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03/18/2013 11:46:43 AM

Fee: \$77.00

AFTER RECORDING RETURN TO:

Oregon Iron Works, Inc.  
Attn: Tara Aarnio  
9700 SE Lawnfield Road  
Clackamas, OR 97015

This space is reserved for recorder's use.

### TRUST DEED

THIS TRUST DEED is made on March 16, 2013 by Patrick Brady, individually ("Grantor"), to Tara A. Aarnio, whose address is 9700 SE Lawnfield Road, Clackamas, Oregon, 97015, ("Trustee"), for the benefit of Oregon Iron Works, Inc., whose address is 9700 SE Lawnfield Road, Clackamas, Oregon, 97015 ("Beneficiary").

### RECITALS

WHEREAS, Beneficiary has a business relationship with Grantor, and various amounts will be owed for services rendered by Beneficiary, which is evidenced by this Trust Deed.

WHEREAS, as a condition to the making of the advance to Grantor, and as security for Grantor meeting its obligations to Beneficiary as set forth in this Trust Deed, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

### AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, as defined in Section 1.1 below, Grantor hereby irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Beneficiary, with power of sale, all Grantor's right, title, and interest in and to the real property located at 3732 S 6<sup>th</sup> Street, Klamath Falls, Oregon, which is more particularly described in the attached and incorporated Exhibit A, together with (1) all dwellings and other 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").

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

PROVIDED ALWAYS, that if all the Obligations hereunder shall be paid, performed, and satisfied in full, then the lien and estate hereby granted shall be reconveyed.

This Trust Deed and all other agreements executed at any time in connection therewith, as they may be amended or supplemented from time to time, are sometimes collectively referred to as the "Documents."

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

#### ARTICLE 1

##### **Particular Covenants and Warranties of Grantor**

**1.1 Obligations Secured.** This Trust Deed secures the payment and performance and all covenants and obligations of Grantor under this Trust Deed, now due or becoming due in the future and the payment and the performance of all covenants and obligations of Grantor in this Trust Deed and the other Documents (collectively, the "Obligations").

**1.2 Payment and Performance.** Grantor, as set forth in this Trust Deed, shall pay and perform all the Obligations when due.

**1.3 Property.** Grantor warrants that it holds good and merchantable title to the Trust Property, free and clear of all liens, encumbrances, reservations, restrictions, easements, and adverse claims, except those listed on the attached and incorporated Exhibit B. Grantor covenants that it shall forever defend Beneficiary's and Trustee's rights hereunder and the priority of this Trust Deed against the adverse claims and demands of all persons.

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

**1.5 Compliance with Laws.** Grantor represents, warrants, and covenants that the Trust Property is currently, and will at all times be, in material compliance with all applicable laws and all covenants, conditions, easements, and restrictions affecting the Trust Property.

**1.6 Maintenance and Improvements.** Grantor shall not permit the Trust Property or any part thereof to be removed, demolished, or materially altered without Beneficiary's prior written consent. Grantor shall maintain the Trust Property, and every portion thereof, in good repair and condition, except for reasonable wear and tear, and shall at Beneficiary's election restore, replace, or rebuild the Trust Property or any part thereof now or hereafter damaged or destroyed by any casualty (whether or not insured against or insurable) or affected by any Condemnation (as defined in Section 2). Grantor shall not commit or suffer any waste or strip of the Trust Property.

**1.8 Liens.** Grantor shall pay when due all claims for labor and materials that, if unpaid, might become a lien on the Trust Property. Grantor shall not create or suffer any lien, security interest, or encumbrance on the Trust Property that may be prior to or on a parity with the lien of this Trust Deed.

##### **1.9 Impositions.**

Grantor shall pay when due all taxes, assessments, fees, and other governmental and nongovernmental charges of every nature now or hereafter assessed against any part of the Trust Property or on the lien or estate of Beneficiary or Trustee therein (collectively, the "Impositions"); provided, however, that if by law any such Imposition may be paid in installments,

Grantor may pay the same in installments, together with accrued interest on the unpaid balance thereof, as they become due. Grantor shall furnish to Beneficiary promptly on request satisfactory evidence of the payment of all Impositions. Beneficiary is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions.

1.10 **Insurance.** Grantor shall obtain and maintain during the term of this Trust Deed all-risk property insurance (including flood insurance, unless waived by Beneficiary) in an amount not less than the full remaining principal balance of the Agreement. Such insurance may include coverage under a general liability policy held by Grantor.

1.11 **Casualty/Loss Restoration.**

1.11.1 After the occurrence of any casualty to the Trust Property, whether or not covered by insurance, Grantor shall give prompt written notice thereof to Beneficiary. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

1.11.2 All insurance proceeds with respect to the Trust Property shall be payable to Beneficiary. At Beneficiary's discretion, insurance proceeds may either be applied to the Obligations or released to Grantor, on such terms and conditions as Beneficiary elects, for restoration of the Trust Property.

## ARTICLE 2 Condemnation

Should the Trust Property or any part thereof be taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any other manner (a "Condemnation"), or should Grantor receive any notice or other information regarding such action, Grantor shall give immediate notice thereof to Beneficiary. Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor ("Condemnation Proceeds") up to the full amount of the Obligations, and may appear in any Condemnation proceeding in its own or Grantor's name and make any settlement in connection therewith. Beneficiary may, at its option, apply the Condemnation Proceeds to the Obligations or release the proceeds to Grantor, on such terms and conditions as Beneficiary elects, for restoration of the Trust Property.

## ARTICLE 3 Events of Default; Remedies

3.1 **Events of Default.** Each of the following shall constitute an Event of Default under this Trust Deed and under each of the other Documents, if any:

3.1.1 **Nonpayment.** Failure of Grantor, to pay or execute any of the Obligations as follows:

3.1.1.1 Failure of Grantor to make a payment to Beneficiary of at least \$300,000 within three (3) years of the date of this deed of trust and an additional \$200,000 (for a total of \$500,000), within five (5) years of the date of this deed of trust, as set forth in the Documents;

3.1.2 **Breach of Other Covenants.**

Failure of Grantor to perform or abide by any other covenant included in the Obligations, including without limitation those covenants in this Trust

Deed, or in any other Document.

**3.1.3 Misinformation.** Falsity when made in any material respect of any representation, warranty, or information furnished by Grantor, or its agents, to Beneficiary in connection with any of the Obligations.

**3.1.4 Other Default.** The occurrence of any other event of default under the this Trust Deed, the Documents, or any of the other Obligations.

**3.1.5 Bankruptcy.** The occurrence of any of the following with respect to Grantor, any guarantor of the Obligations, or the then-owner of the Trust Property: (a) appointment of a receiver, liquidator, or trustee for any such party or any of its properties; (b) adjudication as a bankrupt or insolvent; (c) filing of any petition by or against any such party under any state or federal bankruptcy, reorganization, moratorium, or insolvency law; (d) inability to pay debts when due; or (e) any general assignment for the benefit of creditors.

**3.1.6 Transfer; Due-on-Sale.** Any sale, gift, conveyance, contract for conveyance, transfer, or assignment of the Trust Property, or any part thereof or any interest therein, either voluntarily, involuntarily, or by the operation of law (a "Transfer"), without Beneficiary's prior written consent. The provisions of this subsection 3.1.6 shall apply to each and every Transfer, regardless of whether or not Beneficiary has consented or waived its rights in connection with any previous Transfer. Beneficiary may attach such conditions to its consent under this subsection 3.1.6 as Beneficiary may determine, in its sole discretion, including without limitation, an increase in the interest rate or the payment of transfer or assumption fees, and the payment of administrative and legal fees and costs incurred by Beneficiary.

**3.2 Remedies in Case of Default.** If an Event of Default shall occur, Beneficiary or Trustee, as the case may be, may exercise the following rights and remedies:

**3.2.1 Acceleration.** Beneficiary may declare all or any portion of the Obligations immediately due and payable; and

**3.2.2 Possession.** Beneficiary may, either through a receiver or as lender-in-possession, enter and take possession of all or any part of the Trust Property and use, operate, manage, and control it as Beneficiary shall deem appropriate in its sole discretion. On request after an Event of Default, Grantor shall peacefully relinquish possession and control of the Trust Property to Beneficiary or any receiver appointed under this Trust Deed. On taking possession of all or any part of the Trust Property, Trustee, Beneficiary, or a receiver may: i) use, operate, manage, control, and conduct business with the Trust Property and make expenditures for such purposes and for such maintenance and improvements as are deemed reasonably necessary; and ii) collect all rents, revenues, income, issues, and profits from the Trust Property and apply such sums to the reasonable expenses of use, operation, management, maintenance, and improvements.

**3.2.3 Power of Sale.** Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and sale under applicable law; or

**3.2.4 Foreclosure.** Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Trust Property and giving Beneficiary the right to collect any deficiency remaining due after disposition of the Trust Property.

**3.3 Sale.** In any sale under this Trust Deed or pursuant to any judgment, the Trust Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in such order as Beneficiary may elect. The purchaser at any such sale shall take title to the Trust Property or the part thereof so sold, free and clear of the estate of Grantor, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Beneficiary, may purchase at any such sale. Beneficiary is hereby irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Trust Property or any portions thereof so sold. Nevertheless, Grantor shall ratify and confirm any such sale or sales by executing and delivering to Beneficiary or to such purchaser or purchasers all such instruments requested by Beneficiary for such purpose.

**3.4 Application of Proceeds.** All proceeds from the exercise of the rights and remedies under this Article 3 shall be applied (1) to costs of exercising such rights and remedies and (2) to the Obligations, in such order as Beneficiary shall determine in its sole discretion. The surplus, if any, shall in the case of a judicial foreclosure proceeding be paid to the clerk of the court or, otherwise, to the person or persons legally entitled thereto.

**3.5 Deficiency.** No sale or other disposition of all or any part of the Trust Property pursuant to this Article 3 shall be deemed to relieve Grantor of any of the Obligations, except to the extent that the proceeds are applied to the payment of such Obligations. If the proceeds of a sale, a collection, or other realization of or on the Trust Property are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Grantor shall remain liable for any deficiency to the fullest extent permitted by law.

#### **ARTICLE 4** **General Provisions**

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

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

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

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

**4.5 Trust Deed Binding on Successors and Assigns.** This Trust Deed shall be binding on and inure to the benefit of the heirs, legatees, personal representatives, successors, and assigns of Grantor, Trustee, and Beneficiary.

**4.6 Indemnity.** Grantor shall, to the fullest extent allowed by law, hold Beneficiary and Trustee and, if either is a corporation or other legal entity, their respective directors, officers, employees, agents, and attorneys, harmless from and indemnify them for any and all third-party claims, demands, damages, liabilities, and expenses, including but not limited to attorney fees and court costs arising out of or in connection with Trustee's or Beneficiary's interests and rights under this Trust Deed.

**4.7 Expenses and Attorney Fees.** If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice following a default; if Beneficiary is the prevailing party in any litigation instituted in connection with any of the Obligations; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Obligations or the Trust Property (including, but not limited to, bankruptcy, eminent domain, or probate proceedings), and a lawyer is employed by Beneficiary to appear in any such proceeding or seek relief from a judicial or statutory stay or otherwise enforce Beneficiary's interests, then in any such event Grantor and Grantor shall pay reasonable attorney fees, costs, and expenses incurred by Beneficiary in connection with the above-mentioned events and any appeals. Such amounts shall be secured by this Trust Deed and, if not paid on demand, shall bear interest at the rate specified in the Agreement.

**4.8 Applicable Law.** This Trust Deed shall be governed by the laws of the state of Oregon.

**4.9 Severability.** If any provision of this Trust Deed shall be held to be invalid, illegal, or unenforceable, the other provisions of this Trust Deed shall not be affected.

**4.10 Commercial Property.** Grantor covenants and warrants that the Property and Improvements are used by Grantor exclusively for business and commercial purposes. Grantor also covenants and warrants that the Property and Improvements are not now, and at no time in the future will be, occupied as the principal residence of Grantor, Grantor's spouse, or Grantor's minor or dependent child.

**4.11 Entire Agreement.** This Trust Deed contains the entire agreement of the parties with respect to the Trust Property. No prior agreement or promise made by any party to this Trust Deed that is not contained herein shall be binding.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE O

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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

GRANTOR

  
Patrick Brady

STATE OF OREGON )

) ss.

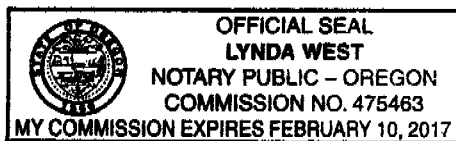
County of Klamath )

This instrument was acknowledged before me on MARCH 18, 2013, by Patrick Brady, individually.



NOTARY PUBLIC FOR OREGON

My Commission Expires: 2/10/17



## **EXHIBIT A**

### **Legal Description**

Real property in the County of Klamath, State of Oregon, described as follows:

BEGINNING AT A POINT 48.5 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN; THENCE SOUTH 646.5 FEET TO THE RIGHT OF WAY OF THE OREGON CALIFORNIA AND EASTERN RAILWAY COMPANY; THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY 162 FEET; THENCE NORTHERLY 576.3 FEET TO THE SOUTH SIDE OF THE DALLES-CALIFORNIA HIGHWAY; THENCE EASTERLY 150 FEET TO THE PLACE OF BEGINNING. SAVING AND EXCEPTING FROM SAID PREMISES THE PORTIONS CONVEYED TO THE STATE OF OREGON FOR HIGHWAY PURPOSES. ALSO SAVING AND EXCEPTING THE FOLLOWING DESCRIBED PARCEL: A TRACT OF LAND SITUATED IN THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE EAST ONE-FOURTH CORNER OF SAID SECTION 3; THENCE SOUTH 89° 52' WEST 1,275.74 FEET; THENCE SOUTH 00° 21' 47" EAST 54.10 FEET TO A ONE-HALF INCH PIPE ON THE SOUTHERLY RIGHT OF WAY LINE OF THE DALLES-CALIFORNIA HIGHWAY MARKING THE NORTHEAST CORNER OF THAT PARCEL OF LAND DESCRIBED IN VOLUME 251, PAGE 162, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE CONTINUING SOUTH 00° 21' 47" EAST ALONG THE EAST LINE OF SAID PARCEL DESCRIBED IN SAID VOLUME 251, PAGE 162, DEED RECORDS OF KLAMATH COUNTY, OREGON, 233.00 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE CONTINUING SOUTH 00° 21' 47" EAST ALONG SAID LINE 395.64 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE OREGON CALIFORNIA AND EASTERN RAILWAY COMPANY; THENCE NORTH 67° 41' WEST ALONG SAID RIGHT OF WAY LINE 156.57 FEET (162 FEET BY RECORD); THENCE NORTH 00° 55' 30" WEST ALONG THE WEST LINE OF SAID PARCEL DESCRIBED IN VOLUME 251, PAGE 162, DEED RECORDS OF KLAMATH COUNTY, OREGON, 334.24 FEET; THENCE NORTH 89° 14' EAST 147.71 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION.

Tax Parcel Number: R528584



## **EXHIBIT B**

### **Encumbrances**

#### **Notice of Lien**

Recorded: October 18, 2011

Recording No.: 2011-11637, records of Klamath County, Oregon

Records of: Klamath County, Oregon

Lien Claimant: Department of Environmental Quality

Amount: \$15,601.57 plus interest, if any

Deed of Trust and the terms and conditions thereof.

Grantor/Trustor: Patrick Brady

Grantee/Beneficiary: Lyle L. Jantz, Jr. and Marilyn M. Jantz, Trustees of the Jantz

Revocable Living Trust

Trustee: First American Title Insurance Company of Oregon

Amount: \$115,000.00

Recorded: February 20, 2009

Recording Information: 2009-2644, records of Klamath County, Oregon