

TRUST DEED

2012-006577

Klamath County, Oregon



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06/18/2012 10:26:27 AM

Fee: \$87.00

Grantor:

Daniel Tworek
Michael Tworek
4646 Denver, Ave.
Klamath Falls OR 97603

Trustee:

Douglas M. Fellows

Beneficiary:

State of Oregon
Estate Administration Unit
P.O. Box 14021
Salem OR 97309

After recording return to:

State of Oregon
Estate Administration Unit
P.O. Box 14021
Salem OR 97309

TRUST DEED

This Trust Deed is made this 20th day of August, 2004, between Daniel Tworek and Michael Tworek as "GRANTOR", Douglas M. Fellows, as "TRUSTEE", and State of Oregon, Estate Administration as "BENEFICIARY".

GRANTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grant, and convey to TRUSTEE, in trust, with power of sale, the following described property located in Klamath County, Oregon, described as:

See attached legal description

Together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to the BENEFICIARY to collect and apply such rents), royalties, minerals, oil and gas rights and profits, water, water rights, water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Trust Deed; and all of the foregoing, together with said property are herein referred to as the "Property".

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of GRANTOR herein contained and the repayment of the indebtedness evidenced by GRANTOR'S promissory note ("Note") dated as of the date hereof for the principal sum of Twenty Five Thousand and No/100 Dollars (\$25,000.00), without incurred interest thereon, until due, which provides for the entire amount of the indebtedness, if not sooner paid, due and payable either at the time the real property is sold, or when the last of Daniel Tworek or Michael Tworek becomes

deceased, which ever is sooner; together with the payment of all other sums, with interest thereon from date due until paid, advanced in accordance herewith to protect the security of this Trust Deed; and the performance of the covenants and agreements of GRANTOR herein contained; and the repayment of any future advances, with interest thereon, made to GRANTOR by BENEFICIARY pursuant to Article XV hereof.

GRANTOR will warrant and defend generally the title to the Property against all claims and demands, subject to any declaration, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring BENEFICIARY'S interest in the Property. GRANTOR further covenants and warrants that the Property is not currently used for agricultural, timber or grazing purposes. GRANTOR further covenants and warrants that the current use of the Property is in compliance with all laws, ordinances and regulations of all governmental authorities.

GRANTOR AND BENEFICIARY HEREBY COVENANT AND AGREE AS FOLLOWS:

ARTICLE I PAYMENT OF PRINCIPAL AND INTEREST

1.1 GRANTOR shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note bearing the date of this Trust Deed between GRANTOR and BENEFICIARY, attached hereto and by reference incorporated herein, prepayment and late charges as provided in the Note, and the principal of and interest on any future advances secured by this Trust Deed.

ARTICLE II WASTE AND IMPROVEMENTS

2.1 GRANTOR shall protect, preserve and maintain the Property in good condition and repair; not remove or demolish any building or improvement thereon; and not commit or permit any waste of the Property. GRANTOR further covenants and agrees to complete or restore promptly and in good and workman like manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefore.

ARTICLE III LAW EFFECTING PROPERTY

3.1 GRANTOR shall comply with all laws, ordinances, regulations, covenants conditions and restrictions effecting the Property.

ARTICLE IV TAXES; CHARGES; LIENS

4.1 GRANTOR shall pay all taxes, assessments and other charges, fines and impositions imposed against the Property and all claims and demands arising from the GRANTOR'S use or occupancy of the Property, and leasehold payments or ground rents, if any, by GRANTOR making payment, when due, directly to the payee thereof.

4.2 GRANTOR shall promptly furnish to BENEFICIARY all notices of amounts due under this Article IV.

4.3 GRANTOR shall promptly furnish to BENEFICIARY receipts evidencing such payments.

4.4 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 BENEFICIARY, 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 Property or any part thereof.

ARTICLE V HAZARD INSURANCE

5.1 GRANTOR shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as BENEFICIARY may require and in such amounts and for such periods as BENEFICIARY may require; provided, that BENEFICIARY shall not require that the amount of such coverage exceed that amount of coverage required to pay the indebtedness secured by this Trust Deed.

5.2 The insurance carrier providing the insurance shall be chosen by GRANTOR subject to approval by BENEFICIARY; provided, that such approval shall not be unreasonably withheld.

5.3 All insurance policies and renewals thereof shall be in form acceptable to BENEFICIARY and shall include a standard mortgage clause in favor of and in form acceptable to BENEFICIARY. GRANTOR shall have the right to hold the policies and renewals thereof, and BENEFICIARY shall promptly furnish to GRANTOR all renewal notices and receipts of paid premiums. In the event of loss, GRANTOR shall give prompt notice to the insurance carrier and BENEFICIARY. BENEFICIARY may make proof of loss if not made promptly by GRANTOR.

5.4 Unless BENEFICIARY and GRANTOR otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Trust Deed is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Trust Deed would be impaired, the insurance proceeds shall be applied to the indebtedness secured by this Trust Deed, with the excess, if any, paid to the GRANTOR.

5.5 If the Property is abandoned by GRANTOR, or if GRANTOR fails to respond to BENEFICIARY within thirty (30) days from the date notice is mailed by BENEFICIARY to GRANTOR that the insurance carrier offers to settle a claim for insurance benefits, BENEFICIARY is authorized to collect and apply the insurance proceeds at BENEFICIARY'S option either to restoration or repair of the Property or to the indebtedness secured by this Trust Deed.

5.6 If the Property is acquired by BENEFICIARY, all right, title and interest of GRANTOR in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to BENEFICIARY to the extent of the indebtedness secured by this Trust Deed immediately prior to such sale or acquisition.

ARTICLE VI COSTS AND FEES

6.1 GRANTOR covenants and agrees to appear and defend any action or proceeding purporting to effect the security rights or powers of the BENEFICIARY or TRUSTEE.

6.2 In any suit, action or proceeding in which the BENEFICIARY or TRUSTEE may appear, including any suit for the foreclosure of this Trust Deed, GRANTOR covenants and agrees to pay all costs and expenses, including evidence of title and of BENEFICIARY'S or TRUSTEE'S attorney's fees.

6.3 The amount of the attorney's fees mentioned in this Article VI in all cases shall be fixed by the trial court or state statute and in the event of an appeal from any judgment or decree of the trial court, GRANTOR further agrees to pay such sum as the appellate court should adjudge reasonable as the BENEFICIARY'S or TRUSTEE'S attorney's fees on appeal.

ARTICLE VII PROTECTION OF BENEFICIARY'S SECURITY

7.1 If GRANTOR fails to perform the covenants and agreements contained in this Trust Deed, or if action or proceeding commences which materially affects BENEFICIARY'S interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then BENEFICIARY at BENEFICIARY'S option, upon notice to GRANTOR, may make such appearances, disburse such sums and take such action as is necessary to protect BENEFICIARY'S interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

7.2 If BENEFICIARY required mortgage insurance as a condition of making the loan secured by this Trust Deed, GRANTOR shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with GRANTOR'S and BENEFICIARY'S written agreement or applicable law.

7.3 Any amounts disbursed by BENEFICIARY pursuant to this Article VII, with interest thereon, shall become additional indebtedness of GRANTOR secured by this Trust Deed. Unless GRANTOR and BENEFICIARY agree to other terms of payment, such amounts shall be payable upon notice from BENEFICIARY to GRANTOR requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the note unless payment of interest at such rate be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law.

7.4 Nothing contained in this Article VII shall require BENEFICIARY to incur any expense or take any action hereunder.

ARTICLE VIII INSPECTION

8.1 BENEFICIARY may make or cause to be made reasonable entries upon and inspection of the Property, provided that BENEFICIARY shall give GRANTOR notice prior to any such inspection specifying reasonable cause therefor related to BENEFICIARY'S interest in the Property.

ARTICLE IX CONDEMNATION

9.1 The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to BENEFICIARY to the extent of the indebtedness then existing and secured by this Trust Deed, as per the Paragraphs of this Article IX.

9.2 In the event of a total taking of the Property, the proceeds shall be applied to the indebtedness secured by this Trust Deed, with the excess, if any, paid to GRANTOR.

9.3 In the event of a partial taking of the Property, unless GRANTOR and BENEFICIARY otherwise agree in writing, there shall be applied to the indebtedness secured by this Trust Deed such proportion of the proceeds as is equal to that proportion which the amount of the indebtedness secured by this Trust Deed immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to GRANTOR.

9.4 If the Property is abandoned by GRANTOR, or if, after notice by BENEFICIARY to GRANTOR that the condemnor offers to make an award or settle a claim for damages, GRANTOR fails to respond to BENEFICIARY within thirty (30) days after the date such notice is mailed, BENEFICIARY is authorized to collect and apply the proceeds, at BENEFICIARY'S option, either to restoration or repair of the Property or to the indebtedness secured by this Trust Deed.

9.5 Unless BENEFICIARY and GRANTOR otherwise agree in writing, any such application of proceeds under this Article IX to principal shall not extend or postpone the due date of the monthly installments referred to in Articles I and II hereof or change the amount of such installments.

ARTICLE X GRANTOR NOT RELEASED

10.1 Extension of the time for payment or modification of amortization of the indebtedness secured by this Trust Deed granted by BENEFICIARY 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.

10.2 BENEFICIARY shall not be required to commence proceedings against such successor, refuse to extend time for payment or otherwise modify amortization of the indebtedness secured by this Trust Deed by reason of any demand made by the original GRANTOR and GRANTOR'S successors in interest.

ARTICLE XI FORBEARANCE BY BENEFICIARY NOT A WAIVER

11.1 Any forbearance by BENEFICIARY in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11.2 The procurement of insurance or the payment of taxes or other liens or charges by

BENEFICIARY shall not be a waiver of BENEFICIARY'S right to accelerate the maturity of the indebtedness secured by this Trust Deed.

ARTICLE XII ACTIONS BY TRUSTEE

12.1 At any time and from time to time upon written request by BENEFICIARY, payment of its fees and presentation of this Trust Deed and the Note for endorsement (in case of full reconveyance for cancellation), without affecting the liability of any person for the payment of the indebtedness, TRUSTEE may:

12.1.1 Consent to the making of any map or plat of said Property.

12.1.2 Join in granting any easement or creating any restriction thereon.

12.1.3 Join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof.

12.1.4 Reconvey, without warranty, all or any part of the Property.

12.2 The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof.

12.3 TRUSTEE'S fees for any of the services mentioned in this Article XII shall be not less than \$5.

ARTICLE XIII DEFAULT

13.1 The following shall constitute events of default:

13.1.1 Failure of GRANTOR to make any payment required by the Note within ten (10) days after written notice by BENEFICIARY (or BENEFICIARY'S agents) of any such non-payment.

13.1.2 The failure of GRANTOR to make any payment before taxes, insurance premiums or for reserves for such payments, or any other payment necessary to prevent filing of or discharge of any lien within thirty (30) days after written notice by BENEFICIARY (or BENEFICIARY'S agents) of any such non-payment.

13.1.3 The failure of GRANTOR to perform any other obligation contained in this Trust Deed, or any other obligation necessary to prevent filing of or discharge of any lien within thirty (30) days after written notice by BENEFICIARY (or BENEFICIARY'S agents) of any such obligation.

13.2 Upon default by GRANTOR in payment of any indebtedness secured hereby or in GRANTOR'S performance of any agreement hereunder, the BENEFICIARY may declare all indebtedness secured hereby immediately due and payable.

13.3 The BENEFICIARY may obtain a decree foreclosing GRANTOR'S interest in all or any part of the Property.

13.4 The BENEFICIARY at BENEFICIARY'S election may proceed to foreclose this Trust Deed by advertisement and sale.

13.5 If action, as described in Paragraph 13.4 above, is taken, the BENEFICIARY or the TRUSTEE shall execute and cause to be recorded TRUSTEE'S written notice of default and TRUSTEE'S election to sell the Property to satisfy the obligations secured hereby, whereupon the TRUSTEE shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this Trust Deed in the manner provided in ORS 86.740 to 86.795.

ARTICLE XIV ASSIGNMENTS OF RENTS; APPOINTMENT OF RECEIVERS; BENEFICIARY IN POSSESSION

14.1 As additional security hereunder, GRANTOR hereby assigns to BENEFICIARY the rents and profits, if any, of the Property.

14.2 Upon any default by GRANTOR and any acceleration under Article XIII hereof by BENEFICIARY, BENEFICIARY may at any time without notice, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, and in BENEFICIARY'S own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as BENEFICIARY may determine.

14.3 The entering upon and taking possession of the Property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

ARTICLE XV FUTURE ADVANCES

15.1 Upon request of GRANTOR, BENEFICIARY, at BENEFICIARY'S option prior to full reconveyance of the Property by TRUSTEE to GRANTOR, may make future advances to GRANTOR. Such future advances, with interest thereon, shall be secured by this Trust Deed when evidenced by promissory notes stating that said notes are secured hereby.

ARTICLE XVI FORECLOSURE BY SALE

16.1 Should the BENEFICIARY elect to foreclose by advertisement and sale then after default at any time prior to five days before the date set by the TRUSTEE for the TRUSTEE'S sale, the GRANTOR or other person so privileged by ORS 86.760, may pay to the BENEFICIARY or BENEFICIARY'S successors in interest, respectively, the entire amount then due under the terms of the Trust Deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and TRUSTEE'S and

attorney's fees not exceeding the amounts provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the TRUSTEE.

ARTICLE XVII DISTRIBUTION OF SALE PROCEEDS

17.1 When TRUSTEE sells pursuant to the powers provided herein, TRUSTEE shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the TRUSTEE and a reasonable charge by TRUSTEE'S attorney, (2) to the obligation secured by the Trust Deed, (3) to all persons having recorded liens subsequent to the interest of the TRUSTEE in the Trust Deed as their interests may appear in the order of their priority, and (4) the surplus, if any, to the GRANTOR or to GRANTOR'S successor in interest entitled to such surplus.

ARTICLE XVIII SUCCESSOR OF TRUSTEE

18.1 For any reason permitted by law, the BENEFICIARY may from time to time appoint a successor or successors to any TRUSTEE named herein or to any successor TRUSTEE appointed hereunder. Upon such appointment, and without conveyance to the successor TRUSTEE, the latter shall be vested with all title, powers and duties conferred upon any TRUSTEE herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by BENEFICIARY, containing reference to this Trust Deed and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor TRUSTEE.

ARTICLE XIX REMEDIES CUMULATIVE

19.1 All remedies provided in this Trust Deed are distinct 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.

ARTICLE XX SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CAPTIONS

20.1 The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of BENEFICIARY and GRANTOR, subject to the provisions of Article XXIV hereof.

20.2 All covenants and agreements of GRANTOR shall be joint and several.

20.3 The captions and headings of the articles of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions hereof.

ARTICLE XXI NOTICE

21.1 Except for any notice required under applicable law to be given in another manner, (a) any notice to GRANTOR provided for in this Trust Deed shall be given by mailing such notice by certified mail addressed to GRANTOR at the property address or at any such other address as GRANTOR may designate by notice to BENEFICIARY as provided herein, and (b)

any notice to BENEFICIARY shall be given by certified mail, return receipt requested, to BENEFICIARY'S address stated herein or to such other address as BENEFICIARY may designate by notice to GRANTOR as provided herein. Any notice provided for in this Trust Deed shall be deemed to have been given to GRANTOR or BENEFICIARY when given in the manner designated herein.

ARTICLE XXII UNIFORM DEED OF TRUST; GOVERNING LAW; SEVERABILITY

22.1 This form of Trust Deed combines uniform covenants for national use and non-uniform covenants with limited variations to constitute a uniform security instrument covering real property. This Trust Deed shall be governed by the law of jurisdiction in which the Property is located. In the event that any provision or clause of this Trust Deed or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Trust Deed or the Note which can be given effect without the conflicting provision, and to this end and the provisions of the Trust Deed and the Note are declared to be severable.

ARTICLE XXIII GRANTOR'S COPY

23.1 GRANTOR shall be furnished a conformed copy of the Note and this Trust Deed at the time of execution or after recordation hereof.

ARTICLE XXIV FAILURE OF BENEFICIARY TO PAY UNDERLYING ENCUMBRANCES

24.1 BENEFICIARY shall at all times maintain the balance on the underlying encumbrances in an amount less than the principal balance owing on the Note secured by this instrument.

24.2 In the event BENEFICIARY does not make any required payment on the underlying encumbrance, GRANTOR shall have the right to pay those payments and any payments so made shall be applied to the payments next falling due the BENEFICIARY under this instrument.

ARTICLE XXV RECONVEYANCE

25.1 Upon payment of all sums secured by this Trust Deed, BENEFICIARY shall request TRUSTEE to reconvey the Property and shall surrender this Trust Deed and all Notes evidencing indebtedness secured by this Trust Deed to TRUSTEE. TRUSTEE shall reconvey the property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

ARTICLE XXVI INDEMNITY

26.1 GRANTOR shall hold BENEFICIARY and TRUSTEE harmless for any and all loss and expense, including but not limited to attorney fees and court costs, in any suit, action or proceeding or any appeal therefrom brought against TRUSTEE or BENEFICIARY by a third party resulting from or attributable to BENEFICIARY'S ownership of the Note or TRUSTEE'S interest under this Trust Deed, except suits, actions and proceedings based upon a claim that

BENEFICIARY or TRUSTEE improperly entered into this Trust Deed or Note or loaned money thereunder.

ARTICLE XXVII REQUEST FOR NOTICE

27.1 GRANTOR requests that copies of the notice of default and notice of sale be sent to GRANTOR'S address which is the Property address.

IN WITNESS WHEREOF, GRANTOR has executed this Trust Deed.

Daniel Twomb

DANIEL TWOREK, Grantor

STATE OF OREGON)
) ss.
County of Klamath)



Personally appeared the above named Daniel Tworek and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me this 20th day of August, 2004.

Deborah Torrie

Notary Public for Oregon.

My Commission Expires: 10/14/05

Michael Thront

MICHAEL TWOREK, Grantor

STATE OF OREGON)
) ss.
County of Klamath)



Personally appeared the above named Michael Tworek and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me this 20th day of August, 2004.

Deborah Larrie

Notary Public for Oregon

My Commission Expires: 10/14/05

EXHIBIT A - LEGAL DESCRIPTION

TWP 39 RANGE 9, BLOCK SEC 11, TRACT FOR N2SE4NW4, ACRES 0.47, MH X# 20025,
County of Klamath, State of Oregon.