

Medford Oregon Date: January 4, 1985  
Grantor ("Owner"): Errol D. Hatcher and Beverly N. Hatcher  
Address: P.O. Box 564, Chiloquin, OR 97624  
Trustee: Bank of Corvallis, REPM, PL-5, P.O. Box 3347, Portland, Oregon, 97208  
Beneficiary ("Lender"): U.S. CREDITCORP, an Oregon Corporation, Medford Branch  
Address: 259 Barnett Rd., Suite 1, Medford, OR 97501  
Owner irrevocably grants, bargains, sells and conveys to Trustee, in Trust, with power of sale, the following "Property" in Klamath County, State of Oregon, including all improvements now and hereafter erected thereon:

Lots 1 and 2, Block 9, SOUTH CHILOQUIN, in the County of Klamath, State of Oregon.

The Property is not currently used for agricultural, timber or grazing purposes.

2. This Deed of Trust ("Trust Deed") secures the repayment of all amounts owed on a loan evidenced by a promissory note ("Note") signed by Errol D. Hatcher and Beverly N. Hatcher ("Borrower") which is payable to Lender. The Note is dated January 4, 1985, the original Loan Amount is \$ 16,583.27, and the final payment of the entire Loan Amount, with interest, is due on the maturity date, which is January 10, 1995.

Lender may without notice renew or extend the Note, and this Trust Deed shall secure all such extensions and renewals, whether or not the extensions and renewals are longer than the original period of the Note. The interest rate, payment terms and balance due under the Note may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the Note and on account of any extensions and renewals of the Note.

3. Owner agrees to perform all acts necessary to insure and preserve the value of the Property and Lender's interest in it, including but not limited to the following acts:

3.1 Owner will keep the Property in good condition and repair. Unless Lender expressly waives the requirement in writing, Owner will insure the Property for fire and extended coverage, and also against all other risks as Lender may lawfully require. The amount of insurance must be enough to pay 100% of any loss, up to the balance owed on the loan, despite the effect of any co-insurance clause. Owner will provide Lender with proof of such insurance satisfactory to Lender. Lender may examine and inspect the Property at any time.

3.2 Owner will not sell or otherwise transfer any interest in the Property, or offer to do so, without Lender's written consent.

3.3 Owner will pay all taxes, assessments, liens, and other encumbrances on the Property which might take priority over this Trust Deed when they are due.

4. If Owner fails to perform any of the agreements made in Section 3, Lender may pay for the performance of the agreements and add the cost to the Loan Amount, on which interest is calculated. Owner will pay Lender the costs immediately or in increased payments, whichever Lender demands.

5. The following are events of default under this Trust Deed:

5.1 The promised payment amounts on the Note are not paid by the promised payment dates, or there is a failure to perform any agreement in the Note.

5.2 Owner fails to perform any of the agreements made in Section 3 whether or not Lender has paid for the performance of the agreement.

5.3 There is a default under any other agreement that secures the Note.

5.4 Any signer of this Trust Deed or any signer of the Note misrepresented or falsified any material fact in regard to either the Property, the financial condition of any signer of the Note or any guarantor or surety for the Note, or the application for the loan, evidenced by the Note.

5.5 The Property is damaged, destroyed, sold, levied upon, seized, attached, or is the subject of any foreclosure action.

5.6 Any signer of this Trust Deed, any signer of the Note, or any guarantor or surety for the Note, becomes insolvent, makes an assignment for creditors or is the subject of any bankruptcy or receivership proceeding.

5.7 Any partnership or corporation that has signed the Note or this Trust Deed, or is a guarantor or surety for the Note, dissolves or terminates its existence.

6. After default, Lender may take any one or more of the following actions at Lender's option, without notice to Owner:

6.1 Lender may continue to charge interest on the unpaid Loan Amount at the rate(s) of interest specified in the Note.

6.2 Lender may declare the entire unpaid amount owed on the loan, including interest, to be due and payable immediately.

6.3 Lender may, with respect to all or any portion of the Property, exercise the right to foreclose on this Trust Deed.

6.3.1 In accordance with applicable law, Lender may proceed to foreclose this Trust Deed by advertisement and sale, or foreclose this Trust Deed judicially by suit in equity in the manner provided by law.

6.3.2 If Lender forecloses by advertisement and sale, Lender or the Trustee shall execute and record its written notice of default and its election to sell the Property to satisfy the amount owed on the Note, whereupon the Trustee shall fix the time and place of sale, give notice thereof, and otherwise proceed to foreclose this Trust Deed by advertisement and sale in the manner provided by applicable law.

6.3.3. If proceedings are commenced to foreclose this Trust Deed by advertisement and sale and if all or any portion of the Note secured by this Trust Deed has become due by reason of a default under the terms of this Note then, 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 applicable law may pay to Lender the entire amount then due under the terms of the Note and this Trust Deed, other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the Trustee.

6.3.4. If Owner fails to cure the default as provided in 6.3.3 above, the Trustee may sell the 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 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 an covenant of warranty, express or implied. Any person, excluding the Trustee, but including Owner and Lender, may purchase at the sale.

6.4. Lender may, by agent or by court-appointed receiver, enter upon, take possession of and manage the Property, and collect therefrom in the Property, provided the Property is not then the farm lands or homestead of Owner. Lender shall be entitled to appointment of a receiver, whether or not the appraised value of the Property exceeds the amount that is owed on the Note and this Trust Deed. The receiver shall serve without bond if the law permits it.

6.5. Owner will be liable for all costs and disbursements. Lender may be entitled to by law in connection with any action, suit, or proceeding to collect any amount owner owes, and all expenses, costs, and disbursements incurred to foreclose upon the Property.

6.6. If Lender refers the Note or this Trust Deed to a lawyer who is not Lender's salaried employee, Owner will pay Lender reasonable fees that Lender actually pays the lawyer, including any for appeals.

6.7. Subject to any limitations imposed by applicable law, either before or after a sale of the Property under judicial foreclosure, or prior to a sale of the Property by advertisement and sale by the Trustee, Lender may sue for and recover from Borrower's amounts remaining unpaid under the Note and this Trust Deed.

7. The rights of Lender under this Trust Deed are in addition to Lender's rights under the Note and the law.

8. Lender is not required to exercise any of the foregoing rights except as to that a default under the Note or this Trust Deed has occurred. Any action Lender may take to enforce its rights under this Trust Deed shall not be deemed a waiver of its rights under the Note or this Trust Deed, except as to that a default under the Note or this Trust Deed has occurred. Lender agrees to file and record a copy of this Trust Deed.

9. Lender may, by agent or by court-appointed receiver, enter upon, take possession of and manage the Property, and collect therefrom in the Property, provided the Property is not then the farm lands or homestead of Owner. Lender shall be entitled to appointment of a receiver, whether or not the appraised value of the Property exceeds the amount that is owed on the Note and this Trust Deed. The receiver shall serve without bond if the law permits it.

10. When all sums secured by this Trust Deed are paid Lender shall request the Trustee to return the Property to the Trustee. The Trustee shall receive the Property and shall deliver to the Trustee a deed in form as required by law conveying the Property so sold, but without an covenant of warranty, express or implied. Any person, excluding the Trustee, but including Owner and Lender, may purchase at the sale.

11. If all or any part of the Property is sold or transferred, Lender may, at its election, require the Grantor to pay to Lender the net proceeds of the award to apply to the Note. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees reasonably incurred by Owner and Lender in connection with the foreclosure. If any proceedings in condemnation are filed, Owner shall promptly take such steps as may be necessary to defend the action and protect the award.

12. DEED ON SALE If Lender, at Lender's option, may, at its election, require the Grantor to pay to Lender the net proceeds of the award to apply to the Note. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees reasonably incurred by Owner and Lender in connection with the foreclosure. If any proceedings in condemnation are filed, Owner shall promptly take such steps as may be necessary to defend the action and protect the award.

*Errol D. Hatcher*  
Errol D. Hatcher

*Beverly N. Hatcher*  
Beverly N. Hatcher

#### INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
County of Klamath )  
January 4, 1985

Personally appeared the above-named Errol D. Hatcher  
and Beverly N. Hatcher

and acknowledged the foregoing instrument to be their  
voluntary act.

*Errol D. Hatcher*  
Notary Public for Oregon  
My commission expires 2-28-1985

#### CORPORATE ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
County of Klamath )  
January 4, 1985

Personally appeared Errol D. Hatcher, and  
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*Errol D. Hatcher*  
Notary Public for Oregon  
My commission expires 2-28-1985

#### REQUEST FOR RECEIPT

To Errol D. Hatcher, 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 receive, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date January 4, 1985 U.S. Grantor  
After recording this instrument and acknowledgment to

STATE OF OREGON: COUNTY OF KLAMATH:ss  
I hereby certify that the within instrument was received and filed for  
record on the 7th day of January A.D., 1985 at 10:44 o'clock A M,  
and duly recorded in Vol. M85, of Mortgages on page 193.

EVELYN BIENN, COUNTY-CLERK  
by: *Ann Smith*, Deputy

Fee: \$ 9.00  
After recording return to: *ATC*