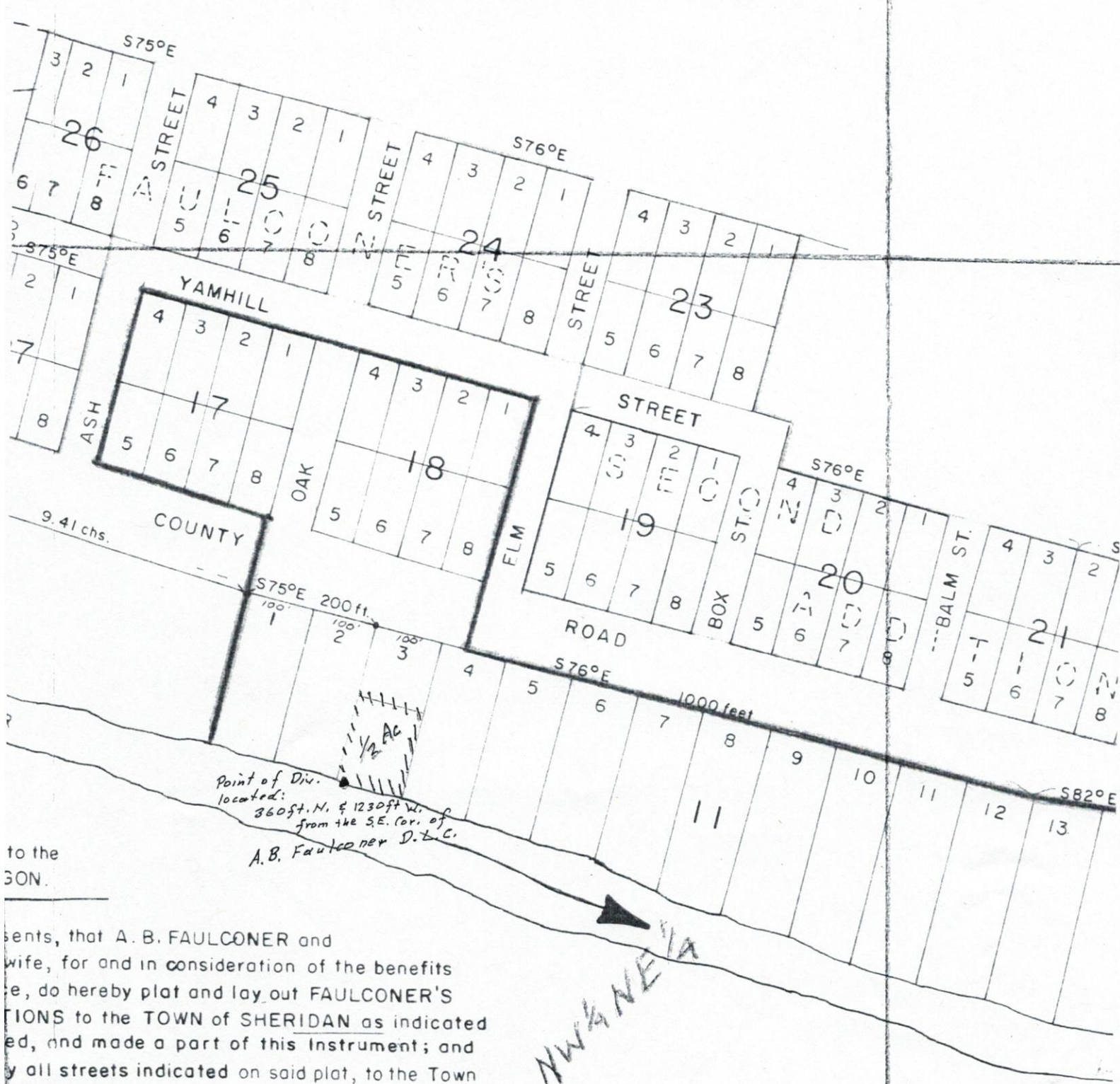


YAMHILL COUNTY, ORE.



to the
SON.

sents, that A. B. FAULCONER and
wife, for and in consideration of the benefits
e, do hereby plat and lay out FAULCONER'S
TIONS to the TOWN of SHERIDAN as indicated
ed, and made a part of this Instrument; and
y all streets indicated on said plat, to the Town

whereof, we, the said grantors, have hereunto
ands and seals this 22nd day of April A.D. 1889.

A. B. FAULCONER 
EMMA C. FAULCONER 

Filed and recorded April 23rd, 1889 at 11 O'clk

WYATT HARRIS
Recorder of Conv

A-S-52995

THIS TRUST DEED, made this 23 day of September, 1968, between

L. Dean Herron and Jean Herron, husband and wife, as Grantors,

Pioneer National Title Insurance Company, as Trustee,

and United States National Bank of Oregon, Sheridan Branch, as Beneficiary,

Grantor conveys to Trustee in trust the following property not exceeding three acres in Yamhill County, Oregon:

A Part of Lots 2 and 3 in River Block No. 11, FAULCONER'S ADDITION to the City of Sheridan, Yamhill County, Oregon, described as follows:

Beginning on the South line of Salmon River Highway at a point North 76 degrees West 11 feet from the Northwest corner of Lot 4 in said Block 11; thence South 11 degrees West to the South boundary line of the A. B. Faulconer Donation Land Claim; thence North 76 degrees West along the South boundary line of said Claim 100 feet; thence North 11 degrees East to the South boundary line of said Highway; thence South 76 degrees East along the South boundary line of said Highway 100 feet to the place of beginning.

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SALEM, OREGON

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Title Insurance Co.

together with all appurtenances, and all existing or subsequently erected or affixed improvements or fixtures, all of which is collectively referred to as the Property.

Beneficiary has loaned seven thousand nine hundred and no/100 * (Borrower) \$ 7,900.00 which is repayable with interest according to the terms of a promissory note dated the same as this deed, under which the final payment of principal and interest is due on or before fifteen years from date. The term "Indebtedness" as used in this deed shall mean (a) the principal and interest payable under the note, (b) any future amounts that Beneficiary may in its discretion loan to Borrower or Grantor, and (c) any sums paid or advanced by Beneficiary to discharge obligations of Grantor as permitted under this deed.

*Insert "Grantor" or the name of the borrower if different from Grantor.

This deed is given to secure payment of the Indebtedness and performance of all obligations of Grantor under this deed, and is given and accepted on the following terms:

1. Possession and Maintenance of the Property.

1.1 Until in default, Grantor shall remain in possession and control of the Property and to the extent that the Property consists of commercial improvements shall be free to operate and manage the Property and receive the proceeds of operation. The Property shall be maintained in good condition at all times; Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property or a farm or orchard, Grantor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use, and to the extent that the land is under cultivation, shall cultivate or otherwise operate the Property according to good husbandry.

1.3 Grantor shall not demolish or remove any improvements from the Property without the written consent of Beneficiary.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any improvement on the Property, the improvement shall be completed on or before six months from the date of this deed and Grantor shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this deed, except for the lien of taxes and assessments not delinquent and except otherwise provided in 3.2.

3.2 Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If a lien arises or is filed as a result of non payment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs, attorney's fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to Beneficiary a written statement of the Property taxes assessed or owing at any time.

4. Insurance.

4.1 Grantor shall carry such insurance as Beneficiary may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by Beneficiary including without limitation war risks. Insurance on the Property shall be carried in companies and under policies approved by Beneficiary and shall be for an amount equal to the remaining unpaid portion of the Indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear an endorsement in a form satisfactory to Beneficiary making loss payable to Beneficiary and shall be deposited with Beneficiary. In the event of loss, Grantor shall immediately notify Beneficiary, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Beneficiary who may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. Beneficiary may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Grantor.

a-5-52995