

AFTER RECORDING RETURN TO:  
Arthur K. Saito, Attorney at Law  
Stahancyk, Kent, Johnson, & Hook P.C.  
808 SW 15<sup>th</sup> Avenue  
Portland, Oregon 97205

2010-003754

Klamath County, Oregon



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03/26/2010 01:48:48 PM

Fee: \$112.00

### LINE OF CREDIT INSTRUMENT

Maximum principal amount to be advanced: One Hundred Thirty One Thousand, Five Hundred and Sixty Nine and 39/100 Dollars (\$131,569.39). However, such maximum amount to be advanced may be exceeded by principal advances made to complete work.

Maturity date: Upon demand, exclusive of options to renew or extend, if any.

### COMMERCIAL DEED OF TRUST (Oregon)

**Dated:** March 18, 2010

**Grantor:** PATRICK R. BRADY

**Trustee:** AMERITITLE

**Beneficiary:** STAHANCYK, KENT, JOHNSON, & HOOK P.C.,  
an Oregon domestic professional corporation

#### ADDITIONAL STATUTORY NOTICES:

- A. The address of the entity holding a lien or other interest created by this instrument is: Stahancyk, Kent, Johnson, & Hook P.C., 808 SW 15<sup>th</sup> Avenue, Portland, Oregon 97205.
- B. The tax account number for the property subject to the lien or in which the interest is created is: 00100, Klamath County, Oregon.
- C. Type of transaction: Creation of deed of trust lien encumbering the properties described herein.

**LINE OF CREDIT INSTRUMENT**

**COMMERCIAL DEED OF TRUST**  
**(OREGON)**

THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN ACCORDANCE WITH  
ORS SECTION 79.4020(6)

THIS DEED OF TRUST (herein "Deed of Trust") is made and executed this 18<sup>th</sup> day of March, 2010 by and among PATRICK R. BRADY, grantor and debtor ("Grantor"), AMERITITLE, 300 Klamath Avenue, Klamath Falls, OR 97601-9801 as trustee ("Trustee"), and STAHANCYK, KENT, JOHNSON, & HOOK P.C., an Oregon domestic professional corporation, 808 SW 15<sup>th</sup> Avenue, Portland, Oregon 97205 as beneficiary and secured party ("Beneficiary").

RECITALS:

A. Grantor is the owner of an undivided fee simple interest to the real property described on **Exhibit "A"** attached hereto and incorporated herein by this reference.

B. This Deed of Trust is given to secure payment and performance of that certain promissory note of even date herewith (the "Note") which requires Grantor to pay to the order of Beneficiary the principal sum of : One Hundred Thirty One Thousand, Five Hundred and Sixty Nine and 39/100 Dollars (\$131,569.39). The final payment under the Note is due and payable upon demand, subject to any extension privileges, if any, set forth in the Note or the loan commitment executed in connection with the loan evidenced by the Note (the "Loan Commitment").

C. The Deed of Trust is further given to secure:

(1) Payment and performance of any renewals, extensions, substitutions and modifications of the note and future advances under the Note; and

(2) Payment and performance of any other indebtedness or obligation of Grantor to Beneficiary now or hereafter arising under the terms hereof, the terms of the Note, the terms of any other agreement constituting additional security for the Note, and/or the terms of any other agreement constituting additional security for the Note, and/or the terms of any other agreement now existing or hereafter entered into by Grantor and Beneficiary or executed by Grantor in favor of Beneficiary related to the foregoing, including future advances.

## AGREEMENT

Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

### SECTION 1

#### GRANT AND CONVEYANCE

For the purposes set forth in Recitals B and C above, Grantor hereby irrevocably grants, conveys, bargains and sells to Trustee, in trust, with power of sale, all of Grantor's rights, title and interest, whether now owned or hereafter acquired, in and to the following described and defined Real Property:

1.1. The Real Property. The real property described on **Exhibit "A"** attached hereto, together with all rights, interests and hereditaments appurtenant thereto (the "Real Property" or the "Premises").

1.2. The Improvements. All buildings, structures, fixtures and other improvements of every kind and nature now or hereafter located on or about the Real Property, together with all renewals replacements, substitutions, accessions, additions, products, proceeds, and proceeds of proceeds (of any generation) thereto and thereof (the "improvements").

1.3. Security Agreement. This Deed of Trust constitutes a security agreement within the meaning of the Uniform Commercial Code as adopted in the state in which the Premises are situated and Grantor hereby grants Beneficiary a security interest in all elements or constituent parts of the Premises which are, or are deemed to be, fixtures or personal property.

### SECTION 2

#### GRANTOR'S COVENANTS AND WARRANTIES

Grantor warrants, covenants and agrees with and to Trustee and Beneficiary as follows:

2.1. Title. Grantor warrants that Grantor is the absolute legal and equitable owner of an undivided interest as a tenant by the entirety, and has good and marketable title to his interest in, the Real Property. This Deed of Trust is and shall remain a valid and enforceable lien on the Premises free of all liens, claims, security interests, encumbrances, easements and restrictions, except encumbrances of record (the "Permitted Exceptions"). Grantor has full power and authority to convey his interest in the Premises in the manner and form herein conveyed or intended hereafter to be conveyed. Grantor and his successors and assigns shall warrant and defend such title

forever against all claims and shall promptly perform all of the obligations to be performed hereunder and under the Permitted Exceptions. Grantor shall furnish immediately to Beneficiary written notice of any litigation, lien, or notice of default affecting the Premises. Grantor shall, at his cost, do all further acts, and shall execute, acknowledge and deliver all further documents as Beneficiary shall from time to time require, for the better perfecting, continuing, assuring, conveying and confirming unto the Trustee or Beneficiary of the Premises and rights hereby conveyed or intended now or hereafter so to be.

2.2. Payment and Performance of Secured Obligations and Permitted Exceptions; Taxes.

2.2.1. Payment of Secured Obligations. The Note and all other obligations of Grantor set forth in Recitals B and C above, including all obligations and duties of Grantor hereunder, are herein collectively referred to as the "Secured Obligations." Grantor shall pay and perform as and when due all of the Secured Obligations without offset and without prior notice of demand.

2.2.2. Permitted Exceptions. Grantor shall pay and perform, as and when due, all obligations set forth in or evidenced or secured by the Permitted Exceptions, and keep the same free from default.

2.2.3 Payment of Taxes. Grantor shall pay, when first due and prior to accrual of interest or penalties, all Taxes (as defined below) with respect to the Premises. Upon demand, Grantor shall provide Beneficiary with evidence, satisfactory to beneficiary, that such payments have been made. "Taxes" shall mean and include, without limitation, all personal and real property taxes and assessments, both general and special, and all other taxes or impositions, whether public or private, of any kind and nature, levied, assessed or imposed upon the Premises or any portion thereof.

2.3. Construction, Maintenance and Repair. Without limiting Grantor's obligations under any other agreement executed in favor of Beneficiary, Grantor shall keep the Real Property and Improvements in good operating order, repair and condition, ordinary wear and tear excepted, and shall not commit or permit waste thereof. Grantor, at his cost, shall make all repairs necessary to the Real Property and improvements and shall complete and restore promptly and in good and workmanlike manner any portion of the same which may be damaged or destroyed, and pay, when due, all costs incurred in connection therewith regardless of whether sufficient proceeds are available to pay such costs; the same shall be restored and repaired so as to be at least equal in value and of substantially the same character as existed prior to such damage or destruction. Grantor shall not remove the Real Property or demolish any of the improvements.

2.4. Compliance with Laws.

2.4.1. Generally. Grantor shall comply with all laws, ordinances,

regulations, easements, agreements, and covenants, conditions and restrictions now or hereafter affecting the Premises or the use or operation thereof. Grantor shall not cause, permit, or suffer any violation of any of the foregoing and shall pay all fees or charges of any kind in connection therewith. Grantor shall indemnify and hold Beneficiary, its officers, directors and agents, and the Premises, harmless from any claim, cost, damage, or expense, including attorney's fees and penalties, with respect to any breach or alleged breach of the covenants set forth in this Section.

2.5. Insurance. Grantor shall at all times provide, maintain and keep in force, at its own cost and expense, the following policies of insurance, and such other insurance (including, without limitation, flood and earthquake insurance) as Beneficiary may require from time to time against the same or other hazards.

2.5.1. Casualty Insurance. Insurance against loss or damage to the Real Property and Improvements by fire and any and all of the risks covered by insurance of the type known as of the date hereof as "fire and extended coverage," in any amount not less than one hundred percent (100%) of the full replacement cost of the improvements and Personal Property, as determined from time to time by Beneficiary, without deduction for depreciation. Such policy of insurance shall be maintained for and name Grantor and Beneficiary as insureds, as their respective interests may appear, and shall contain the "replacement cost endorsement," and a lender's loss payable endorsement in favor of Beneficiary in form reasonably acceptable to Beneficiary.

2.5.2. Liability Insurance. Comprehensive public liability insurance, including Products and Completed Operations coverage, on an "occurrence basis" insuring against claims for bodily injury, death or property damage occurring in, on or about the Real Property and Improvements and adjoining streets, sidewalks and passageways arising out of or in any way connected with the use, occupancy, possession, ownership or condition (whether or not now existing) of the same. Such policy shall insure performance of Grantor's indemnity obligations hereunder and shall name Beneficiary as an additional insured, providing coverage for Beneficiary regardless of whether the asserted claim is also asserted against Grantor.

2.5.3. Exculpation; General Provisions Related to All Policies. Neither Trustee nor Beneficiary shall be obligated to obtain insurance, nor be responsible for the collection of any insurance monies or for any insolvency of any insurer or insurance underwriter. All policies of insurance required by this Deed of Trust (a) shall contain an endorsement or an agreement of the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act of negligence of Grantor or Beneficiary which might otherwise result in forfeiture of said insurance and further waiving all rights of setoff, subrogation, counterclaim or deductions against Beneficiary; (b) shall be issued in amounts no less than those specified in this Section and shall be issued by companies acceptable to Beneficiary; and (c) shall contain a provision that such policies will not be cancelled or amended, or be subject to any reduction in the scope or limits of coverage, each such certificate setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the expiration date. At least thirty (30)

days prior to the expiration of each such policy, Grantor shall furnish Beneficiary evidence of the reissuance of such policy continuing insurance in force as required by this Deed of Trust.

2.6. Condemnation. The Grantor, immediately upon obtaining knowledge of any contemplated condemnation of the Premises or any portion thereof, or of the institution of any proceeding for the condemnation of the Premises or any portion thereof, shall notify Beneficiary of the pendency thereof. Grantor hereby assigns, transfers and sets over unto the Beneficiary all compensation, rights of action, the entire proceeds of any award and any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by sale in lieu thereof. Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such condemnation, taking under the power of eminent domain or sale in lieu thereof. After deducting therefrom all of its expenses, including attorneys' fees, the net proceeds of the award which have been paid to Beneficiary shall be applied to the payment of the indebtedness secured hereby, or, at the election of Beneficiary, in Beneficiary's sole and absolute discretion, may be made available to Grantor for restoration or rebuilding of the Premises if such restoration is feasible in such a way as to restore the Premises to the same use and at least the condition and quality as the premises existed prior to the condemnation, the value of which shall exceed the sum of the then unpaid balance of the debt secured hereby. Any such condemnation proceeds made available to Grantor by Beneficiary shall be advanced to Grantor under a disbursement system similar to the system applicable to advances of insurance proceeds under Section 2.5.3.1. To the extent that such proceeds are paid to Beneficiary but are either not made available to Grantor under the preceding sentence, or are not used by Grantor for such purpose within one hundred eighty (180) days, such proceeds shall be applied to the indebtedness and obligations secured hereby in the manner set forth in Section 2.5.3.1. Beneficiary, at his option, may declare the Secured Obligations to be entirely due and payable if the condemnation materially affects the Premises or the use thereof and the proceeds are not made available to Grantor for rebuilding. Grantor agrees to execute such further assignments of any compensation, award, damages, right of action and proceeds as Beneficiary may require.

2.7. Liens and Encumbrances. The Grantor shall pay, when due, all obligations, lawful claims or demands of any person which, if unpaid, might result in, or permit the creation of, a lien or encumbrance on the Premises or any portion thereof, including all claims of mechanics, materialmen, laborers and others for work or labor performed or materials or supplies furnished or rented in connection with any work, alteration, improvement of or construction upon the Premises; provided, however, that in the event Grantor disputes the amount or validity of any claim which constitutes a lien or encumbrance on the Premises, Grantor may contest such claim provided (a) Grantor gives to Beneficiary prior written notice of such contest, (b) Grantor causes such lien to be removed, by bond or deposit as allowed by applicable law, from the Premises within fifteen (15) days of the filing of such lien or claim, (c) Beneficiary's interest in the Premises and/or the lien of this Deed of Trust are not, in Beneficiary's sole opinion,

jeopardized thereby, and (d) Grantor promptly pays any amount ultimately determined to be due.

2.8. Indemnification. Grantor shall appear in and defend any suit, action or proceeding that, in the sole judgment of Beneficiary, may affect the value of the premises, the title to the premises or the rights and powers of Trustee or Beneficiary. Grantor shall indemnify Beneficiary and Trustee from and against any claim, loss, cost, damage or expense (including attorneys' fees) arising out of or related to this Deed of Trust, the Premises or the condition (whether now existing or hereafter arising) thereof. The indemnity obligations of Grantor shall survive the reconveyance or foreclosure hereof.

2.9. Sale of Premises. In addition to any other right available hereunder, at law or in equity, Beneficiary may declare all sums secured hereby immediately due and payable if, without Beneficiary's prior written consent: (a) Grantor sells, assigns, transfers, conveys, contracts or agrees to sell (as by execution of a land sale contract), enters into a complete lease, a master lease, or a ground lease with respect to, encumbers, mortgages, assigns for security purposes, or otherwise disposes of, hypothecates or alienates, voluntarily or involuntarily, all or any part of the Premises or any interest of Grantor therein; (b) Grantor suffers title to or any interest in the Premises to be divested, whether voluntarily or involuntarily; (c) if any party comprising Grantor is a partnership (general or limited) or a joint venture and any portion of any general partnership interest of any general partner or joint venture of such party is sold, transferred, mortgaged or otherwise disposed; (d) if Grantor is any form of cotenancy and any portion of the interest of any cotenant is sold, transferred, mortgaged or otherwise disposed; (e) if Grantor or any general partner of Grantor of any cotenant of Grantor is a privately held corporation (i.e., a corporation whose stock is not publicly traded on a stock exchange) or a limited liability company and twenty-five percent (25%) or more, in the aggregate, of the capital stock or ownership of any such corporation or limited liability company is sold, transferred, hypothecated or otherwise disposed; or (f) if any party comprising Grantor is a trust, and such trust is dissolved or liquidated or extraordinary distributions of the assets of such trust are made. The foregoing acts are herein referred to as a "Sale" and a Sale without the prior written consent of its sole discretion. Any consent by beneficiary to one Sale shall not constitute a waiver of Beneficiary's rights hereunder with respect to any subsequent Sale. In the event of a Sale which is a conveyance without the prior written approval of Beneficiary, the Beneficiary may, without notice to the Grantor, deal with successors or successors in interest with reference to this Deed of Trust and the Note in the same manner as with Grantor, without in any way releasing, discharging or otherwise affecting the liability of Grantor hereunder or under the Note or any other document evidencing or securing any Secured Obligation. No Sale shall affect Grantor's obligation to perform each term and provision hereof, nor release Grantor from any liability hereunder. In connection with any Sale, whether such Sale has or has not been approved in writing by Beneficiary, any document conveying the Premises, or any part thereof or interest therein, shall provide that the grantee thereunder assumes all of the Grantor's obligations under this Deed of Trust, the Note, and all other documents evidencing or securing any Secured Obligation. In the event of any unapproved sale,

Beneficiary shall have all rights and remedies reserved to it hereunder, at law or in equity.

2.10. Advances. If Grantor shall fail to perform any of the covenants contained herein, in the Note, in any instrument constituting additional security for the Note, in any Permitted Exception, or in any document evidencing or securing any Secured Obligation, Beneficiary may, but without obligation to do so, make advances to perform same on behalf of Grantor, and all sums so advanced shall be secured by this Deed of Trust. Grantor shall repay on demand all sums so advanced in its behalf with interest at the rate of Nineteen and 56/100 Percent (19.56%) per annum or the highest rate permitted to be charged by applicable law, whichever is the lesser (the "Advance Rate"), from the date of expenditure until the date repaid. Nothing herein contained shall prevent any such failure to perform on the part of Grantor from constituting an Event of Default and no exercise of Beneficiary of any right hereunder shall constitute a waiver of such Event of Default.

2.11. Time. Grantor agrees that time is of the essence with respect to all obligations of Grantor under this Deed of Trust.

2.12. Utilities. Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor or others for the benefit of or for service to the Premises or which may become a charge or lien against the Premises for gas, electricity, water, sewer or other utility services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof, whether or not such taxes, assessments or charges are liens thereof.

### SECTION 3

#### DEFAULT

3.1. Events of Default. The following, in addition to all other acts, events, and conditions declared to be events of default herein, are events of default hereunder ("Events of Default"):

3.1.1. The occurrence of any event of default with respect to the Note and/or any other instrument or agreement which evidences, secures or is related to any of the Secured Obligations other than this Deed of Trust.

3.1.2. Failure by Grantor to make any payment to Beneficiary or to any third party when due in accordance with the terms of this Deed of Trust.

3.1.3. Failure by Grantor to perform, when due, any of the terms, covenants and conditions set forth in this Deed of Trust other than the obligations mentioned in Sections 3.1.1. and 3.1.2; provided, however, that Grantor shall have a period of fifteen (15) days following notice from Beneficiary to cure any such event of Default under this Deed of Trust if (a) Grantor promptly requests such cure period, in writing, and (b) in Beneficiary's opinion (i) such Event of Default can be cured within



such time period, and (ii) the lapse of such time period would not jeopardize Beneficiary's interest in the Premises or Beneficiary's ability to collect all amounts secured hereby.

3.1.4. Breach of any warranty or representation given by Grantor to Trustee or Beneficiary.

3.1.5. Without implying consent of Beneficiary to the creation of any lien encumbering the Premises, institution of foreclosure or other proceedings (either judicial or nonjudicial) to enforce any security interest or other lien or encumbrance (junior or senior) of any kind upon the Premises or any portion thereof or interest therein.

3.1.6. Should the Grantor, any cotenant or general partner of Grantor, or any successor or assign thereof:

(I) Become insolvent, dissolve, or have its existence terminated;

(II) File a petition in voluntary bankruptcy or for an arrangement or reorganization pursuant to the Federal bankruptcy statutes, or any similar law, state of Federal, whether now or hereafter existing (herein referred to as "Bankruptcy Proceeding;

(III) File any answer admitting, or otherwise admit in writing, insolvency or inability to pay his debts;

(IV) Be the object of any involuntary Bankruptcy proceeding which is not stayed or dismissed within thirty (30) days of filing;

(V) Be adjudicated a bankrupt or declared insolvent in any Bankruptcy Proceeding;

(VI) Have a trustee or receiver appointed for or have any court take jurisdiction of any of his property, in any proceeding for the purpose of reorganization, arrangement, dissolution or liquidation unless such trustee or receiver is discharged or if such jurisdiction be relinquished or vacated within three (3) days of appointment of commencement; or

(VII) Make an assignment for the benefit of his creditors or consent to an appointment of a receiver or trustee of any of his property.

3.1.7. The occurrence or existence of any default (after passage of any applicable cure period) under any Permitted Exception.

3.1.8. Should any guarantor of any Secured Obligation revoke or attempt

to revoke or otherwise avoid or diminish the obligations evidenced by the applicable guarantee.

3.2. Remedies. In addition to any other rights and remedies provided herein, in the Note, in any document evidencing or securing the Secured Obligations, or available at law or in equity, Beneficiary shall have the following rights and remedies upon the occurrence of any Event of Default.

3.2.1 Acceleration. The Beneficiary, by written notice given to the Grantor, may declare the entire principal of the Note then outstanding, and all other Secured Obligations, to be due and payable immediately.

3.2.2. Possession and Receiver. The Trustee or Beneficiary personally or by its agents or attorneys, or through a duly appointed receiver, may enter into and upon all or any part of the Premises, and each and every part thereof, and may exclude the Grantor and its agents wholly therefrom; and may possess, use, operate, manage, improve and control the Premises. Trustee or Beneficiary shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Premises whether or not Beneficiary, Trustee, or a receiver is then in possession of the Premises. Beneficiary shall be entitled to the appointment of a receiver as a matter of right, whether or not the apparent value of the Premises exceeds the indebtedness secured hereby, and any receiver appointed may serve without bond. Employment by beneficiary shall not disqualify a person from serving as receiver. The exercise of any right under this Section 3.2.2 shall not be deemed an election of remedies nor a "pending action" so as to preclude the exercise of any other right or remedy. Upon taking possession of all or any part of the Premises, the receiver may:

(A) Possess, use, operate, manage, control, and conduct the business of the Premises and make expenditures for all maintenance and improvements as in its judgment are proper;

(B) Complete any construction in progress and, in that connection, pay bills, borrow funds, employ contractors and make any changes in plans or specifications as it deems appropriate.

If the revenues produced by the Premises are insufficient to pay expenses, the receiver may borrow, from Beneficiary or otherwise, such sums as it deems necessary for the purposes stated herein and repayment of such sums shall be secured by the lien hereof. The amounts borrowed from or advanced by Beneficiary shall bear interest at the Advance Rate from the date of expenditure until repaid, and such amounts and interest shall be an indebtedness of Grantor secured hereby.

3.2.3 Sale. The Trustee may, and upon the written request of Beneficiary, shall, and the Beneficiary may to the extent permitted by law, with or without entry, personally or by its agents or attorneys insofar as applicable:

(I) Sell the Premises and otherwise exercise the power of sale granted herein as a nonjudicial foreclosure of this Deed of Trust in the manner provided by applicable laws pertaining to the foreclosure of deeds of trust;

(II) Institute proceedings for the complete or partial judicial foreclosure of this Deed of Trust as mortgage in the manner provided by applicable law; and/or

(III) Apply to any court of competent jurisdiction for the appointment of a receiver for the Premises to operate the same and collect all the earnings, revenues, rents, issues, profits and income therefrom.

3.2.4. Proceeds. In the event of any judicial or nonjudicial foreclosure sale made under or by virtue of this Section, the entire amount due under the Note, if not previously due and payable, and all other sums secured hereby, immediately thereupon shall become due and payable. The proceeds of any sale made under or by virtue of this Section, together with any other sums which then may be held by the Trustee or Beneficiary under this Deed of Trust shall be applied in the manner provided by law. Upon any judicial or nonjudicial sale made under or by virtue of this Section, the Beneficiary may bid for and acquire the premises or any part thereof and in lieu of paying cash therefore may make settlement for the purchase price by crediting upon the indebtedness of the Grantor secured by this Deed of Trust the net sales price after deducting therefrom the expenses of the sale and the cost of the action and any other sums which the Beneficiary is authorized to deduct under this Deed of Trust.

3.2.5. Tenancy at Will. In the event Grantor remains in possession of the Premises after the same have been sold as provided herein or after Beneficiary otherwise becomes entitled to possession of the same, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Real Property and shall pay, while in possession, a reasonable rental for use of the Real Property and improvements.

3.2.6. Remedies Not Exclusive. No remedy herein is intended to be exclusive of any other remedy provided herein or at law or in equity, but each shall be cumulative. Each such remedy may be exercised singly, collectively or seriatim, and as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, Beneficiary, at its sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever other rights it may have in connection with such other security or in such order as it may determine.

## SECTION 4

### MISCELLANEOUS TERMS AND CONDITIONS

4.1. Acceptance of Trust; Notice. The Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is recorded. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless Trustee brings such action.

4.2. Powers of Trustee. Trustee or Beneficiary may from time to time apply in any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming acts in the execution of said trusts. Grantor shall pay to Trustee reasonable compensation and reimbursement for services and expenses in the administration of the trusts created hereunder, including reasonable attorneys' fees, but in no event more than allowed by any then applicable statute. Grantor agrees to and does indemnify Trustee and Beneficiary against all losses, claims, demands and liabilities which either may incur, suffer or sustain in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law.

4.3. Substitution of Trustee. By a writing signed and acknowledged by Beneficiary and filed for record in the office of the recorder of the country in which the Real Property is situated, Beneficiary from time to time may appoint another trustee to act in the place and stead of Trustee or any successor.

4.4. Marshalling of Assets. Grantor hereby expressly waives all rights to require a marshalling of assets by the Trustee or Beneficiary or to require Trustee or Beneficiary to first resort to the sale of any portion of the Premises which might have been retained by Grantor before foreclosing upon and selling any other portion thereof.

4.5. Nonwaiver. By accepting payment of any sum secured hereby after its due date or late performance of any obligation secured hereby, Beneficiary shall not waive its right against any person obligated directly or indirectly hereunder or on any indebtedness hereby secured either to require prompt payment or performance when due of all other sums and obligations so secured or to declare a default for failure to make such payment. No exercise of any right or remedy by Trustee or Beneficiary hereunder shall constitute a waiver of any other right or remedy allowed herein, in any other document evidencing or securing any Secured Obligation, or at law or in equity. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default of acquiescence therein.

4.6. Rules of Construction. When the identity of the parties hereto or the context of a provision makes it appropriate, the masculine gender shall include the feminine and neuter, and the singular shall include the plural. The headings of each

Section are for information and convenience only and shall not limit or affect the contents of any provisions hereof.

4.7. Severability. If any term of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed of Trust shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

4.8. Successors in Interest; Joint and Several Liability. Subject to the limitations set forth in Section 2.9, this Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, executors, administrators, successors and assigns. If Grantor is comprised of more than one person or entity, then all obligations of Grantor hereunder are joint and several and each party comprising Grantor agrees and promises to pay the Secured Obligations. The term "Beneficiary" shall mean the holder and owner, including pledges, of Note secured hereby, whether or not named as Beneficiary herein.

4.9. Notices. All notices to be given pursuant to this Deed of Trust shall be in writing and shall be sufficient if personally delivered or deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the party to whom received when personally delivered or two (2) days after deposit in the U.S. Mail. Any party may change its address set forth herein by giving ten (10) days' prior written notice thereof to all other parties.

4.10. Modifications. This Deed of Trust may not be amended, modified or changed except by a written instrument signed by the parties hereto.

4.11. Attorneys' Fees. If any litigation or arbitration is instituted to enforce or interpret any provision hereof, or to foreclose this Deed of Trust, the prevailing party shall be entitled to collect, in addition to all other amounts and relief, its court costs, title search costs, and other reasonable attorneys' fees, incurred both at and in preparation for trial and any appeal or review, such amount to be set by the court before which the matter is heard. Without limitation on and in addition to the foregoing, Grantor agrees to reimburse Beneficiary for all such costs and fees which Beneficiary may incur in connection with any bankruptcy or similar proceeding wherein the Grantor, or any guarantor, surety or accommodation party is the "debtor," including (without limitation) issues peculiar to Federal bankruptcy law. If Beneficiary is the prevailing party, such costs and attorneys' fees shall be secured by this Deed of Trust.

4.12. Priority of Trust Deed. The terms of the obligation secured hereby may provide that the payment terms or balance due may be indexed, adjusted or renewed. The priority of this Deed of Trust shall not be affected by the execution of new agreements which reflect such changes.

4.13. Land Use Disclosure. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS CHECK WITH THE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LASWUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.090.

4.14. Statutory Notice. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (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 BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US (BENEFICIARY) TO BE ENFORCEABLE.

4.15. Mutual Negotiation. Beneficiary and Grantor confirm that they have mutually negotiated this Deed of Trust and that none of the terms or provisions of this Deed of trust shall be presumptively construed against either party. GRANTOR ACKNOLEGES THAT BENEFICIARY DOES NOT REPRESENT GRANTOR IN CONNECTION WITH THIS DEED OF TRUST. BENEFICIARY RECOMMENDS THAT GRANTOR CONSULT WITH AN ATTORNEY NOT AFFILIATED WITH BENEFICIARY BEFORE EXECUTING THIS DEED OF TRUST.

4.16. Jury Trial Waiver. GRANTOR KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY ACTION, PROCEEDING OR COUNTERCLAIM RELATED TO THIS DEED OF TRUST, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE NOTE OR ANY INSTRUMENT OR OTHER AGREEMENT WHICH EVIDENCES ANY OF THE SECURED OBLIGATIONS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. GRANTOR ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR BENEFICIARY MAKING THE LOAN EVIDENCED BY THE NOTE.

4.17. Assignment by Beneficiary. Beneficiary may assign this Deed of Trust in whole or in part to any person and may grant participation in any of its rights under this Deed of Trust, without notice and without affecting Grantor's liability under this Deed of Trust. In connection with any proposed assignment, participation or similar arrangement, Beneficiary may make available to any person all credit and financial data furnished or to be furnished to Beneficiary by Grantor or any guarantor of the Note. Grantor agrees to provide to the person designated by Beneficiary any information as such person may reasonably require to form a decision regarding the proposed assignment participation or other arrangement.

EXECUTED as of the date first above written

GRANTOR:

By:

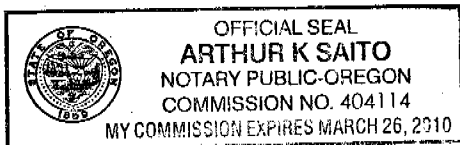
Patrick R. Brady

STATE OF OREGON )

) ss.

County of Multnomah )

This instrument was acknowledged before me this 18<sup>th</sup> day of March, 2010 by  
Patrick R. Brady.



Notary Public for Oregon

My Commission Expires:

3/26/2010

**EXHIBIT "A"**

**Regular Address: 3732 S. 6th St, Klamath Falls, OR 97603**

**LEGAL DESCRIPTION:** Real property In the County of Klamath, State of Oregon, described as follows:

**PARCEL 1: (ALTAMONT DRIVE)**

A PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, IN THE COUNTY OF KLAMATH, STATE OF OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 235.4 FEET SOUTH AND 30 FEET WEST OF CENTER OF SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, WHICH POINT IS LOCATED ON SOUTH SIDE OF THE RIGHT OF WAY OF THE OREGON CALIFORNIA AND EASTERN RAILROAD; THENCE SOUTH 191 FEET TO THE NORTHEAST CORNER OF FIRST ADDITION TO ALTAMONT ACRES; THENCE NORTH 89° 27' WEST ALONG NORTH BOUNDARY OF SAID FIRST ADDITION TO ALTAMONT ACRES; 98.6 FEET THENCE NORTH 231.91' TO SOUTHERLY BOUNDARY OF RIGHT OF WAY OF OREGON CALIFORNIA AND EASTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID SOUTH BOUNDARY OF THE OREGON CALIFORNIA AND EASTERN RAILROAD 107.03 FEET TO THE POINT OF BEGINNING, EXCEPTING THEREFROM THAT PORTION GRANTED TO KLAMATH COUNTY, FOR THE WIDENING OF CROSBY AVENUE, BY INSTRUMENT RECORDED JUNE 25, 1965 IN VOLUME 362, PAGE 462, RECORDS OF KLAMATH COUNTY, OREGON.

FURTHER EXCEPTING THAT PORTION DEEDED TO KLAMATH COUNTY, FOR WIDENING OF CROSBY AVENUE, RECORDED DECEMBER 20, 2006 IN 2006-25077, RECORDS OF KLAMATH COUNTY OREGON.