

TRUST DEED

as Beneficiary,

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 portion of Lots 5 and 6, Block 63, NICHOLS ADDITION TO THE CITY OF KLAMATH FALLS, OREGON in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point on the Easterly line of 8th Street 40 feet Southeasterly from the most Westerly corner of Lot 5, Block 63 of Nichols Addition to the City of Klamath Falls; thence 40 feet Southeasterly along the Easterly line of 8th Street; thence 82.10 feet northeasterly and paralleling Grant Street; thence 40 feet Northwesterly and paralleling 8th street; thence 82.10 feet, more or less, Southwesterly to the point of beginning.

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 ****TWENTY TWO THOUSAND FOUR HUNDRED AND NO/100**** (\$22,400.00) Dollars, with interest thereon according to the terms of the promissory

sum of \$22,400.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable June 1, 19 86 on which the final installment of said note

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

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 provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$ _____, written in

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companies acceptable to the beneficiary, with loss payable to the beneficiary as soon as insured;
policies of insurance shall be delivered to the beneficiary as soon as insured;
if the beneficiary shall fail to procure any such insurance and to
deliver such policies to the beneficiary at least fifteen days prior to the expira-
tion of any policy of insurance now or hereafter placed on said buildings,
the beneficiary may procure the same; and if no insurance policy may be applied by beneli-
collected from any ind-bidness secured hereby and in such order as beneficiary
may determine, or at option of beneficiary the entire amount of the insurance
any part thereof, may be released or granted, or waived, or release shall
procure or waive any notice of default hereunder or invalidate any
done pursuant to such notice.

5. To keep said premises free from construction 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 to promptly deliver receipts therefor to beneficiary, should any such lien or claim be made against said property, to make payment of any such lien or other charges payable by grantor, either by making 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 set forth in the note secured hereby, together with the obligations described in paragraph 7 of this trust deed, shall be added to and become part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereon and all such obligations, with interest as aforesaid, the property hereinafter described as well as the grantor, shall be bound to the satisfaction hereof and the beneficiaries of this trust deed shall be entitled to notice, and the nonpayment 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.

6. 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's and attorney's fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee, and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of the deed, to pay all costs and expenses, including evidence of the fees mentioned in this paragraph 7 in all cases shall be borne by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that

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8. In the event that any portion of all of said property shall be taken, sold, or otherwise disposed of, in condemnation, beneficiary shall have the right to elect to require that all or any portion of the monies payable in such condemnation proceedings shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings. If beneficiary elects to require that all or any portion of the monies payable in such condemnation proceedings shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings, beneficiary shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings, necessarily paid or incurred by beneficiary in such proceedings, and the balance appearing in the condemnation proceedings shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings. If beneficiary elects to require that all or any portion of the monies payable in such condemnation proceedings shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings, beneficiary shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings, necessarily paid or incurred by beneficiary in such proceedings, and the balance appearing in the condemnation proceedings shall be paid to beneficiary as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses, and attorney's fees incurred by beneficiary in such proceedings.

9. 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 by endorsement (in case of full reconveyances, 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 the deed or the lien or charge thereon; (d) recover, without warranty, all any part of the property. The grantee in any conveyance 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 matters mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by attorney to be appointed by a court, and without the necessity of a writ, proceed to foreclose, to take possession of, to sell, to lease, to convey, to mortgage, to encumber, to secure, enter upon and take possession of said property or of any part thereof, in its own name and otherwise collect the rents, issues and profits, including those past due and unpaid, and to do all other things which may be necessary or proper to carry out the foregoing purposes, and to pay the 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.

11. 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.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary at his option may direct the trustee to foreclose this trust deed in equity and to sell the property secured hereby to foreclose this trust deed and to execute and cause to be recorded his written notice of default and his declaration of foreclosure and to sell the property secured hereby to satisfy the obligations secured hereby, whereupon the trustee shall file the time and place of sale, give notice thereof as the law requires, and proceed to foreclose this trust deed in equity and to sell the property secured hereby in accordance with the provisions of the statute provided in ORS 56.740 to 56.795.

13. Should the beneficiary elect to foreclose by advertisement and sale, then after default at 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 by ORS 86.60, may pay to the beneficiary or his successors in interest, respect to the entire amount then due under the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and beneficiary's legal fees) or such portion of the amount then due under the terms of the obligation as the principal as would not result in a default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the trustee.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale, at which said sale may be postponed as may be provided by law. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable in the 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 of fact shall be conclusively evidence of the truthfulness thereof. Any person or persons, including the trustee, but including no beneficiary, may purchase at the sale.

15. 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 the compensation of the trustee and a reasonable charge by trustee for the expenses of the trust; (2) to the trust debt; (3) to all persons having a reserved claim against the trust; (4) to the interest of the trustee in the trust; (5) to the interest of the beneficiaries in the trust; and (6) to the surplus of any sale to the grantor or to his survivors in interest entitled to an annuity.

10. For any reason permitted by law, beneficiary may from time to time appoint a successor, or successors, for any trustee named herein or hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all full powers and duties conferred upon any trustee herein. Such 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 Clerk of the County of Cook, Illinois, shall constitute a complete and full and complete proof of proper appointment of the successor trustee.

17. 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.

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 loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

83 JUN 6 1966

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.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:
(a)* primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below).
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract 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 the neuter, and the singular number includes the plural.

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

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, or is not to finance the purchase of a dwelling use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act is not required, disregard this notice.

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

STATE OF OREGON,

County of Klamath } ss.
JUNE 3, 19 83

Personally appeared the above named
OLIVER R SPIRES
DIANNE E. SPIRES

STATE OF OREGON, County of

) ss.

Personally appeared

and

who, each being first

duly sworn, did say that the former is the
president and that the latter is the
secretary of

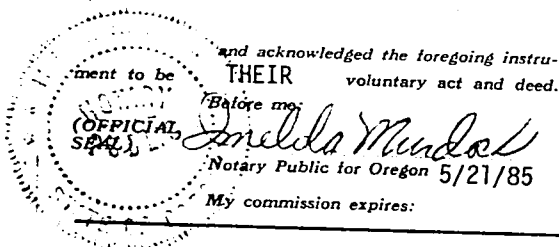
a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:

Notary Public for Oregon

My commission expires:

(OFFICIAL
SEAL)



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 reconveyance and documents to

DATED: _____, 19 _____

Beneficiary

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.

TRUST DEED

(FORM No. 881)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Grantor

Beneficiary

AFTER RECORDING RETURN TO

South Valley State Bank
5215 South Sixth
KFO 97601

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,
County of Klamath } ss.

I certify that the within instrument was received for record on the 9th day of June, 19 83, at 3:52 o'clock P.M., and recorded in book/reel/volume No. M83 on page 9091 or as fee/file/instrument/microfilm/reception No. 24439, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evalyn Biehn County Clerk

By _____ Deputy

Fee \$8.00