2014-003144 Klamath County, Oregon



After recording, return to: LES M. MOMBERT BRADLY L. MOMBERT 60686 Tekampe Road Bend, OR 97702

04/10/2014 09:11:19 AM

Fee: \$72.00

## LINE OF CREDIT TRUST DEED

Grantor:

BRAND X RENTALS & SALES, LLC,

an Oregon limited liability company

60686 Tekampe Road, Bend, OR 97702

Trustee:

ROBERT A. SMEJKAL, Attorney at Law

800 Willamette Street, Suite 800, Eugene, OR 97401

Beneficiaries:

LES M. MOMBERT and BRADLY L. MOMBERT

60686 Tekampe Road, Bend, OR 97702

DATE:

March 24 4 2014

#### **RECITALS:**

A. Beneficiaries have agreed to establish a line of credit for the benefit of Grantor which shall be evidenced by a written Line of Credit Agreement dated on or about the date of this Line of Credit Trust Deed ("Trust Deed"); and

**B.** As a condition to the making of the loan to Grantor, Beneficiaries have required Grantor and Grantor has agreed to execute and deliver this Trust Deed.

## LINE OF CREDIT TERMS:

The maximum principal amount to be advanced pursuant to the Line of Credit Agreement is Four Hundred Thousand Dollars (\$400,000.00). The maturity date of the Line of Credit Agreement is March 31, 2018.

## **GRANT AND CONVEYANCE:**

NOW, THEREFORE, for the purpose of securing the Obligations described in Section 1.1 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Beneficiaries, with power of sale and right of entry and possession, all Grantor's right, title, and interest in and to the real property located in Klamath County, Oregon, and more particularly described in Exhibit "A" attached to this Trust Deed and incorporated in it;

LINE OF CREDIT TRUST DEED - Page 1 of 7

**TOGETHER WITH** all interests, estates, and rights that Grantor now has or may hereafter acquire in: (1) the Property, (2) any and all buildings and other improvements of every nature now or hereafter located on the Property, and (3) all easements, rights-of-way, and other rights used in connection with the Property; and

**TOGETHER WITH** all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Property or the Improvements.

All of the above shall be referred to as the "the Property."

The Property is conveyed by Grantor to Trustee and Trustee's successors and assigns for the benefit of Beneficiaries and Beneficiaries' successors and assigns.

**PROVIDED**, that if all the Obligations (as defined in Section 1.1 below) are paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed will be reconveyed.

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

- Section 1. Particular Covenants and Warranties of Grantor
- **1.1 Obligations Secured.** This Trust Deed secures the following, collectively referred to as the "Obligations":
- 1.1.1 The payment of all principal and interest, and the performance of all covenants and obligations of Grantor, under the Line of Credit Agreement (the "Agreement"), including any renewal, extension, modification or amendment of the Agreement.
- **1.1.2** The payment and performance of all covenants and obligations in this Trust Deed, including any renewals, extensions, modifications or amendments of this Trust Deed.
- 1.2 Payment and Performance. Grantor will duly pay and perform all the Obligations when due.
- 1.3 Property. Grantor warrants that Grantor holds good and marketable title to the Property and the Improvements, free and clear of all liens, encumbrances, reservations, restrictions, easements, and adverse claims. Grantor covenants that Grantor will forever defend Beneficiaries' and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.
- 1.4 Further Assurances. Grantor will execute, acknowledge, and deliver, from time to time, any further instruments that Beneficiaries or Trustee may require to accomplish the purposes of this Trust Deed.
- 1.5 Compliance with Laws. Grantor represents, warrants and covenants that the Property is currently in material compliance with, and will at all times be maintained in material compliance with, all applicable laws and all covenants, conditions, easements, and restrictions affecting the Property.
- 1.6 Maintenance and improvements. Grantor will not permit all or any part of the Improvements to be removed, demolished, or materially altered without Beneficiaries' prior written consent. Grantor will maintain every portion of the Property and Improvements in good repair, working order, and condition, except for reasonable wear and tear, and will at Beneficiaries' election restore, replace, or rebuild all or any part of the Improvements now or hereafter damaged or destroyed by any casualty. Grantor will not commit, permit, or suffer any waste, strip, or deterioration of the Property.

- 1.7 Liens. Grantor will pay, when due, all claims for labor, materials, or supplies that if unpaid might become a lien on all or any portion of the Property. Grantor will not create, or suffer, or permit to be created, any mortgage, deed of trust, lien, security interest, charge, or encumbrance on the Property prior to this Trust Deed.
- 1.8 Taxes and Assessments. Grantor will pay or cause to be paid, when due, and before any fine, penalty, interest, or cost attaches, all taxes, assessments, fees, levies, and all other governmental charges of every nature now or hereafter assessed or levied against any part of the Property, or on the lien or estate of Beneficiaries or Trustee (collectively, the "Taxes and Assessments"); however, if any such Taxes and Assessments may be paid in installments, whether or not interest will accrue on the unpaid balance, Grantor may pay the same in installments, together with accrued interest on the unpaid balance, as the same become due, before any fine, penalty, interest, or cost attaches.
- 1.9 Insurance. Grantor will provide and continuously maintain insurance on the Improvements on the Property against loss or damage by fire and other hazards covered by a fire insurance policy with extended coverage endorsement, in an amount not less than the full insurable replacement value of the Improvements with loss payable to Beneficiaries. Proof of insurance shall be delivered to Beneficiaries as soon as insured; if Grantor fails for any reason to procure any such insurance and deliver proof of insurance to Beneficiaries at least fifteen (15) days prior to expiration of any policy of insurance now or hereafter placed on the Improvements, Beneficiaries may procure the same at Grantor's expense. In the event of a casualty loss, Beneficiaries may either apply the proceeds from the insurance policy upon the Agreement, whether or not the Agreement is then due, or apply all or any portion of the insurance proceeds to the costs of restoring and rebuilding the portion of the Property that was damaged or destroyed. If Beneficiaries elect to apply the insurance proceeds to rebuilding and restoration. Beneficiaries will be entitled to hold the proceeds, and the proceeds will be released only on terms and conditions that Beneficiaries may require in Beneficiaries' sole discretion. No proceeds will be released if Grantor is in default under this Trust Deed.
- 1.10 Actions to Protect Property. If Grantor fails to obtain the insurance required by Section 1.9, fails to make the payments required by Section 1.8, or fails to perform or observe any of Grantor's other covenants or agreements under this Trust Deed, Beneficiaries may, without obligation to do so, obtain or pay the same or take other action that they deem appropriate to remedy such failure. All sums, including reasonable attorney fees, so expended or expended to maintain the lien or estate of this Trust Deed or its priority, or to protect or enforce any of Beneficiaries' rights, or to recover any indebtedness secured by this Trust Deed, will be a lien on the Property, will be secured by this Trust Deed, and will be paid by Grantor on demand, together with interest at the rate provided in the Agreement. No payment or other action by Beneficiaries under this section will impair any other right or remedy available to Beneficiaries or constitute a waiver of any default. The following notice is provided pursuant to ORS 746.201(1):

#### WARNING:

Unless Grantor provides Beneficiaries with evidence of the insurance coverage required by this Trust Deed, Beneficiaries may purchase insurance at Grantor's expense to protect Beneficiaries' interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Beneficiaries purchase may not pay any claim Grantor make or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

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

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

Section 2. Assignment of Rents

Grantor assigns and transfers to Beneficiaries: (1) all leases, subleases, licenses, rental contracts, and other agreements, whether now existing or hereafter arising, and relating to the occupancy or use of all or any portion of the Property, including all modifications, extensions, and renewals of them (the "Leases"), and (2) all rents, revenues, issues, profits, income, proceeds, and benefits derived from the Property (collectively, the "Rents"). This assignment is intended by Grantor and Beneficiaries to become effective immediately upon any default by Grantor hereunder.

## Section 3. Events of Default and Remedies

- 3.1 Events of Default. Each of the following events will constitute an event of default under this Trust Deed and under each of the other Loan Documents:
- **3.1.1** *Nonpayment.* Grantor's failure to pay any of the Obligations on or before the due date.
- **3.1.2** Breach of Other Covenants. Grantor's failure to perform or abide by any other covenant included in the Obligations including, without limitation, those covenants in the Agreement, this Trust Deed, or the Security Agreement.
- 3.2 Remedies in Case of Default. If an Event of Default occurs, Beneficiaries or Trustee may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise:
- 3.2.1 Acceleration. Beneficiaries may declare all or any portion of the Obligations immediately due and payable.
- 3.2.2 Receiver. Beneficiaries may have a receiver appointed for the Property. Beneficiaries will be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the indebtedness secured by this Trust Deed. Employment by Trustee or Beneficiaries will not disqualify a person from serving as a receiver. Grantor's consent to the appointment of a receiver at Beneficiaries' option and waive any and all defenses to such an appointment.
- 3.2.3 Possession. Beneficiaries may, either through a receiver or as lender-in-possession, enter and take possession of all or any part of the Property and use, operate, manage, and control it as Beneficiaries deem appropriate in Beneficiaries' sole discretion. On request after an Event of Default, Grantor will peacefully relinquish possession and control of the Property to Beneficiaries or any receiver appointed under this Trust Deed.
- **3.2.4** Rents. Beneficiaries may revoke Grantor's right to collect the Rents, and may, either themselves or through a receiver, collect the Rents. Beneficiaries will not be deemed to be in possession of the Property solely by reason of Beneficiaries" exercise of the rights contained in this subsection 3.2.4. If Beneficiaries collect the Rents under this subsection,

Grantor hereby irrevocably appoints Beneficiaries as Grantor's attorney-in-fact, with power of substitution, to endorse instruments received in payment of the Rents in the name of Grantor and to negotiate such instruments and collect their proceeds. After payment of all Obligations, any remaining amounts will be paid to Grantor and this power will terminate.

- 3.2.5 Power of Sale. Beneficiaries may direct Trustee, and Trustee will be empowered, to foreclose this Trust Deed by advertisement and sale under applicable law.
- 3.2.6 Foreclosure. Beneficiaries may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property and giving Beneficiaries the right to collect any deficiency remaining due after disposition of the Property.
- 3.3 Sale. In any sale under this Trust Deed or pursuant to any judgment, the purchaser at any such sale will take title to the Property or the part of it so sold, free and clear of Grantor's estate, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Beneficiaries, may purchase at any such sale. Beneficiaries are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Property or any portions of it so sold and, for that purpose, Beneficiaries may execute all appropriate instruments of transfer. Nevertheless, Grantor will ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Beneficiaries or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Beneficiaries, for that purpose.
- 3.4 Cumulative Remedies. All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy will not preclude the exercise of any other remedy. An election by Beneficiaries to cure under Section 1.10 will not constitute a waiver of the default or of any of the remedies provided in this Trust Deed. No delay or omission in exercising any right or remedy will impair the full exercise of that or any other right or remedy or constitute a waiver of the default.
- 3.5 Application of Proceeds. All proceeds realized from the exercise of the rights and remedies under Section 3.2 will be applied as follows:
- **3.5.1** Costs and Expenses. To pay all costs of exercising the rights and remedies, including the costs of maintaining and preserving the Property, the costs and expenses of any receiver or lender-in-possession, the costs of any sale, and the costs and expenses provided for in Section 4.7 below.
- **3.5.2** *Indebtedness.* To pay all Obligations, in any order that Beneficiaries may determine in Beneficiaries' sole discretion.
- **3.5.3** Surplus. The surplus, if any, remaining after satisfaction of all the Obligations will be paid to the clerk of the court in the case of a judicial foreclosure proceeding, otherwise to the person or persons legally entitled to the surplus.

## Section 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 on the request of Beneficiaries, payment of Trustee's fees, if any, and presentation of this Trust Deed, without affecting liability of any persons for the payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any facts will be conclusive proof of the truthfulness of them.

- 4.3 Notice. Except as otherwise provided in this Trust Deed, all notices pertaining to this Trust Deed must be in writing and may be delivered by hand, or mailed by first-class mail, postage prepaid, and addressed to the appropriate party at the address set forth at the outset of this Trust Deed. Any party may change their address for receiving notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph will be deemed to have been given two (2) days after the date of mailing; notices given by hand will be deemed to have been given when actually received.
- 4.4 Substitute Trustee. Beneficiaries may, at any time, substitute one (1) or more trustees to execute the trust hereby created, and the new trustee or trustees will succeed to all the powers and duties of the prior trustee or trustees.
- 4.5 Trust Deed Binding on Successors and Assigns. This Trust Deed is binding on and inures to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiaries. If the Property or any portion of it becomes vested in any person other than Grantor, Beneficiaries will have the right to deal with the successor regarding this Trust Deed, the Property, and the Obligations in any manner that Beneficiaries deem appropriate in Beneficiaries' sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.
- 4.6 Indemnity. Grantor will hold Beneficiaries and Trustee and their respective agents and lawyers harmless from and indemnify them for any and all 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 Beneficiaries' interest under this Trust Deed, except that Grantor will not be liable for acts performed by Beneficiaries or Trustee in violation of applicable law.
- 4.7 Expenses and Attorney Fees. If Beneficiaries refer any of the Obligations to a lawyer for collection or seeks legal advice after a default, if Beneficiaries are the prevailing party in any litigation instituted in connection with any of the Obligations, or if Beneficiaries or any other person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Obligations or the Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, under probate proceedings, or in connection with any state or federal tax lien), and Beneficiaries employ a lawyer to appear in any such action, suit or proceeding, seek relief from a judicial or statutory stay, protect, preserve, or enforce Beneficiaries' interests, then in any such event Grantor must pay reasonable attorney fees, costs, and expenses incurred by Beneficiaries in connection with the above-mentioned events or any appeals related to them, including, but not limited to, costs incurred in searching records and the cost of title reports. Those amounts will be secured by this Trust Deed and, if not paid on demand, will bear interest at the rate specified in the Agreement.
- 4.8 Applicable Law. This Trust Deed and the validity, interpretation, performance, and enforcement of this Trust Deed will be governed by Oregon law.
- 4.9 Captions. The captions to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and do not define, diminish, or enlarge the rights of the parties or affect the construction or interpretation of any portion of this Trust Deed.
- 4.10 Person Defined. As used in this Trust Deed, the word person means any natural person, partnership, trust, corporation, or other legal entity of any nature.
- **4.11** Severability. If any provision of this Trust Deed is held to be invalid, illegal, or unenforceable, that invalidity, illegality, or unenforceability will not affect any other provisions of this Trust Deed, and the other provisions will be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Trust Deed.
- 4.12 Entire Agreement. This Trust Deed contains the entire agreement of the parties with respect to the Property. No prior agreement, statement, or promise made by any party to this Trust Deed that is not contained in this Trust Deed will be binding or valid.

**4.13 Commercial Purposes.** This Trust Deed secures payment of an Agreement which is being made for the business purposes of Grantor.

#### **GRANTOR:**

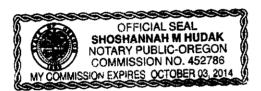
BRAND X/RENTALS & SALES, LLC

LES M. MOMBERT. Member

State of Oregon, County of Deschutes

) ss.

This Line of Credit Trust Deed was acknowledged before me on March 25, 2014, by LES M. MOMBERT, a Member of BRAND X RENTALS & SALES, LLC, an Oregon limited liability company.



Notary Public for Oregon

expires 10/03/2014

### Exhibit "A"

"Lots 28A, 28B, 29A and 29B, Block 7 RAILROAD ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath Falls, Oregon."