

THIS TRUST DEED, made this 8th day of February, 1982... Between
LARRY D. CHEYNE and SANDRA A. CHEYNE, Husband and wife
 as grantor, William Sisomere, as trustee, and
 KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized and existing under the laws of the
 United States, as beneficiary;

WITNESSETH:

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

See Attached Legal Description

which said described real property is not currently used for agricultural, timber or grazing purposes, together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water rights, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, and all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as wall-to-wall carpeting and linoleum, shades and built-in appliances now or hereafter installed in or used in connection with the above described premises, including all interest therein which the grantor has or may hereafter acquire for the purpose of securing performance of each agreement of the grantor herein contained and the payment of the sum of Twenty Four Thousand and 207/100 (\$24,649.20) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to the beneficiary or order, and made by the grantor, principal and interest being payable in monthly installments of \$ 136.94 commencing March 25th 19 82

This trust deed shall further secure the payment of such additional money, if any, as may be loaned hereafter by the beneficiary to the grantor or others having an interest in the above-described property, as may be evidenced by a note or notes. If the indebtedness secured by this trust deed is evidenced by more than one note, the beneficiary may credit payments received by it upon any of said notes or part of any payment on one note and part on another, as the beneficiary may elect.

The grantor hereby covenants to and with the trustee and the beneficiary herein that the said premises and property conveyed by this trust deed are free and clear of all encumbrances and that the grantor will and his heirs, executors and administrators shall warrant and defend his said title thereto against the claims of all persons whomsoever.

The grantor covenants and agrees to pay said note according to the terms thereof and, when due, all taxes, assessments and other charges levied against said property; to keep said property free from all encumbrances having precedence over this trust deed; to complete all buildings in connection with the construction hereafter constructed on said premises within six months from the date of completion of the construction is hereafter commenced; to repair and restore said property which may be damaged or destroyed by fire, wind, or other cause, or costs incurred therefor; to allow beneficiary to inspect and approve all work done during construction; to replace any work or materials unsatisfactory to beneficiary within ten days after written notice from beneficiary of such defect; not to remove or destroy any improvements now or hereafter constructed on said premises; to keep all buildings and improvements now or hereafter erected upon said property in good repair and in compliance with all laws or waste of said premises; to keep all buildings, property and improvements on said property insured by fire and theft insurance for the full term of the policy in a sum not less than the original value of the property and the note or obligation secured by this trust deed, in a company or companies acceptable to the beneficiary, and to deliver the original policy of insurance in correct form and in full payment of the cost of such insurance; to pay the cost of the policy of insurance premium paid, the original policy of insurance of the beneficiary attached and with fifteen days prior to the effective date of any such policy of insurance. If said policy of insurance is not so tendered, the beneficiary may, in its own discretion obtain insurance for the benefit of the beneficiary, which insurance shall be non-cancellable by the grantor during the full term of the policy thus obtained.

That for the purpose of providing regularly for the prompt payment of all taxes, assessments, and governmental charges levied or assessed against the above described property and insurance premiums while the indebtedness secured hereby is in excess of 80% made or the beneficiary's original cash price paid by the grantor at the time the loan was made, grantor will pay to the beneficiary the value of the property at the time the loan principal and interest payable under the terms of the loan or the obligation secured hereby on the date installments on principal and interest are payable an amount equal to 1/12 of each succeeding 12 months and also 1/30 of the insurance premium payable with respect to each succeeding 12 months and also 1/30 of the insurance premium payable with effect as estimated or determined by the beneficiary. Beneficiary shall pay to the grantor in interest on said amounts at a rate not less than the highest rate authorized to be paid 40%, the rate of interest paid shall be 4%. Interest shall be computed on the average monthly balance in the account and shall be paid quarterly to the grantor by crediting to the escrow account the amount of the interest due.

While the grantor is to pay any and all taxes, assessments and other charges levied or assessed against said property, or any part thereof, before the same begin to bear interest and also to pay premiums on all insurance policies upon said property, such payments are to be made through the beneficiary, or, if absent, the grantor hereby authorizes the beneficiary to pay any and all taxes, assessments and other charges levied or imposed against said property in the amounts as shown by the statements thereof furnished by the collector of such taxes, assessments or other charges, and to pay the insurance premiums in the amounts shown by the statements submitted by the insurance carriers or their representatives and to withdraw such sums which may be required from the reserve account, if any, established for that purpose. The grantor agrees in no event to hold the beneficiary responsible for failure to have any insurance written or to hold the beneficiary responsible for a defect in any insurance policy, and the beneficiary hereby releases and discharges the grantor of any loss, to compromise and settle with any insurance company and to accept of any insurance receipts upon the obligations secured by this trust deed. In computing the amount of the indebtedness for payment and satisfaction in full or upon sale or other

acquisition of the property by the beneficiary after default, any balance remaining in the reserve account shall be credited to the beneficiaries. If any authorized reserve account for taxes, assessments, insurance premiums and other charges is not sufficient at any time for the payment of such charges as they become due, the grantor shall pay the deficit to the beneficiary upon demand, and if not paid within ten days after such demand, the beneficiary may at its option add the amount of such deficit to the principal of the obligation secured hereby.

Should the grantor fail to keep any of the foregoing covenants, then the beneficiary may at its option carry out the same, and all its expenditures therefor shall draw interest at the rate specified in the note, shall be repayable by the grantor on demand and shall be secured by the lien of this trust deed. In this connection, the beneficiary shall have the right in its discretion to complete any improvements made on said premises and also to make such repairs to said property as in its sole discretion it may deem necessary or advisable.

The grantor further agrees to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; to pay all costs, fees and expenses of this trust, including title search; to pay all costs, the other costs and expenses of the trustee incurred in connection with enforcing this obligation, and trustee's and attorney's fees actually incurred in any action or proceeding purporting to affect the security hereof or the rights of the 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 the beneficiary or trustee may appear and in any suit brought by beneficiary to foreclose this deed, and all said sums shall be secured by this trust deed.

The beneficiary will furnish to the grantor on written request therefor an annual statement of account but shall not be obligated or required to furnish any further statements of account.

It is mutually agreed that:

1. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the beneficiary shall have the right to commence, prosecute, defend, or cause to be defended, in any court of law or proceedings, or to make any compromise, settlement, or arrangement, or to defend any such taking and, if it so elects, to require that all or any portion of the money payable as compensation for such taking, which are in excess of the amount received or incurred, pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred in such proceedings, shall be paid to the beneficiary and applied by it first upon any such costs, expenses and attorney's fees necessarily paid or incurred by the beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and the beneficiary agrees, and it is the intent of this agreement, that the beneficiary shall be necessary in obtaining such compensation, promptly upon the beneficiary's request.

2. At any time and from time to time upon written request of the beneficiary, payment of the face and presentation of this deed and the note for enforceability of any person for the payment of the indebtedness, without affecting the validity of the making of any map or plat of said property; (b) join in granting or any easement, restriction thereon, (c) join in any subordination or other agreement affecting this deed or the lien charge hereof; (d) reconvey, without warranty, all or any part of the property. The grantee hereby recognizes and may be described as the "person or persons legally entitled to reconvey" the property or interests or any matters or facts shall be conclusive proof of the truthfulness thereof. Trust is hereby made of the services in this paragraph shall be not less than

[illegible]

4. 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 such notice.

5. The grantor shall notify beneficiary in writing of any sale or contract for sale of the above described property and furnish beneficiary on a form supplied it with such personal information concerning the purchaser as would ordinarily be required of a new loan applicant and shall pay beneficiary a service charge.

6. Time is of the essence of this instrument and upon default by the grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable by delivery to the trustee of written notice of default and election to sell the trust property, which notice of default shall cause to be the beneficiary shall deposit with the trustee this trust deed and 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.

7. After default and any time prior to five days before the date set by the Trustee for the Trustee's sale, the grantor or other person so privileged may pay the entire amount then due under this trust deed and the obligations secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not then be due had no default occurred and thereby cure the default.

8. After the lapse of such time as may then be required by law following the recording of said notice of default and giving of said notice of sale, the trustee shall sell said property at the time and place fixed by him in said notice of sale, either as a whole or in separate parcels, and in such order as he 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 may postpone sale of all or any portion of said property by public announcement at such time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. The trustee shall deliver to the purchaser his deed in form as required by law, conveying the property so sold, but without any covenant or warranty, express or implied. The truthfulness thereof. Any person, excluding the trustee but including the grantor and the beneficiary, may purchase at the sale.

9. When the Trustee sells pursuant to the powers provided herein, the trustee shall apply the proceeds of the trustee's sale as follows: (1) To the reasonable charge by the attorney. (2) To the obligation secured by the trust deed. (3) To all persons having recorded liens subsequent to the order of the trustee in the trust deed as their interests appear in the deed or to his successor in interest entitled to such surplus.

10. For any reason permitted by law, the 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 appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by the 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 the proper appointment of the successor trustee.

11. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record, as provided by law. The 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 the grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by the trustee.

12. 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 the 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

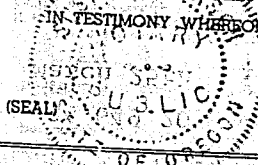
County of Klamath ss

THIS IS TO CERTIFY that on this 8th day of February

Notary Public in and for said county and state, personally appeared the within named LARRY D. CHEYNE and SANDRA A. CHEYNE, Husband and wife

to me personally known to be the identical individual(s) named in and who executed the foregoing instrument and acknowledged to me that they executed the same freely and voluntarily for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have herunto set my hand and affixed my notarial seal the day and year last above written.



Susan K. Karoch
Notary Public for Oregon
My commission expires: 2-6-85

Loan No. _____		STATE OF OREGON	
TRUST DEED _____ TO Grantor KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION Beneficiary After Recording Return To: KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION		County of _____ ss.	
		I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book _____ on page _____ Record of Mortgages of said County. Witness my hand and seal of County affixed. _____ County Clerk By _____ Deputy	

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: William Sisamore, _____, 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.

Klamath First Federal Savings & Loan Association, Beneficiary

DATED: _____, 19____ by _____

A piece or parcel of land situate in Lot 1 of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, being more particularly described as follows:

Beginning at an iron pin marking the quarter section corner common to Sections 21 and 28, Township 40 South, Range 9 East of the Willamette Meridian; thence South $0^{\circ} 06' 1/4''$ West along the North-South centerline of said Section 28, 885.1 feet to an iron pin, thence North $89^{\circ} 47' 1/4''$ West 941.9 feet to an iron pin on the center line of the lower Klamath Lake County Road as the same is presently located and constructed; thence following the center line of said county Road, North $64^{\circ} 41'$ West 378.2 feet; North $32^{\circ} 55' 1/2''$ West 490.6 feet, and North $24^{\circ} 28'$ West 341.3 feet to a point on the North line of said Section 28; thence South $89^{\circ} 54' 3/4''$ East along the North line of said Section 28 1693.4 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM a piece or parcel of land situate in Lot 1 of Section 28 Township 40 South, Range 9 East of the Willamette Meridian, more particularly described as follows:

Beginning at an iron pin marking the quarter section corner common to Sections 21 and 28, Township 40 South, Range 9 East of the Willamette Meridian, thence South $0^{\circ} 06' 1/4''$ West along the North-South center line of said Section 28, 885.1 feet to an iron pin, thence North $89^{\circ} 47' 1/4''$ West 689.01 feet to a point; thence North parallel to said North-South quarter line to a point on the North line of Section 28; thence East along the North line of Section 28 to the point of beginning.

ALSO LESS AND EXCEPT a parcel of land situate in Government Lot 1, Section 28, Township 40 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being more particularly described as follows:

Beginning at an iron pin marking the quarter section common to Sections 21 and 28, Township 40 South, Range 9 East of the Willamette Meridian; thence South $0^{\circ} 06' 1/4''$ West along the North-South centerline of said Section 28, 885.1 feet to an iron pin; thence North $89^{\circ} 47' 1/4''$ West 689.01 feet to a point which is the true point of beginning of this description; thence continuing North $89^{\circ} 47' 1/4''$ West 200 feet; thence North parallel with the North-South centerline of said Section 28, to the North line of Section 28; thence East along said North line, 200 feet to a point; thence South parallel with the North-South centerline of said Section 28, to the point of beginning.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record of _____

this 9 day of Feb. A.D. 19 82 at 4:00 o'clock P.M., and

duly recorded in Vol. M 82, of Mtge. on page 1620

Fee \$12.00

EVILYN BIEHN County Clerk

By Joyce McShane