgment before enforcement against the Property.

3.3 Evidence of Payment. Grantor shall promptly furnish evidence of payment of taxes and assessments to Beneficiary on its demand and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

3.4 Reserves. Beneficiary may require Grantor to maintain with Beneficiary reserves for payment of taxes and assessments. The reserves shall be created by monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least 15 days before the taxes and assessments are due, amounts at least equal to the taxes and assessments to be paid. If Beneficiary determines that the reserve funds are insufficient at any time, Grantor shall promptly pay any deficiency to Beneficiary on its demand. The reserve funds shall be held by Beneficiary as a general deposit from Grantor and shall constitute a non-interest-bearing debt from Beneficiary to Grantor which Beneficiary may satisfy by payment of the taxes and assessments required to be paid by Grantor as they become due. Beneficiary does not hold the reserve funds in trust for Grantor, and Beneficiary is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

3.5 Notice of Construction. Grantor shall notify Beneficiary at least 15 days before any work is commenced, any services are furnished or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services or materials and the cost exceeds \$5,000. On Beneficiary's request, Grantor will promptly furnish advance assurances satisfactory to Beneficiary that Grantor can and will pay the cost of such improvements.

4. PROPERTY DAMAGE INSURANCE

4.1 Maintenance of Insurance. Grantor shall procure and maintain policies of

fire insurance as required by the Loan Documents or, if not required by the Loan Documents, as required by Beneficiary. To the extent not inconsistent with the requirements of the other Loan Documents, Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Property, in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Beneficiary. Policies shall be written in amounts, in form, on terms and with companies reasonably acceptable to Beneficiary. Grantor shall deliver to Beneficiary certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of 10 days' written notice to Beneficiary.

4.2 Grantor's Report on Insurance. Immediately upon request by Beneficiary, Grantor shall furnish to Beneficiary a copy of the existing policy of insurance showing:

- (a) the name of the insurer;
- (b) the risks insured;
- (c) the amount of the policy;
- (d) the Property insured, the then current replacement cost of the Property, and the manner of determining that amount; and
- (e) the expiration date of the policy.

On Beneficiary's request, Grantor shall have an independent appraiser satisfactory to Beneficiary determine the current replacement cost of the Property.

4.3 Application of Proceeds. Grantor shall promptly notify Beneficiary of any loss or damage of the Property. Beneficiary may make proof of loss if Grantor fails to do so within 15 days of the casualty. Beneficiary may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration and repair of the Property. If Beneficiary elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Beneficiary. Upon satisfactory proof of such expenditure, Beneficiary shall pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. Any proceeds which have not been paid out within 180 days after their receipt and which Beneficiary has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of Grantor's Indebtedness. If Beneficiary holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.

4.4 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this deed at any trustee's sale or any foreclosure sale of the Property.

4.5 Reserves. Beneficiary may require Grantor to maintain with Beneficiary reserves for payment of insurance premiums. The reserves shall be created and held in the same manner as provided in Section 3.4 for reserves for payment of taxes and assessments.

4.6 Package Plan. If Grantor desires to carry a package plan of insurance that includes coverage in addition to that required under this deed, Beneficiary may elect to establish and administer a reserve for that purpose. In such event the premium attributable to the required

insurance coverage shall be quoted separately. If at any time Beneficiary holds an insufficient amount in the insurance reserve to cover the premium for the entire package policy, Beneficiary may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. Beneficiary may establish reasonable service charges from time to time for the collection and disbursement of premiums on package plan insurance.

5. WARRANTIES OF GRANTOR

5.1 Title. Grantor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances.

5.2 Defense of Title. Subject to the exceptions in the paragraph above, Grantor warrants and will forever defend the title against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Beneficiary or Trustee under this deed, Grantor shall defend the action at its expense.

5.3 Not Residential Trust Deed. Grantor warrants that this deed is not and will not at any time constitute a "residential trust deed" (as that term is defined in ORS 86.705(3) or its successor statutes). Grantor warrants that Grantor is engaging in this transaction exclusively for business, commercial, or investment purposes.

6. CONDEMNATION

6.1 Application of Net Proceeds. If all or any part of the Property is condemned, Beneficiary may elect to require that all or any portion of the net proceeds of the condemnation be applied on the Indebtedness. The "net proceeds" shall mean the total amount available after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor, Beneficiary, and Trustee in connection with the taking by condemnation. Sale of all or any part of the Property to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation to which this Section shall apply.

6.2 Proceedings. If any proceedings in condemnation are filed, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award.

7. IMPOSITION OF TAX BY STATE

7.1 State Taxes Covered. The following shall constitute state taxes to which this Section applies:

(a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed.

(b) A specific tax on a grantor which the taxpayer is authorized or required to deduct from the indebtedness secured by a deed of trust.

(c) A tax on a trust deed chargeable against the beneficiary or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of

principal and interest made by a grantor.

7.2 Remedies. If any state tax to which this Section applies is enacted subsequent to the date of this deed, this shall have the same effect as a default, and Beneficiary may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

- (a) Grantor may lawfully pay the tax or charge imposed by the state tax, and
- (b) Grantor pays or offers to pay the tax or charge within 30 days after notice from Beneficiary that the tax law has been enacted.

8. POWERS AND OBLIGATIONS OF TRUSTEE

8.1 Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Beneficiary and Grantor:

- (a) Join in preparing and filing a map or plat of the Property, including the dedication of streets or other rights in the public.
- (b) Join in granting any easement or creating any restriction on the Property.
- (c) Join in any subordination or other agreement affecting this deed or the interest of Beneficiary under this deed.
- (d) Reconvey, without warranty, all or any part of the Property.

8.2 Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

9. TRANSFER BY GRANTOR

9.1 Prohibition of Transfer Without Consent. Grantor shall not sell, agree to sell, assign, convey, subcontract, or otherwise transfer any part or all of the Property or any interest in the Property, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld. If Grantor or a prospective transferee applies to Beneficiary for consent to a transfer, Beneficiary may require such information as may be reasonably necessary for Beneficiary to assess the prospective transferee's prior business experience, reputation and financial ability to perform Grantor's obligations under this deed.

9.2 Effect of Consent. Consent by Beneficiary to one transfer shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Beneficiary may agree to any extension of time for payment or modification of the terms of this deed or the Note or waive any right or remedy under this deed or the Note without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the Indebtedness.

10. SECURITY AGREEMENT; SECURITY INTEREST

10.1 Security Agreement. This instrument shall constitute a security agreement with respect to the Income and any personal property included in the description of the Property.

10.2 Security Interest. Upon request by Beneficiary, Grantor shall execute financing statements and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's security interest in the Income and personal property. Grantor hereby appoints Beneficiary Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Beneficiary may file copies or reproductions of this deed as a financing statement at any time and without further authorization from Grantor. Grantor will reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the personal property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.

10.3 Fixture Filing. This instrument constitutes a financing statement filed as a fixture filing in the official Records of the County Recorder of the county in which the Property is located with respect to any and all fixtures included within the term Property as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

11. RECONVEYANCE ON FULL PERFORMANCE

If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this deed, Beneficiary shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file. The costs of reconveyance and the filing fees shall be paid by Grantor.

12. DEFAULT

The following shall constitute events of default:

- (a) Failure of Grantor to pay any portion of the Indebtedness when it is due.
- (b) Failure of Grantor within the time required by this deed to make any payment for taxes, insurance or for reserves for such payment, or any other payment necessary to prevent filing of or discharge of any lien.
- (c) Transfer or agreement to transfer any part or interest in the Property without the prior written consent of Beneficiary, as required under Section 9 above.
- (d) Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Grantor; the commencement by Grantor of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Grantor in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Grantor to the appointment of a receiver, trustee, or custodian of Grantor or of any of Grantor's property; an assignment for the benefit of creditors by Grantor; the making or suffering by Grantor

of a fraudulent transfer under applicable federal or state law; concealment by Grantor of any of its property in fraud of creditors; the making or suffering by Grantor of a preference within the meaning of the federal bankruptcy law; the imposition of a lien through legal proceedings or distraint upon any of the property of Grantor which is not discharged or bonded in the manner permitted by Section 3.2 above; or Grantor's failure generally to pay its debts as such debts become due. The events of default in this paragraph shall apply and refer to Grantor and to each of the individuals, partners or entities that are collectively referred to as "Grantor."

(e) Failure of Grantor to make any payment or perform any obligation under any indebtedness secured by any of the Property, within the time required thereunder, or the commencement of any suit or other action to foreclose any lien on any of the Property.

(f) Any breach by Grantor under any document or agreement evidencing, securing or relating to any part of the Indebtedness.

(g) Any breach by Grantor of the Environmental Agreement.

(h) Failure of Grantor to perform any other obligation under this deed or any of the other Loan Documents.

13. RIGHTS AND REMEDIES ON DEFAULT

13.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

(b) The Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) If this deed is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this deed exceeds the net sale proceeds payable to Beneficiary.

(d) With respect to all or any part of the Property that constitutes personalty, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

(e) Beneficiary shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary. If the Income is collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in

response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent or through a receiver.

(f) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver.

(g) In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(h) Trustee and Beneficiary shall have any other right or remedy provided in this deed, the Note or the Loan Documents or any other instrument delivered by Grantor in connection therewith, or available at law, in equity or otherwise.

13.2 Rights of Receiver or Mortgagee-in-Possession. Upon taking possession of all or any part of the Property, the receiver or Beneficiary may:

(a) Use, operate, manage, control and conduct business on the Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(b) Collect the Income from the Property and apply such sums to the expenses of use, operation, and management;

(c) At Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Beneficiary deems appropriate.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Beneficiary (if Beneficiary, in its sole discretion, agrees to lend) or otherwise, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in section 14.4 below. Such sums shall become a part of the Indebtedness secured by this deed and shall be payable by Grantor on demand.

13.3 Sale of the Property. In exercising its rights and remedies, the Trustee or Beneficiary may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Property.

13.4 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time

and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given at least 10 days before the time of the sale or disposition.

13.5 Waiver; Election of Remedies. A waiver by either party of a breach of a provision of this deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Grantor shall not affect Beneficiary's right to declare a default and exercise its remedies under this deed.

13.6 Attorneys' Fees; Expenses. In the event suit or action is instituted to enforce any of the terms of this deed, the prevailing party shall be entitled to recover its reasonable attorneys' fees at trial, on any appeal, and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Same interest rate as provided in Section 14.4 below. Expenses covered by this paragraph include (without limitation) the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions, title insurance, and fees for the Trustee.

14. MISCELLANEOUS

14.1 Time of Essence. Time is of the essence of this deed.

14.2 Binding upon Successors and Assigns. Subject to the limitations stated in this deed on transfer of Grantor's interest and subject to the provisions of applicable law with respect to successor trustees, this deed shall be binding upon and inure to the benefit of the parties, their successors and assigns.

14.3 Security Agreement. In construing this deed, the term "deed" shall encompass the term "security agreement" when the instrument is being construed with respect to any personal property.

14.4 Expenditure by Beneficiary. If Grantor fails to comply with any provision of this deed, Beneficiary may elect to take the required action on Grantor's behalf, and any amount that Beneficiary expends in so doing shall be added to the Indebtedness. Amounts so added shall be payable on demand with interest from the date of expenditure at the rate the Note bears. Such action by Beneficiary shall not constitute a cure or waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default.

14.5 Notices. Any notice under this deed shall be in writing and shall be effective when either delivered in person or, if mailed, shall be deemed effective on the second day after deposited as registered or certified mail, postage prepaid, addressed to the party at the address stated in this deed. Any party may change its address for notices by written notice to the other.

14.6 Invalid Provisions to Affect No others. If any of the provisions contained in the Note or this deed shall be invalid, illegal or unenforceable in any respect, the validity of the

remaining provisions in this deed and the Note shall not be affected.

14.7 Changes in Writing. This deed and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Grantor or Beneficiary relating to this deed shall be superior to the rights of the holder of any intervening lien or encumbrance.

14.8 Applicable Law. This deed shall be governed by and construed in accordance with the laws of the State of Oregon in all respects, including matters of construction, validity and performance, except to the extent the laws or procedures of another jurisdiction are mandatorily applicable or except with respect to exercise of procedural remedies under the laws of the State of Oregon.

14.9 Joint and Several Liability. If Grantor consists of more than one person or entity, the obligations imposed upon Grantor under this deed shall be joint and several.

14.10 Statutory Notice. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARY AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE GRANTOR'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BENEFICIARY TO BE ENFORCEABLE.

14.11 Federal Law Application. The Loan secured by this trust deed was made under an SBA nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulation:

- (a) When SBA is the holder of the Note, this document and all documents evidencing or securing the Loan will be construed in accordance with federal law.
- (b) Holder or SBA may use local or state procedures for purposes such as filing paper, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. Neither Grantor nor any other obligor of the Indebtedness may claim or assert against SBA any local or state law to deny any obligation of Grantor or any obligor of the Indebtedness, or defeat any claims of SBA with respect to the Loan.
- (c) Any clause in this trust deed requiring arbitration is not enforceable when SBA is the holder of the Note.

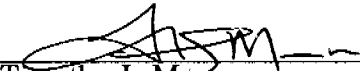
14.12 Substitute Trustee. In accordance with Oregon law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed under this trust deed who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the predecessor Trustee and by Oregon law.

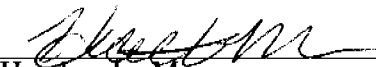
14.13 Use of Property. The Property is not used for agricultural, timber or grazing purposes.

14.14 WAIVER OF EXEMPTIONS. The Grantor will not set up or claim the

benefit of any homestead or other exemption of law, or any other law or rule of law intended for its advantage or protection as an obligor under this Deed of Trust or the Note or providing for its release or discharge from any liability under this Deed of Trust or the Note on account of any facts or circumstances other than full and complete payment of all amounts due under this Deed of Trust or the Note, all of such exemptions and benefits being hereby expressly waived.

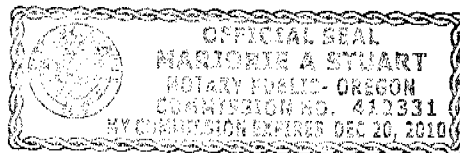
GRANTOR:


Timothy J. Moore


Heather L. Moore

STATE OF OREGON §
§
COUNTY OF KLAMATH §

This instrument was acknowledged before me on 12/30, 2008 by Timothy J. Moore and Heather L. Moore.




NOTARY PUBLIC - State of Oregon

Exhibit "A"

Lots 1, 2, 3 and 4, Block 1, ST. FRANCIS PARK, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.