

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, JAMES L. LANKFORD and PATRICIA M. LANKFORD, husband and wife, promise to pay IAN M. LOW and AIKO A. LOW, husband and wife, or order, the principal sum of **Thirty-eight Thousand and No/100 Dollars (\$38,000.00)**, with interest on the unpaid principal balance from the date of this Note until paid at the rate of ten percent (10%) per annum. Principal and interest shall be payable at M.P. 45.93R - #1, State Highway 14, Stevenson, WA, or such other place as the Note holder may designate. The entire indebtedness evidenced by this Note, including both principal and interest, shall be due and payable on December 31, 1992 or at such time as that certain Promissory Note dated December 21, 1987, from STEPHEN E. COUPAL and SUSAN K. COUPAL to JAMES L. LANKFORD and PATRICIA M. LANKFORD, in the amount of \$35,000.00, is paid in full, whichever shall occur first.

If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorney's fees.

No part of the indebtedness evidenced by this Note may be pre-paid without the prior consent of the Note holder.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, or to such other address as Borrower may designate by notice to the Note holder. Any notice to the Note holder shall be given by mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by notice to Borrower.

The indebtedness evidenced by this Note is secured by the following:

(a) Trust Deed, dated October 31st, 1989, a copy of which is attached hereto as Exhibit "A"; and

(b) Trust Deed, dated December 21, 1987, a copy of which is attached hereto as Exhibit "B", assigned to IAN M. LOW and AIKO A. LOW by an Assignment of Trust Deed dated October 31st, 1989, a copy of which is attached hereto as Exhibit "C".

Reference is made to the Deeds of Trust for rights as to acceleration of the indebtedness evidenced by this Note.

FILED FOR RECORD
SKAMANA CO. WASH
BY *Kulpiński & Lawrence*

Nov 16 4 29 PM '89

P. Lowry
AUDITOR

GARY M. OLSON

Property Address:

M.P. 45.93R State Highway 14
Stevenson, Washington 98648

James L. Lankford
JAMES L. LANKFORD

Patricia M. Lankford
PATRICIA M. LANKFORD

Received
Index
Filed
11/17/89
Noted

TRUST DEED

This Trust Deed is made this 31st day of October, 1989, between JAMES L. LANKFORD and PATRICIA M. LANKFORD, husband and wife, Grantors, whose address is M.P. 45.93R State Highway 14, County of Skamania, State of Washington; Morrow County Abstract Title Insurance Co., Inc., an Oregon corporation, as Trustee, whose address is 269 N. Main Street, P.O. Box 576, Heppner, OR 97836 and IAN M. LOW and AIKO A. LOW, husband and wife, as tenants in common, as Beneficiaries, whose address is 45.93R State Highway 14, Stevenson, WA 98648.

Grantors hereby bargain, sell and convey to Trustee in trust, with power of sale, the following described real property in Morrow County, Oregon:

Parcel No. 1

Beginning at the Northwest corner of South half of Lot 4, in Block 7, Original Town of Heppner, thence East 70 feet to a point, thence South 45 feet to a point, thence West 70 feet to a point, thence North 45 feet to a place of beginning. The description being a portion of Lots 4 and 5, in Block 7, Original Town of Heppner, Morrow County, Oregon.

Parcel No. 2

South half of Lot 4, Block 7, Original Town of Heppner, Morrow County, Oregon, excepting the following:

Beginning at the Northwest corner of the South half of Lot Four (4) block Seven (7), Original Town of Heppner; thence East 70 feet to a point; thence South 45 feet to a point; thence West 70 feet to a point; thence North 45 feet to the place of beginning. The description being a portion of Lots 4 and 5, in Block 7, Original Town of Heppner, Morrow County, Oregon.

The North 49.5 feet of Lot Five (5); that portion of the North 49.5 feet of Lot 18, lying West of the center of Willow Creek and the South 33 feet of Lot Nineteen (19) lying West of Willow Creek, all in Block Seven (7) in the City of Heppner, County of Morrow, State of Oregon.

This Trust Deed is for the purpose of securing performance of each agreement of Grantors herein contained and payment of Thirty-eight Thousand and No/100 Dollars (\$38,000.00) with interest, in accordance with the terms of a promissory note of even date herewith payable to Beneficiaries or order and made by Grantors, and all renewals, modifications and extensions thereof.

To protect the security of this Trust Deed, Grantors covenant and agree:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property and upon this Deed of Trust or upon the money or debt secured hereby; to keep the property free and clear of all other encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Trust Deed. All policies shall be held by the Beneficiaries and be in such companies as the Beneficiaries may

approve and shall have loss payable first to the Beneficiaries as their interest may appear and then to the Grantors. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiaries shall determine. Such application by the Beneficiaries shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the even of foreclosure all rights of the Grantors in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiaries or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiaries to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses of this trust, including the expenses of the Trustee incurred in enforcing this obligation, and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantors fail to pay any taxes, assessments, insurance premiums, liens or other charges payable by Grantors, Beneficiaries may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured by this Deed of Trust Deed.

7. That the real property hereby conveyed is not used principally for agricultural or farming purposes.

It is Further Agreed That:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award shall be paid to Beneficiaries to be applied to the obligation secured hereby.

2. By accepting payment of any sum secured hereby after its due date, Beneficiaries do not waive their right to require prompt payments when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantors and the Beneficiaries, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiaries or the person entitled thereto.

4. Upon default by Grantors in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiaries. In such event and upon written request of Beneficiaries, Trustee shall sell the trust property, in accordance with ORS 86.705 et seq., at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (a) to the expense of sale, including a reasonable Trustee's fee and attorney's fee; (b) to the obligation secured by this Trust Deed; (c) the surplus, if any shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantors had or had the power to convey at the time of their execution of this Trust Deed, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Trust Deed, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

6. The power of sale conferred by this Trust Deed and by ORS 86.705 et seq. is not an exclusive remedy and when not exercised, Beneficiaries may foreclose this Trust Deed as a mortgage.

7. In the event of the death, incapacity or disability or resignation of Trustee, Beneficiaries may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Trust Deed is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Grantors, Trustee, or Beneficiaries shall be a party unless such action or proceeding is brought by the Trustee.

8. This Trust Deed applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiaries shall mean the holder and owner of the role secured hereby, whether or not names as Beneficiaries herein.

Witness the hands of the Grantors on the day and year first above written.

James L. Lankford
JAMES L. LANKFORD

Patricia M. Lankford
PATRICIA M. LANKFORD

STATE OF WASHINGTON)
County of Skamania) ss.

On this day personally appeared before me JAMES L. LANKFORD and PATRICIA M. LANKFORD to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31st day of October, 1989.

Jan C. Kielbaso
Notary Public in and for the
State of Washington, residing
at Stevenson

Commission expires: 4-28-90

REQUEST FOR RECONVEYANCE

TO THE TRUSTEE;

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust tot he person or persons legally entitled thereto.

Date: _____

Exhibit "B"

BOOK 116 PAGE 747

M-30247

TRUST DEED

Date: December 21, 1987

This trust deed, between Stephen E. Coupal and Susan K-F. Coupal, husband and wife, as grantors, Morrow County Abstract and Title Co., Inc. as trustee, and James L. Lankford and Patricia M. Lankford, husband and wife, as beneficiaries.

The grantors convey to the trustee, in trust, with power of sale, the property in Morrow County, Oregon, described as:

Lot 4, Block 2, Morrows Second Addition to the City of Heppner, Morrow County, Oregon, excepting therefrom that portion of the lot conveyed to the City of Heppner for street purposes as shown in deed executed by Guy Boyer and Clara Boyer, husband and wife, to the City of Heppner dated September 11, 1924 and recorded September 13, 1924 in Book 36 of Deeds at page 632. thereof Record of Deeds for Morrow County, Oregon,

ALSO, excepting therefrom certain land described in that certain deed dated February 4, 1914, executed by J.W. Morrow and Kate M. Morrow, husband and wife, to the City of Heppner and recorded October 17, 1914 in Book 28 of Deeds at page 136, record of Deeds for this county and state.

commonly known as 280 N. Court, Heppner, Oregon,

which real property does not exceed three (3) acres, together with all appurtenances, tenements, hereditaments, rents, issues, profits, water rights, easements or privileges now or belonging later to, derived from or in anywise appertaining to the described premises.

This deed is intended to secure the payment of a promissory note, of which the following is a substantial copy (or, described as follows):

Note dated December 21, 1987 for \$35,000, payors Stephen E. Coupal and Susan K-F. Coupal and payees, James L. Lankford and Patty Lankford; monthly payments of \$281.62 including interest with entire balance due in 60 months.

The final payment of principal and interest, if not sooner paid, is due and payable on December 21, 1993.

Grantors covenant to and with the trustee and the beneficiaries that they are lawfully seized in fee simple of said premises and have a valid, unencumbered title to it, except:

An easement created by instrument, including the terms and provisions thereof, dated October 31, 1973, recorded January 11, 1974 in Book "M", page 6394 in favor of Columbia Basin Electric Cooperative Association.

and will warrant and forever defend the same against all persons.

This trust deed shall also include all lighting, heating, ventilating, air conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor coverings in place such as wall-to-wall carpeting and linoleum, shades, ranges, dishwashers, refrigerators, now or later installed or used in connection with these premises. Upon request of the beneficiaries, grantors shall join with the beneficiaries in executing one or more financing statements pursuant to the Uniform Commercial Code, in a form satisfactory to the beneficiaries.

Grantors agree (1) that they will pay the note according to the terms thereof; (2) that they will pay all taxes, assessments and other charges which may be levied or assessed against the property when due; (3) that they will promptly discharge any liens against the property which are superior to the lien of this trust deed; (4) that they will keep the buildings now on or which may later be erected on the premises insured in favor of the beneficiaries

MCAT 3299

against loss or damage by fire, with extended coverage, in the sum of \$40,000, in a company acceptable to the beneficiaries, and will name beneficiaries as an additional insured as their interest may appear; (5) that they will keep the buildings and improvements on the premises in good repair and will not commit or suffer any waste of the premises.

Upon written request of the beneficiaries, the trustee may (a) consent to the making of any map or plat of the property, (b) join in granting any easement or creating any restriction on it; (c) join in any subordination or other agreement affecting this deed or the lien; (d) 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 in it of any matters or facts shall be conclusive proof of its truthfulness. Trustee's fees for any of the services in this paragraph shall be in an amount fixed by statute, if there is a statute governing the same, or otherwise a reasonable amount.

Time is of the essence and upon default by the grantors in the payment of the note or in the performance of any covenant to it, the beneficiaries may declare all sums secured immediately due and payable and may deliver to the trustee a written notice of default and election to sell the property. Upon delivery of the notice of default and election to sell, the beneficiaries shall deposit with the trustee this deed of trust and all promissory notes and documents evidencing expenditures secured by it. The trustee shall then fix the time and place of sale and give notice of the sale as required by law.

In the event a suit is instituted to foreclose this trust deed, grantors consent to the appointment by the court of a receiver to collect the rents, royalties and other payments due with respect to said property, without notice to the grantors, upon the giving of such receiver's bond and upon such terms and conditions as may be fixed by the court.

The grantors agree that failure of the beneficiaries at any time to require performance by the grantors of any provision of this trust deed or note, shall in no way affect beneficiaries' right to enforce the same, nor shall any waiver by the beneficiaries of any breach of any provision be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law.

This trust deed inures to the benefit of and binds the parties, their heirs, devisees, administrator, executors, successors and assigns.

This trust deed and the secured note are personal to the grantors and in the event of any sale or transfer of said property, or any part of it, without the consent of the beneficiaries, the entire unpaid balance of the trust deed and the note secured by it shall become immediately due and payable.

Whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular includes the plural.

IN WITNESS WHEREOF, grantors have set their hands all on the day and year written above.

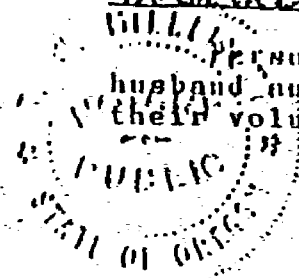
Stephen E. Coupal
Stephen E. Coupal

Susan K-F. Coupal
Susan K-F. Coupal
P.O. Box 1046
Heppner, OR 97836

STATE OF OREGON)

County of Morrow)

December 21, 1987.



Personally appeared Stephen E. Coupal and Susan K-F. Coupal, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed. Before me.

[Signature]

Notary Public for Oregon

My Commission Expires: 12-20-88

Request for full conveyance, to be used only when obligations has been paid in full.

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by this trust deed have been fully paid and satisfied. You are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidence of indebtedness secured by said trust deed, which is now delivered to you together with the trust deed, and to reconvey, without warranty, to the parties designated by the terms of the trust deed, the estate now held by you under the same.

DATED: _____

Beneficiaries _____

STATE OF OREGON } ss. 128125
County of Morrow

I hereby certify that the within instrument was received for record.

On 12-21-87 at 12:55pm

and assigned No. 30247

in the Microfilm Records of said county

Witness My Hand and Seal of County Affixed

Barbara Bloodsworth
County Clerk

By Donald M. Kietmann
Deputy

Exhibit "C"

ASSIGNMENT OF TRUST DEED

Know All Men by These Presents that JAMES L. LANKFORD and PATRICIA M. LANKFORD, husband and wife, for value received, do hereby grant, bargain, sell, assign, transfer and set over to IAN M. LOW and AIKO A. LOW, husband and wife, that certain Trust Deed made and executed by STEPHEN E. COUPAL and SUSAN K-F. COUPAL, husband and wife, as Grantors, to JAMES L. LANKFORD and PATRICIA M. LANKFORD, husband and wife, as Beneficiaries, to secure the payment of \$35,000.00, and recorded in the office of the County Clerk of Morrow County, Oregon, on December 21, 1987, and assigned No. 30247 in the Microfiche records of said county, together with the note thereby secured and the money due and to become due thereon, with interest.

In Witness Whereof we have hereto set out hands this 31st day of October, 1989.

James L. Lankford
Patricia M. Lankford

STATE OF WASHINGTON)
) ss.
 County of Skamania)

On this day personally appeared before me JAMES L. LANKFORD and PATRICIA M. LANKFORD, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31st day of October, 1989.

Jan. P. Richinski
 Notary Public in and for the
 State of Washington, residing
 at Stevenson.

Commission expires: 4-28-90