

7061-3492026 JM  
After recording, return to:  
LBLM Investments, LLC  
60720 Tekampe Road  
Bend, OR 97702

2020-007936

Klamath County, Oregon

06/29/2020 02:21:05 PM

Fee: \$122.00

After recording return to:  
First American Title  
395 SW Bluff Drive, Suite 100  
Bend, OR 97702

381325AM

### TRUST DEED AND ASSIGNMENT OF RENTS

---

Grantor: **JANET R. SHERRILL**  
PO Box 1, Klamath Falls, OR 97601  
Trustee: **FIRST AMERICAN TITLE COMPANY**  
395 SW Bluff Drive, Bend, OR 97702  
Beneficiary: **LBLM INVESTMENTS, LLC, AN OREGON LIMITED LIABILITY COMPANY**  
60720 Tekampe Road, Bend, OR 97702

---

DATE: June 24, 2020

#### RECITALS:

A. Beneficiary has agreed to make a loan to Grantor in the sum of One Hundred Seventy Thousand Dollars (\$170,000.00), and such loan is to be evidenced by a Promissory Note dated on or about the date of this Trust Deed and Assignment of Rents ("Trust Deed"). The loan, if not sooner paid, is due and payable in full on June 24, 2024; and

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

#### GRANT AND CONVEYANCE:

**NOW, THEREFORE**, for the purpose of securing the Obligations described in Section 1.1 below, Grantor irrevocably grant, bargain, sell, convey, assign, and transfer to Trustee in trust for the benefit and security of the Beneficiary, 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 on Exhibit A attached hereto and incorporated herein by this reference.

**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 Beneficiary 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**

**Section 1.1 Obligations Secured.** This Trust Deed secures the following, collectively referred to as the "Obligations":

**Section 1.1.1** The payment of all principal and interest, and the performance of all covenants and obligations of Grantor, under the Promissory Note, including any renewal, extension, modification or amendment of the Promissory Note.

**Section 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.

**Section 1.2 Payment and Performance.** Grantor will duly pay and perform all the Obligations when due.

**Section 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's covenant that Grantor will forever defend Beneficiary's and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.

**Section 1.4 Further Assurances.** Grantors will execute, acknowledge, and deliver, from time to time, any further instruments that Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

**Section 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.

**Section 1.6 Maintenance and Improvements.** Grantor will not permit all or any part of the Improvements to be removed, demolished, or materially altered without Beneficiary's 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 Beneficiary's 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.

**Section 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.

**Section 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 Beneficiary 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.

**Section 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 Beneficiary. Proof of insurance shall be delivered to Beneficiary as soon as insured; if Grantor shall fail for any reason to procure any such insurance and deliver proof of insurance to Beneficiary at least fifteen (15) days prior to expiration of any policy of insurance now or hereafter placed on the Improvements, Beneficiary may procure the same at Grantor's expense. In the event of a casualty loss, Beneficiary may either apply the proceeds from the insurance policy upon the Promissory Note, whether or not the Promissory Note 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 Beneficiary elects to apply the insurance proceeds to rebuilding and restoration, Beneficiary will be entitled to hold the proceeds, and the proceeds will be released only on terms and conditions that Beneficiary may require in Beneficiary's sole discretion. No proceeds will be released if Grantor is in default under this Trust Deed.

**Section 1.10 Actions to Protect Property.** If Grantor fails to obtain the insurance required by Section 1.9, fails to pay the Taxes and Assessments required by Section 1.8, or fails to perform or observe any of Grantor's other covenants or agreements under this Trust Deed, Beneficiary may, without obligation to do so, obtain or pay the same or take other action that it deems 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 Beneficiary's 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 Note. No payment or other action by Beneficiary under this section will impair any other right or remedy available to Beneficiary or constitute a waiver of any default. The following notice is provided pursuant to ORS 746.201(1):

**WARNING:**

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

Grantor is responsible for the cost of any insurance purchased by Beneficiary. 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 Beneficiary purchases 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 Leases, Rents and Profits**

**Section 2.1      Assignment.** Grantor assigns and transfers to Beneficiary: (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 Beneficiary to create a present and unconditional assignment to Beneficiary, subject only to the license set forth in Section 2.4 below.

**Section 2.2      Rights of Beneficiary.** Subject to the provisions of Section 2.4 below giving Grantor a revocable, limited license, Beneficiary will have the right, power, and authority to:

**Section 2.2.1**      Notify any and all tenants, renters, licensees, and other obligors under any of the Leases that the same have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has foreclosed or commenced foreclosure proceedings against the Property, and whether or not Beneficiary has taken possession of the Property;

**Section 2.2.2**      Discount, settle, compromise, release, or extend the time for payment of, any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary;

**Section 2.2.3**      Collect and enforce payment of Rents and all provisions of the Leases, and to prosecute any action or proceeding, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and

**Section 2.2.4**      Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

**Section 2.3      Application of Receipts.** Beneficiary will have the right, power, and authority to use and apply any Rents received under this Trust Deed: (1) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Beneficiary, and in collecting any Rents, and (2) for the operation and maintenance of the Property and the payment of all costs and expenses in connection therewith, including but not limited to the payment of utilities, taxes, assessments, governmental charges, and insurance. After the payment of all such costs and expenses, and after Beneficiary has set up any reserves that Beneficiary deems necessary in Beneficiaries' sole discretion for the proper management of the Property, Beneficiary will apply all remaining Rents collected and received by Beneficiary to the reduction of the Obligations in any order that Beneficiary may determine. Beneficiary's exercise or failure to exercise any of the rights or powers granted in this assignment will not constitute a waiver of default by Grantor under this Trust Deed, the Note, or any of the other Loan Documents.

**Section 2.4      License.** Beneficiary hereby grants to Grantor a revocable license to collect and receive the Rents. This license may be revoked by Beneficiary on the occurrence of any event of default under this Trust Deed, including any default by Grantor of Grantor's covenants in this Section 2. Unless and until the license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the Obligations and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Property, and to the maintenance of the Property, before using the proceeds for any other purpose. Grantor agrees to: (1) observe and perform every obligation of Grantor under the Leases, (2) enforce or secure at Grantor's expense the performance of every obligation to be performed by any lessee or other party under the Leases, (3) not collect any Rents more than thirty (30) days in advance of the time when they become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent, (4) deliver copies of all present and future leases to Beneficiary promptly, and (5) appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in

connection with the Leases or the Rents. If any Lease is rejected in any proceeding under the federal Bankruptcy Code or any other federal, state, or local statute, no damage settlement may be made without the prior written consent of Beneficiary. Grantor will request that any check in payment of damages for rejection or termination of any such Lease will be made payable to both Grantor and Beneficiary. Grantor hereby assigns any such payment to Beneficiary.

**Section 2.5 Limitation of Beneficiary's Obligations.** Notwithstanding the assignment provided for in this Section 2, Beneficiary will not be obligated to perform or discharge, and Beneficiary does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment will not operate to place responsibility for the control, care, maintenance, or repair of the Property on Beneficiary, or to make Beneficiary responsible for any condition of the Property. Beneficiary will be accountable to Grantor only for the sums actually collected and received by Beneficiary under this assignment. Grantor will hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend Beneficiary against any and all claims, demands, liabilities, losses, damages, and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise therefrom.

**Section 2.6 Termination.** The assignment provided for in this Section 2 will continue in full force and effect until all the Obligations have been fully paid and satisfied. At that time, this assignment and the authority and powers herein granted by Grantor to Beneficiary will cease and terminate.

**Section 2.7 Attorney-in-Fact.** Grantor irrevocably constitutes and appoints Beneficiary as Grantor's true and lawful attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers, and authorities described in this Section 2 with the same force and effect as if undertaken or performed by Grantor, and Grantor ratifies and confirms any and all such actions that may be taken or omitted to be taken by Beneficiary, its employees, agents, and lawyers.

### **Section 3 Events of Default and Remedies**

**Section 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:

**Section 3.1.1 Nonpayment.** Grantor's failure to pay any of the Obligations on or before the due date.

**Section 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 Promissory Note or this Trust Deed.

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

**Section 3.1.4 Transfer; Due-on-Sale; Due-on-Encumbrance.** Any sale, gift, conveyance, contract for conveyance, transfer, assignment, encumbrance, pledge, or grant of a security interest in all or any part of the Property, or any interest therein, either voluntarily, involuntarily, or by the operation of law, without Beneficiary's prior written consent, will constitute an event of default.

**Section 3.2 Remedies in Case of Default.** If an Event of Default occurs, Beneficiary 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:

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

**Section 3.2.2 Receiver.** Beneficiary may have a receiver appointed for the Property. Beneficiary 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 Beneficiary will not disqualify a person from serving as a receiver. Grantor's consent to the appointment of a receiver at Beneficiary's option and waive any and all defenses to such an appointment.

**Section 3.2.3 Possession.** Beneficiary 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 Beneficiary deems appropriate in Beneficiary's sole discretion. On request after an Event of Default, Grantor will peacefully relinquish possession and control of the Property to Beneficiary or any receiver appointed under this Trust Deed.

**Section 3.2.4 Rents.** Beneficiary may revoke Grantor's right to collect the Rents, and may, either himself or through a receiver, collect the Rents. Beneficiary will not be deemed to be in possession of the Property solely by reason of Beneficiary's exercise of the rights contained in this subsection 3.2.4. If Beneficiary collects the Rents under this subsection, Grantor hereby irrevocably appoints Beneficiary 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.

**Section 3.2.5 Power of Sale.** Beneficiary may direct Trustee, and Trustee will be empowered, to foreclose this Trust Deed by advertisement and sale under applicable law.

**Section 3.2.6 Foreclosure.** Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property and giving Beneficiary the right to collect any deficiency remaining due after disposition of the Property.

**Section 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 Beneficiary and Beneficiary's officers, agents, and employees, may purchase at any such sale. Beneficiary and each of Beneficiary's officers 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, Beneficiary and Beneficiary's officers 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 Beneficiary or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Beneficiary, for that purpose.

**Section 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 Beneficiary 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.

**Section 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:

**Section 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.

**Section 3.5.2 Indebtedness.** To pay all Obligations, in any order that Beneficiary may determine in Beneficiary's sole discretion.

**Section 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**

**Section 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.

**Section 4.2        Reconveyance by Trustee.** At any time on the request of Beneficiary, 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.

**Section 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.

**Section 4.4        Substitute Trustee.** Beneficiary 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.

**Section 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 Beneficiary. If the Property or any portion of it becomes vested in any person other than Grantor, Beneficiary will have the right to deal with the successor regarding this Trust Deed, the Property, and the Obligations in any manner that Beneficiary deems appropriate in Beneficiary's sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

**Section 4.6        Indemnity.** Grantor will hold Beneficiary and Trustee and their respective directors, officers, employees, 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 Beneficiary's interest under this Trust Deed, except that Grantor will not be liable for acts performed by Beneficiary or Trustee in violation of applicable law.

**Section 4.7        Expenses and Attorney Fees.** If Beneficiary refers any of the Obligations to a lawyer for collection or seeks legal advice after 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 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 Beneficiary employs a lawyer to appear in any such action, suit or proceeding, seeks relief from a judicial or statutory stay, protect, preserve, or enforce Beneficiary's interests, then in any such event Grantor must pay reasonable attorney fees, costs, and expenses incurred by Beneficiary 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 Note.

**Section 4.8        Applicable Law.** This Trust Deed and the validity, interpretation, performance, and enforcement of this Trust Deed will be governed by Oregon law.

**Section 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.

**Section 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.

**Section 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.

**Section 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.

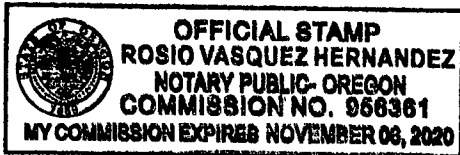
**Section 4.13 Commercial Purposes.** This Trust Deed secures payment of a Note which is being made for the business purposes of Grantor.

**GRANTOR:**

Janet R Sherrill  
Janet R. Sherrill

State of Oregon, County of Klamath ) ss.

This Trust Deed and Assignment of Rents was acknowledged before me on June 24, 2020 by Janet R. Sherrill.



[Signature]  
Notary Public for Oregon

**REQUEST FOR FULL RECONVEYANCE**

To: First American Title Company, Trustee:

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing Trust Deed and Assignment of Rents ("Trust Deed"). All sums secured by said Trust Deed have been fully paid and satisfied. You are hereby directed, on payment to you of any sums owing to you under the terms of said Trust Deed pursuant to statute, to cancel all evidences of indebtedness secured by said Trust Deed, which are delivered to you herewith together with said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed the estate now held by you under the same. Mail reconveyance documents to Grantor at PO Box 1, Klamath Falls, OR 97601. Dated: \_\_\_\_\_.

\_\_\_\_\_  
Beneficiary

**Exhibit A**

Parcel 2 of Land Partition 24-14 being a portion of Tract 43 of Enterprise Tracts situated in the NW ¼ NW ¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon recorded February 27, 2015 in Volume 2015-001774, Microfilm Records of Klamath County, Oregon.