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THIS TRUST DEED, made this 29th day of October, 1967, between
 HOMER M. WILLS AND SYBIL M. WILLS, husband and wife

KLAMATH COUNTY TITLE COMPANY, as Grantor,
 and United States National Bank of Oregon, as Beneficiary, as Trustee,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the property
 in Klamath County, Oregon described as:

A tract of land situated in Lot 1, Section 18, Township 38 South, Range
 9 East of the Willamette Meridian, more particularly described as follows:

Beginning at an iron pin located North $89^{\circ}54'$ West a distance of 78.32
 feet North $23^{\circ}48'$ West a distance of 128.77 feet and North $73^{\circ}10'$ West
 a distance of 151.55 feet from the gas pipe monument on the Northwest
 corner of "Pelican City" subdivision, said gas pipe monument being North
 $89^{\circ}54'$ West a distance of 1995.5 feet from the Southeast corner of said
 Section 18; thence North $86^{\circ}13'30''$ West along the Northerly line of a
 20 foot roadway a distance of 57.90 feet to an iron pin; thence North-
 westerly along the Northeasterly line of said roadway on a curve to the
 left a distance of 114 feet, more or less, to an iron pin (the long chord
 of said curve bears North $70^{\circ}36'30''$ West a distance of 111.77 feet);
 thence North $9^{\circ}48'30''$ West along the Easterly line of a roadway a distance
 of 208.40 feet to an iron pin; thence leaving said roadway at right angles
 thereto, North $80^{\circ}11'30''$ East a distance of 52.00 feet to an iron pin;
 thence North $9^{\circ}48'30''$ West a distance of 5.00 feet to an iron pin; thence
 North $80^{\circ}11'30''$ East a distance of 111.60 feet; thence following the arc
 of a curved fence line to the right the following courses and distances;
 South $40^{\circ}09'$ East 37.35 feet; South $21^{\circ}33'$ East 64.7 feet; South $7^{\circ}03'$
 East 65.78 feet; South $3^{\circ}58'$ West 72.4 feet; and South $13^{\circ}39'$ West 54.45
 feet, more or less to the point of beginning.

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which said described real property does not exceed three acres, together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate,

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of \$ 8,500.00 with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantor, HOMER M. WILLS AND SYBIL M. WILLS, husband and wife the final payment of principal and interest thereof, if not sooner paid, to be due and payable October 20, 1982.

To Protect the Security of this Trust Deed, Grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the Beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the Beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the Beneficiary.

4. To keep the buildings now or hereafter on said property insured against loss by fire and against loss by such other hazards as the Beneficiary may from time to time require in an amount not less than the lesser of the indebtedness hereby secured or the insurable value of said buildings; that such policies shall be issued by companies satisfactory to the Beneficiary and shall contain such provisions and shall bear such endorsements as Beneficiary may require and be payable to Beneficiary; that such policies shall be delivered to and retained by the Beneficiary and at least five days prior to the expiration thereof renewal or substitute policies shall be delivered to Beneficiary; that the proceeds of such insurance shall be applied as Beneficiary shall elect to the payment of any indebtedness thereby secured or to the restoration of any of the property or by release to Grantor and that such application or release shall not cure or waive default or notice of default hereunder, or invalidate any act done pursuant to such notice; that the Beneficiary is authorized in the event of any loss to compromise and settle with any insurance company, to endorse, negotiate and present for, and in the name of the Grantor any check or draft issued in settlement of any such loss and receive and to apply the proceeds thereof as herein provided.

5. To keep said premises free from mechanics' liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to Beneficiary; should the Grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by Grantor, either by direct payment or by providing Beneficiary with funds with which to make such payment, Beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate of eight per cent per annum together with the obligations described in paragraphs 7 and 8 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the Grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the non-payment thereof shall, at the option of the Beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed. Grantor hereby authorizes the tax collector of the county in which said property is located to deliver to the Beneficiary or its assignee hereunder a written statement of property taxes at such time or times as they shall become available.

6. To pay to Beneficiary at the time of payment of each installment of the indebtedness hereby secured such amount as the Beneficiary shall estimate from time to time to be sufficient to produce, with other like payments, at least one month prior to the time when the same shall become due, (a) all taxes, assessments and other governmental rates and charges against said property and (b) premiums on insurance against loss or damage to said property; if the sums so paid shall be less than sufficient for said purposes, to pay upon demand such additional sum as Beneficiary shall deem necessary therefor. The Beneficiary shall, upon the written request of the Grantor, and may, without such request, apply said funds to any of said purposes, but the receipt of such funds shall not, in the absence of such request, impose any duty upon the Beneficiary to disburse the same or relieve the Grantor from his covenants to pay said obligations and keep the property insured. If the Grantor desires to carry the insurance required herein as part of a "package" insurance plan, the Beneficiary will accept

the monthly premium requirement for such package insurance and apply the same as herein provided. The Beneficiary may, from time to time, establish reasonable service charges for the collection and disbursement of premiums on package type insurance policies, but whether or not such charges are imposed, Beneficiary shall not be subject to any liability for failure to transmit premiums to any insurer or by reason of any loss growing out of any defect in any insurance policy. In the event Grantor desires to prepay the indebtedness, or portion thereof, such payments shall be subject to the prepayment provisions of the promissory note given in connection with this trust deed.

7. To pay all costs, fees and expenses of this trust, including the cost of title search as well as the other costs and expenses of the Trustee incurred in connection with or in enforcing this obligation, and trustee and attorney's fees actually incurred.

8. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary, or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum to be fixed by the court, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this deed.

It is Mutually Agreed That:

9. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, Beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by Grantor in such proceedings, shall be paid to Beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees necessarily paid or incurred by Beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and Grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon Beneficiary's request.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyance, for cancellation), without affecting the liability of any person for the payment of the indebtedness, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (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 therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be \$5.

11. Upon any default by Grantor hereunder, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

12. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

13. Upon default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable. In such an event Beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the Beneficiary shall deliver to the Trustee a written notice of default and election to sell the trust property; which notice Trustee shall cause to be duly filed for record. If Beneficiary desires said property to be sold, it shall deposit with Trustee this trust deed and

NOTE: The Trust Deed Act provides that the Trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or of the United States, or a title insurance company authorized to insure title to real property under the provisions of ORS Chapter 729, its subsidiaries, affiliates, agents or branches.

all promissory notes and documents evidencing expenditures secured hereby, whereupon the Trustee shall fix the time and place of sale and give notice thereof as then required by law.

14. If after default and prior to the time and date set by the Trustee for the Trustee's sale, the Grantor or other person so privileged by ORS 86.760 pays the entire amount then due under the terms of the trust deed and the obligation secured thereby, other than such portion of the principal as would not then be due had no default occurred, and the Grantor or other person making such payment shall also pay to the Beneficiary all of Beneficiary's costs and expenses incurred up to said time in enforcing the terms of the obligation, including Trustee's and Attorney's fees not exceeding \$50 if actually incurred, such default shall thereby be cured.

15. After the lapse of such time as may then be required by law following the recordation of said notice of default and the giving of said notice of sale, Trustee shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, excluding the Trustee, but including the Grantor and Beneficiary, may purchase at the sale.

16. When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including a reasonable charge by the Trustee, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the Trustee in the trust deed as their interest may appear in order of their priority and (4) the surplus, if any, to the Grantor or to his successor in interest entitled to such surplus.

17. For any reason permitted by law Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor Trustee appointed hereunder. Upon such appointment, and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or

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appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this trust deed and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the Successor Trustee.

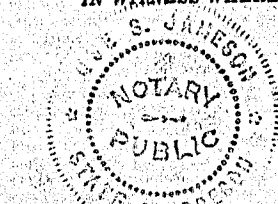
18. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by Trustee.

19. The Grantor covenants and agrees to and with the Beneficiary and those claiming under him that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

20. The Grantor shall not without the written consent of the Beneficiary sell or convey the property herein described subject to the interest of the Beneficiary, whether or not such purchaser shall assume or agree to pay the indebtedness hereby secured. Upon any application for the Beneficiary's consent to such a transaction, the Beneficiary may require from the purchaser such information as would normally be required if the purchaser were a new loan applicant. Consent shall not be unreasonably withheld, but Beneficiary may at its discretion impose a service charge not exceeding 1% of the original amount of the indebtedness hereby secured and may adjust the contractual interest rate upon the unpaid balance of the obligation secured by this trust deed, but such rate may not be increased by more than 1% per annum above the then existing contractual rate.

21. This Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the note secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes feminine and/or neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand and seal the day and year first above written.



STATE OF OREGON, Jackson } ss.
County of Klamath

October 20, 1967

Personally appeared the above named

Homer M. Wills and Sybil M. Wills

and acknowledged the foregoing instrument to be

their voluntary act and deed.

Before me:

(SEAL)

Homer M. Wills
Notary Public for Oregon

My commission expires: Oct. 2, 1971

CORPORATE ACKNOWLEDGEMENT
STATE OF OREGON, County of _____) ss.
_____, 19____

Personally appeared _____

and _____
who being duly sworn, did say that he, _____

is the _____
and he, _____, is the _____

of _____

a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be its voluntary act and deed.

Before me:

Notary Public for Oregon

My commission expires:

(SEAL)

TRUST DEED

HOMER M. WILLS AND

SYBIL M. WILLS

Grantor

United States National Bank

Beneficiary

STATE OF OREGON, Klamath } ss.
County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock P. M., and recorded in book _____ on page _____ Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Dorothy Rogers
County Clerk-Recorder.

By M. M. Wills
Fee: 4.50
Deputy.

AFTER RECORDING RETURN TO:
UNITED STATES NATIONAL BANK
OF OREGON

KLAMATH FALLS BRANCH

740 Main Street

Klamath Falls, Ore. OREGON

for the attention of:

C. V. Knutson, Department

Assistant Manager

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or 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 reconveyances and documents to _____

DATED: _____, 19____ United States National Bank of Oregon

By _____ Assistant Cashier-Manager

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.