

2009-012848

Klamath County, Oregon



00073334200900128480040044

09/29/2009 09:47:27 AM

Fee: \$52.00

Trust Deed Grantor Name & Address: Arlie Ayers 5645 Leland Drive Klamath Falls, OR 97603
Beneficiary Name & Address: First American Title 404 Main St # 1 Klamath Falls, OR 97601-6021
After recording return to: State of Oregon, Department of Human Services, EAU PO Box 14021 Salem OR 97309

THIS TRUST DEED ("Trust Deed") is made on September 21, 2009. The grantor ("Grantor") is Arlie Ayers, whose address is 5645 Leland Drive, Klamath Falls, Oregon.. The trustee ("Trustee") is First American Title 404 Main Street #1, Klamath Falls, Oregon. The beneficiary ("Note Holder") is the State of Oregon, acting by and through the Department of Human Services, whose address is c/o Estate Administration Unit, PO Box 14021, Salem OR 97309-5024. Grantor is indebted to Note Holder the principal sum of sixty three thousand five hundred six and 82/100s Dollars (U.S. \$63,506.91), which indebtedness is evidenced by Grantor's Note of same date herewith (as "Note") providing for monthly payments of principal and interest, with the balance of the indebtedness, if not sooner paid, due and payable on (Date of Maturity).

As a condition to accepting the Note from Grantor, Note Holder required and Grantor agreed to execute and deliver this Trust Deed.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and for the purpose of securing the Obligations described in Section 3 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Note Holder, with power of sale and right of entry and possession, all of Grantor's right, title, and interest in and to the real property ("the Property") which has the address of 5645 Leland Drive, Klamath Falls, Oregon, and is located in Klamath County, Oregon, and is more particularly described as:

Lot 4, Block 1, Subdivision of Blocks 2B and 3 of Homedale, in the County of Klamath, State of Oregon. Excepting therefrom the south 5 feet conveyed to Klamath County for road purposes by volume 362 at page 561, Deed records of Klamath County, Oregon. together with (1) all dwellings and other improvements (the Improvements) now or hereafter located thereon, (2) all easements, tenements, hereditaments, and appurtenances relating thereto, (3) all awards for any taking of all or any portion thereof, and (4) all insurance proceeds for any damage thereto (collectively, the "Trust Property").

THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. **Warranty of Fee Title.** Grantor warrants that Grantor holds good and marketable title to the Trust Property, is lawfully seized of the Trust Property and has the right to grant and convey the Trust Property.

2. **Obligations Secured.** This Trust Deed secures the following, collectively referred to as the "Obligations":

A. **Note.** The payment of all indebtedness of Grantor, including but not limited to principal and interest, and the performance of all covenants and obligations of Grantor, under the Note, whether such payment or performance is now due or becomes due in the future; and

B. **Trust Deed.** The payment of all indebtedness of Grantor, including future advances, cost and expenses, and the performance of all covenants and obligations in this Trust Deed.

3. **Payment of Indebtedness, Performance of Covenants.** Grantor shall duly and punctually pay and perform all of the Obligations. If Grantor fails to pay any amount (other than the scheduled payments due under the Note) which is due hereunder (including but not limited to failure to pay any amount due under Section 5, 6, 8, 13, or 27), the amount which Grantor fails to pay shall accrue interest from the date of disbursement at the rate stated in the Note and shall be secured by this Trust Deed. Said amount shall be payable on demand or may, at Note Holder's option, be payable over such period of time as is agreed to by Note Holder.

4. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Note Holder under Section 3 shall be applied in an order determined from time to time by the Note Holder at the Note Holder's sole discretion. Payments are typically applied: first to any late charges due under the Note; second to interest due; and last to principal due.

5. **Charges and Liens.** The Grantor shall pay all taxes, liens, assessments and other charges, fines and impositions attributable to the Trust Property which may attain a priority over this Trust Deed. Grantor shall provide proof of payment upon request by Note Holder. Grantor shall promptly discharge any lien which has priority over this Trust Deed, provided that Grantor shall not be required to discharge any such lien so long as Grantor shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to the Note Holder or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Trust Property or any part thereof.

6. Hazard and Flood Insurance.

A. **Insurance.** Grantor shall keep the Improvements insured against loss by fire, hazards, included within the term "extended coverage" and such other hazards as Note Holder may require and in such amounts and for such periods as Note Holder may require. If at any time it is determined that the Trust Property is located in whole or in part within a flood hazard area as defined by the National Flood Insurance Act, the Grantor will be required, and hereby agrees, to purchase flood hazard insurance acceptable to Note Holder, at no cost to Note Holder.

B. **Requirements.** Grantor shall keep the required insurance in such amounts and for such periods as Note Holder may require. The insurance carrier providing the insurance shall be chosen by Grantor subject to approval by Note Holder; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals shall be in a form acceptable to Note Holder and shall include a standard mortgagee clause in favor of Note Holder. Note Holder shall have the right to hold the policies and renewals. Grantor shall promptly furnish them to Note Holder upon request.

C. **Force Placed Insurance.** If Grantor fails to maintain coverage described above, Note Holder may, at Note Holder's option, obtain coverage to protect Note Holder's rights in the Trust Property in accordance with Section 8 and the following warning:

NOTE: In the following "WARNING", the pronoun "you" refers to Grantor, and the pronouns "we" and "us" refer to Note Holder.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our Trust Deed, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your loan balance. If the cost is added to your loan balance, the interest rate on the underlying loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The Note Holder's election to force place insurance pursuant to this Section shall not constitute a waiver by the Note Holder of its right to declare Grantor to be in default of this Trust Deed and to exercise any remedies described in Section 22 or otherwise.

D. **Event of Loss.** In the event of loss, Grantor shall give prompt notice to the insurance carrier and Note Holder, and Note Holder may make proof of loss if not promptly made by Grantor. Insurance proceeds shall be paid directly to Note Holder. Note Holder may deal directly with any insurance company. If Note Holder by reason of such insurance receives any money for loss or damage, such amounts may be, at the option of the Note Holder, either:

(i) retained and applied by Note Holder toward payment of all or part of the indebtedness secured by this Trust Deed in such order as Note Holder may determine, without regard to whether or not the security of Note Holder is impaired; or

(ii) paid over wholly or in part to the Grantor upon such conditions as Note Holder may determine for the repair of Improvements or for the erection of new buildings or improvements in their place, or for any other purpose or object satisfactory to Note Holder.

Unless Note Holder and Grantor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the payments referred to in Section 3 hereof or change the amount of such payments. If, in the event of a judicial foreclosure or otherwise and pursuant to the

Trustee's exercise of the power of sale, the Trust Property is acquired by Note Holder, all right, title and interest of Grantor in and to any insurance policies and in and to the proceeds thereof (to the extent of the sum secured by this Trust Deed immediately prior to such sale or acquisition) resulting from damage to the Trust Property prior to the sale or acquisition shall pass to Note Holder.

7. Preservation and Maintenance of Trust Property; Condominiums. Grantor shall keep the Trust Property in good repair and shall not commit, permit or suffer any nuisance nor commit, permit or suffer waste, impairment, or deterioration of the Trust Property. If this Trust Deed is on a condominium unit, Grantor shall perform all of the Grantor's obligations under the declaration of condominium or master deed, the bylaws and regulations of the condominium project and constituent documents.

8. Protection of Note Holder's Security. If Grantor fails to perform the covenants and agreements contained in this Trust Deed, or if any action or proceeding is commenced which affects the Note Holder's interest in the Trust Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Note Holder, at Note Holder's option, may make such appearances, disburse such sums and take such action as Note Holder deems desirable or necessary to protect Note Holder's interest, including, but not limited to, disbursements of reasonable attorney fees and entry upon the Trust Property for maintenance or to make repairs. Grantor shall reimburse Note Holder for all amounts expended in so doing on demand. Such action by Note Holder shall not constitute a waiver of the default or of any right or remedy which Note Holder may have on account of Grantor's default. No event referred to in this Section shall require Note Holder to incur any expense or do any act hereunder.

9. Note Holder's Right to Enter and Inspect. Note Holder or its agent may make entries upon and inspections of the Trust Property at reasonable times. Note Holder shall give Grantor notice at the time of or prior to an inspection.

10. Condemnation.

A. Notification Requirement. Should any part of or interest in the Trust Property be taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any similar manner ("*Condemnation*"), or should Grantor receive any notice or other information regarding such action, Grantor shall give immediate notice of such action to the Note Holder.

B. Assignment of Proceeds. Grantor hereby irrevocably assigns to the Note Holder, and the Note Holder shall be entitled to, the proceeds of any award or claim for damages, direct or consequential, in connection with any Condemnation or other taking of the Trust Property, or part thereof, or for conveyance in lieu of Condemnation ("*Condemnation Proceeds*") up to the full amount of Grantor's Obligations.

C. Filing Claim and Full Taking of Property. Grantor shall file and prosecute in good faith and with due diligence what otherwise would be its claim in any condemnation award or payment and will cause the same to be collected and paid over to the Note Holder. However, Note Holder shall be entitled, at its option, to commence, appear in, and prosecute any Condemnation proceeding in its own or Grantor's name and make any compromise or settlement in connection with such Condemnation or by reason of sale under threat thereof or in anticipation of the exercise of the right of Condemnation.

In the event the Trust Property is taken in its entirety by Condemnation, all of Grantor's Obligations secured by the Trust Deed, at the Note Holder's election, shall become immediately due and payable.

D. Application Of Proceeds. Note Holder may, at its sole option, apply the Condemnation Proceeds to the reduction of the Grantor's Obligations, including reasonable costs, expenses, and attorneys' fees, which may have been incurred by the Note Holder in the collection thereof, and may, in such order as Note Holder may determine, apply all or any portion to the Condemnation Proceeds to the cost of restoring and improving the remaining Trust Property. In the event that Note Holder elects to apply any of the Condemnation Proceeds to restoration and improvement, such Condemnation Proceeds shall be held by Note Holder and shall be released only upon such terms and conditions as Note Holder shall require in its sole discretion, including but not limited to prior approval of plans and release of liens. No Condemnation Proceeds shall be released if Grantor is in default under any of the Obligations or this Trust Deed.

In the event the Note Holder elects to apply the Condemnation Proceeds to the reduction of the Grantor's Obligations, any such application of proceeds to principal shall not extend or postpone the due date of any of the Obligations or change the amounts of such payments, unless Note Holder and Grantor otherwise agree in writing.

11. Further Assurances; Filing; Refiling; Etc.

A. Further Assurances. Grantor shall execute, acknowledge, and deliver, from time to time, such further instruments as the Note Holder or Trustee may require to accomplish the purposes of this Trust Deed.

B. Filing. Grantor, immediately upon the execution and delivery of this Trust Deed, and thereafter from time to time, shall cause this Trust Deed, any supplemental security agreement, mortgage, or deed of trust and each instrument of further assurance, to be recorded and rerecorded in such manner and in such places as may be required by any present or future law in order to perfect, and continue to be perfected, the lien and estate of this Trust Deed.

C. Payment Of Fees. Grantor shall pay all filing and recording fees and all expenses incident to the execution, filing, recording, and acknowledgment of this Trust Deed; any security agreement, mortgage, or deed of trust supplemental hereto and any instrument of further assurance; and all federal, state, county, and municipal taxes, assessments and charges arising out of or in connection with the execution, delivery, filing, and recording of this Trust Deed, any supplemental security agreement, mortgage, or deed of trust and any instrument of further assurance.

12. No Waiver; Grantor Not Released.

A. No Waiver. Any forbearance by Note Holder in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any right or remedy hereunder. Waiver of strict performance of any provision of the Note or Trust Deed, including but not limited to acceptance of late payments, shall not be a waiver of or prejudice Note Holder's right to require strict performance of the same provisions without notice in the future or of any other provisions. Any waiver of performance of any provisions of the Note or Trust Deed must be in writing.

The procurement of insurance or the payment of taxes or other liens or charges by Note Holder shall not be a waiver of any of Note Holder's rights or remedies under this Trust Deed.

B. Grantor Not Released. Extension of the time for payment or modification of amortization of the sum secured by this Trust Deed granted by Note Holder to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successors in interest. Note Holder shall not be required to commence proceedings against successors or refuse to extend time for payment or otherwise modify amortization of the sum secured by this Trust Deed by reason of any demand made by the original Grantor and Grantor's successors in interest.

13. Loan Charges. If the loan secured by this Trust Deed is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Note Holder may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment.

14. Use and Transfer of Trust Property. Acceleration. Note Holder may declare all sums secured by this Trust Deed to be immediately due and payable if: (a) All or part of the Trust Property is sold or otherwise transferred (except for a sale or transfer to a governmental entity when the Trust Property is transferred for public use) by Grantor to a purchaser or other transferee, or (b) Grantor rents or leases the Trust Property. The execution and delivery by the Grantor of any joint venture agreement, partnership agreement, declaration of trust, option agreement or other instrument whereunder any other person may become entitled, directly or indirectly, to the possession or enjoyment of the Trust Property, or the income or other benefits derived or to be derived therefrom, may in each case be deemed to be a sale or transfer of Grantor's interest in the Trust Property for the purposes of this Section. If Note Holder exercises this option, Note Holder shall give Grantor notice of acceleration.

15. Environmental Covenants. Grantor will keep and maintain the Trust Property in compliance with and shall not cause or permit all or any portion of the Trust Property, including the ground water, to be in violation of any environmental law or requirement under any governmental authority (*collectively the "Environmental Requirements"*). Grantor shall not place or permit any materials to be located on the Trust Property which require special handling in collection, storage, treatment, or disposal. If at any time materials relocated on or near the Trust Property require special handling in collection, storage, treatment or disposal under any Environmental Requirement, Grantor, within thirty (30) days after written notice, shall take at Grantor's sole expense such actions as may be necessary to comply with all Environmental Requirements. Grantor will not use, generate, manufacture, produce, store, release, discharge or dispose of or on, under or about the Trust Property or the Trust Property's ground water, any hazardous substance and will not permit any other party, including but not limited to persons or entities who rent, lease or are invited to the Trust Property, to do so. Hazardous substance includes, without limitation, any material, substance or waste that is or becomes regulated or that is or becomes classified as hazardous, dangerous, or toxic under any Environmental Requirements. Note Holder shall not be deemed an owner or holder of the Trust Property at any time. Note Holder's interest in the Trust Property is to secure payment of the claims as provided in the Note and the Obligations. All representations, warranties and covenants in Sections 15 and 16 shall survive the satisfaction of the Obligations, the reconveyance of the Trust Property, or the foreclosure of this Trust Deed.

16. Environmental Indemnification. Grantor hereby agrees to indemnify, defend and hold harmless Note Holder from and for all loss, liability, damage, cost and expense, including reasonable attorney's fees, for failure of the Trust Property to comply in all respects with the Environmental Requirements. The provisions hereof shall survive payoff, release, or foreclosure of this Trust Deed. Grantor, promptly upon the written request of Note Holder, from time to time, shall provide Note Holder with such governmental site assessment, audit report, or update as Note Holder may reasonably require to assure the protection of the Trust Property, in scope, form, and content satisfactory to Note Holder. This provision shall not be merged with or be affected in any way by the terms of any other agreement between the parties.

17. Compliance with Laws. Grantor further represents, warrants and covenants that the Trust Property and all Improvements, if any, shall be maintained in full compliance with all applicable federal, state and local laws, statutes, regulations, ordinances and codes and in full compliance with all covenants, conditions, easements and restrictions affecting the Trust Property based upon all information available to Grantor and which are in the control of the Grantor. Grantor shall comply with all federal, state and local laws, regulations and ordinances applicable to the use or occupancy of the Trust Property and will repair, replace, or take steps to bring into compliance with such laws, regulations and ordinances non-complying features of the Improvements. Grantor may contest in good faith any such law, regulation or ordinance and withhold compliance during any proceeding, including appropriate appeals, so long as Note Holder's and Trustee's interests in the Trust Property are not jeopardized.

18. Indemnity. Grantor shall indemnify, defend and hold Note Holder and Trustee harmless from and for any and all losses and expenses, including but not limited to attorney fees and court costs, in any suit, action or proceeding or any appeal therefrom brought against Note Holder or Trustee by a third party resulting from or attributable to Note Holder's ownership of the Note or Trustee's interest under this Trust Deed.

19. Time of Essence. Time is of the essence in this Trust Deed.

20. Events of Default. The following shall constitute events of default:

A. Nonpayment. Failure of Grantor to make any payment due under the Note.

B. Other Defaults. In the case of any of the following, Grantor does not correct the failure or breach within 30 days of notice (or such shorter period as indicated in said notice) from Note Holder of said failure or breach:

(i) Breach any of its obligations contained in this Trust Deed other than the breaches referred to in Sections 20.A., and C.

(ii) The sale or transfer of possession of the Trust Property or any part thereof in any manner by Grantor, whether by deed, contract of sale, lease or similar agreements, without the prior written consent of Note Holder.

(iii) Failure of Grantor to pay or discharge any liens, assessments and other charges, penalties, fines and impositions against the Trust Property.

(iv) Initiation of any judicial proceeding against the Trust Property which is not dismissed.

C. Bankruptcy. Insolvency 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 filing of an involuntary petition against Grantor under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief which Grantor has not caused to be dismissed within 30 days after such filing; 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 which Grantor has not caused to be withdrawn within 30 days after such appointment; 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 imposition of a lien through legal proceedings or distraint upon any of the property of Grantor; or Grantor's failure generally to pay its debts as such debts become due.

21. Notice of Default. To provide the notice required under Section 20.B., Note Holder or Trustee, as the case may be, shall in its notice specify (a) the event of default; (b) the action required to cure such default; (c) a date by which such default must be cured; and (d) that failure to cure such default on or before the date specified in the notice may result in Note Holder or Trustee, without further notice, exercising any of the rights or remedies provided under the Trust Deed, in addition to any other rights or remedies which may be available at law, in equity or otherwise. In all other cases of default, Note Holder may, in its sole discretion, without notice, exercise any of the rights or remedies provided under the Trust Deed, in addition to any other rights or remedies which may be available at law, in equity or otherwise.

22. Remedies. If an event of default occurs, the Note Holder may exercise any of the following rights or remedies in addition to any other rights or remedies which may be available at law, in equity or otherwise.

A. Acceleration. Note Holder may declare all sums secured by this Trust Deed, including interest upon the principal Obligation, to be immediately due and payable.

B. Possession. Note Holder may, either through a receiver or as a Note Holder-in-possession, take possession of all or any part of the Trust Property, and Grantor shall peaceably surrender the same.

C. Foreclosure. Note Holder may obtain a decree foreclosing Grantor's interest in all or any part of the Trust Property.

D. Power of Sale. Note Holder may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of the power of sale under applicable law.

E. Cumulative Remedies. All rights and remedies provided in this Trust Deed are distinct from and cumulative to any other right or remedy under this Trust Deed or afforded by law or equity and may be exercised concurrently, independently or successively. Election to pursue one remedy shall not exclude any other remedy. No delay or omission in exercising any right or remedy shall impair that right or remedy or shall be construed to be a waiver of the default.

With respect to any fixtures or other property subject to the security interest in favor of the Note Holder, the Note Holder may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code.

23. Application of Proceeds. All proceeds from the exercise of the rights and remedies under Section 22 shall be applied to (A) costs of exercising such rights and remedies and (B) the Obligations, in such order as the Note Holder shall determine in 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.

24. Reconveyance. Upon payment of all sums secured by this Trust Deed, Note Holder shall request Trustee to reconvey the Trust Property. Trustee shall reconvey the Trust Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Note Holder may charge such person or persons a fee for reconveying the Trust Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under applicable law.

25. Substitute Trustee. In accordance with applicable law, Note Holder may from time to time remove Trustee and appoint a successor trustee to any trustee appointed hereunder. Without reconveyance of the Trust Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law.

26. Successors and Assigns; Joint and Several.

A. Successors and Assigns. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the benefit of, the respective successors and assigns of Note Holder and Grantor, subject to the provisions of Section 14.

B. Joint and Several. All covenants and agreements of Grantor shall be joint and several. Any Grantor who co-signs this Trust Deed agrees that Note Holder and any other Grantor may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Trust Deed or the Note without that Grantor's consent.

27. Expenses and Attorney Fees. Grantor promises to pay upon demand all costs, expenses, and attorneys' fees incurred by the Note Holder hereof in the exercise of any remedy (with or without litigation), in any proceeding for the collection of the debt, in any trustee's sale or foreclosure of the Trust Deed or the realization upon any other security securing Grantor's Obligations and the Note, in protecting or sustaining the lien or priority of said Trust Deed or said other security, or in any litigation or controversy arising from or connected with the Note or this Trust Deed or any security for or guaranty of the Note. Said proceedings shall include, without limitation, any probate, eminent domain, condemnation, bankruptcy, receivership, injunction, arbitration, mediation, or other proceeding, or any appeal from or petition for review of any of the foregoing, in which the Note Holder hereof appears to collect this debt, or protect or enforce its security for the Note and this Trust Deed. Grantor shall also pay all of Note Holder's costs and attorneys' fees incurred in connection with any demand, workout, settlement, compromise, or other activity in which Note Holder engages to collect any portion of this debt not paid when due or as a result of any other default of Grantor. If a judgment is obtained thereon which includes an award of attorneys' fees, such attorneys' fees, costs and expenses shall be in such amount as the court shall deem reasonable, which judgment shall accrue interest at the Note interest rate or the legal judgment rate, whichever is higher, from the date it is rendered.

28. Notice. Any notice to Grantor provided for in this Trust Deed shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the address indicated on the first page of this Trust Deed or any other address Grantor designates by notice to Note Holder. Notice mailed to Grantor will be effective upon mailing. Any notice to Note Holder shall be given by first class mail to Note Holder's address stated herein or any other address Note Holder designates by notice to Grantor. Notice to the Note Holder will be effective upon receipt by the Note Holder. Any notice provided for in this Trust Deed shall be deemed to have been given to Grantor or Note Holder when given as provided in this Section.

29. Applicable Law; Severability. This Trust Deed and the Note shall be governed by the laws of the State of Oregon. In the event that any provision or clause of the Trust Deed or the Note conflicts with applicable law, such conflict shall not affect other provisions of the Trust Deed or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Trust Deed and the Note are declared to be severable.

30. Construction.

A. Standard for Discretion. In the event this Trust Deed is silent on the standard for any consent, approval, waiver, determination, or similar discretionary action or when the term "sole discretion" or a like term is used, the standard shall be, or the term shall mean, Note Holder's sole and unfettered discretion as opposed to any standard of good faith, fairness, or reasonableness.

B. Headings. The headings to the Sections and paragraphs of this Trust Deed are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Trust Deed.

C. Words. The masculine shall be deemed to include the feminine, and the singular the plural where such connotations are applicable herein.

31. Entire Agreement. This Trust Deed contains the entire agreement of the parties with respect to the matters covered herein, and no other previous agreement, statement or promise made by any party to this Trust Deed which is not contained herein shall be binding or valid.

Notice to Grantor. Do NOT sign this Trust Deed unless you have read and understand it.

ORS 93.040 Warning. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY NOTE HOLDER 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 NOTE HOLDER TO BE ENFORCEABLE.

Grantor hereby acknowledges receipt of a conformed copy of the Note and of this Trust Deed.

IN WITNESS WHEREOF, Grantor accepts and agrees to the terms and covenants contained in this Trust Deed .



Arlie J. Ayers
(Signature of Grantor) Arlie Ayers



(Signature of Co-Grantor)

ACKNOWLEDGMENT

STATE OF OREGON)
) ss.
County of Klamath)

This instrument was acknowledged before me on September 21, 2009 by Arlie Ayers.



Lisa Cooney
Notary Public for SOFCU
My commission expires: 5/4/13

STATE OF OREGON)
) ss.
County of)

This instrument was acknowledged before me on _____ by _____

Notary-Public for _____
My commission expires: _____