

THIS TRUST DEED made this 25th day of August, 1985, between John L. Zingo, P.O. Box 505, Klamath Falls, Oregon 97601, as Grantor, William P. Brandsness, SOUTH VALLEY STATE BANK, 5215 So. Sixth Street, Klamath Falls, Or 97603, as Beneficiary,

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as: The Northwestern one-half of Lots 9 and 10 in Block 84, Klamath Addition to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Three hundred thousand and No/100 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, it not sooner paid, to be due and payable August 25, xx 2005. 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.

- 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 cost incurred therefor.
 3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the beneficiary so requests, to file in the public office or offices, as well as the cost of all lien searches made by title officers or searching agencies as may be deemed desirable by the beneficiary.
 4. To provide and continuously maintain insurance on the buildings and other improvements on the premises against loss or damage by fire and other hazards at the rate of \$5,000.00 per year, in policies acceptable to the beneficiary, with loss payable to the latter; if the grantor shall fail for any reason to procure any such insurance and to deliver said policy to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense. The amount of any such insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or not cure or waive any default or notice of default hereunder or invalidate any act 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 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 set forth in the note secured hereby together with the obligations described in paragraphs 6 and 7 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 hereinafter 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 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 action or proceeding in which the beneficiary or trustee may appear, including action for foreclosure of this deed, to pay all costs and expenses, including amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed 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.
 8. If it is mutually agreed that: In the event that any portion of all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so requires that all or any portion of the money payable as compensation for such taking, which are in excess of the amount payable to pay all reasonable costs, expenses and attorney's fees necessarily incurred by grantor in such proceedings, shall be paid to beneficiary and or both in the trial and appellate courts, necessarily and attorney's fees, incurred 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.
 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 for endorsement (in case of full reconveyances, for cancellation) without affecting the liability of any person for the payment of the indebtedness, trustee may

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 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 606.505 to 606.565.

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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 for business or commercial purposes other than agricultural purposes.

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

John G. Zingg

STATE OF OREGON, County of Klamath
August 26, 1985
Personally appeared the above named John G. Zingg, who being duly sworn, did say that the former is the president and that the latter is the secretary of the 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.

Notary Public for Oregon
My commission expires 4-17-89

REQUEST FOR FULL RECONVEYANCE
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

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
FUG C (FORM No. 881-T) AUGUST 1982
STATE OF OREGON, County of Klamath
Grantor: M. J. Zingg
Beneficiary: M. J. Zingg
SOUTH VALLEY STATE BANK
BOX 5210
KLAMATH FALLS, OREGON 97601
Evelyn Blehn, County Clerk
Deputy
Fee: \$9.00