

THIS TRUST DEED, Made the 12th day of September, 1986,

by Lee Company, C.W. Davis, Agent

Crater Title Company as Grantor,
and James Albert Investments as Trustee,
an Oregon Corporation, as Beneficiary.

WITNESSETH: That the said Grantor, in consideration of the sum of One Hundred Sixty Thousand Dollars (\$160,000.00) Dollars,

the receipt of which is acknowledged; and for the purpose of securing the repayment of the said sum with interest, and the performance of the covenants hereinafter contained, does hereby irrevocably grant, bargain, sell, convey and warrant unto the said Trustee, in trust, with power of sale, the lands, premises and property situated in the County of Klamath and State of Oregon, described as follows, to-wit:

A tract of land situated in the NW 1/4 SW 1/4 of Section 2, Township 39 South, Range 9 E.N.M. Recorded January 28, 1966, in Deed Volume 350 at page 590, Records of Klamath County, Oregon.

together with the following property which is and shall be deemed to be fixtures and a part of the real property; all plumbing, heating, cooking, cooling, ventilating, watering, irrigating apparatus, window shades, venetian blinds, screens and storm windows and doors, shutters and awnings, floor coverings, machinery, or any other fixtures and replacements thereof now or hereafter during the term of this Trust Deed belonging to or used in connection with the above described premises all of which are a part of the security for the indebtedness herein mentioned

In addition thereto, the following described furniture, appliances and equipment or other fixtures and any replacements thereof, which are and shall be deemed to be fixtures and a part of the realty, are included as security for the indebtedness herein mentioned, to-wit:

TO HAVE AND TO HOLD the granted premises and property, together with the tenements, hereditaments, rights, privileges and appurtenances, now or hereafter belonging to or used in connection with the above described premises including all water rights, all buildings and improvements thereon (or that may hereafter be erected thereon), together with the reversions and remainders, rents, issues and profits thereof, SUBJECT HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

And the Grantor hereby covenants with the said Beneficiary as follows:

FIRST: The Grantor will pay to the order of the Beneficiary at such place as may be designated in said order the sum above designated as consideration for this Trust Deed together with interest thereon, said sum to be paid in accordance with the terms of a certain promissory note or notes dated September 12, 1986, executed by the Grantor to the Beneficiary which said note or notes have a final maturity of September 11, 1996, if not sooner paid.

SECOND: The security of this Trust Deed shall also extend to and cover any additional loan or loans or advances made by the Beneficiary to the Grantor or any of his successors in ownership of the real estate and property hereby conveyed; provided that the maturity of such additional debt shall not be later than the time specified for the payment of the original debt secured hereby. This paragraph shall not, however, restrict or affect other advances, including any advances for taxes and insurance provided for elsewhere herein.

THIRD: The Grantor is lawfully seized of the above described premises and property in fee simple, and is the sole and exclusive owner thereof and has the right to execute this Trust Deed and will forever warrant and defend the title thereto against the lawful claims of all persons whomsoever. The said premises and property are free from all encumbrances and liens, except:

FOURTH: During the entire life of this Trust Deed the buildings and improvements erected and to be erected upon said premises, and the personal property described herein, if any, shall be kept insured by the Grantor against loss or damage by fire and such other hazards in such amounts, for such periods and under such form and type of policy as shall be satisfactory to the Beneficiary. All the insurance written on the subject premises and property shall be made payable in the event of loss, to the Beneficiary and the Beneficiary shall be entitled to the possession of all such insurance policies during the life of this Trust Deed. Grantor agrees to deliver to the Beneficiary the renewals of the insurance policies not less than ten calendar days before the expiration of the policy or policies to be renewed and replaced. The cash value or the surrender value or the unearned premium of all such insurance policies is hereby assigned to the Beneficiary as additional security to the loan and in event of sale by the Trustee or other transfer of title to the subject property in extinguishment of the debt secured hereby, all right, title and interest of the Grantor in and to any such insurance policies then in force shall pass to the Beneficiary. The Grantor will pay the premiums for said insurance as the same shall become due. The Beneficiary shall not be responsible for any failure to place or maintain such insurance, or for loss or damage growing out of a defect or non-payment of loss under any such policy of insurance. If the premises or property covered hereby, or any part thereof, shall be damaged by fire or other hazards against which insurance is held, the amounts paid by any insurance company pursuant to the contract of insurance, shall be paid to the Beneficiary and the amounts so received may be applied by the Beneficiary, at its option, either upon any sum or sums secured by the Trust Deed whether or not same are due, or released by the Beneficiary, at its option for the repairing, replacing and rebuilding of the premises and property or for other purposes; said repairing, replacing and rebuilding to be done and made subject to the approval of the Beneficiary and in a manner satisfactory to the Beneficiary.

such payment shall also pay to the beneficiary all of Beneficiary's costs and expenses incurred by it and then in enforcing the terms of the obligation, including Trustee's and Attorney's fees not exceeding \$100 each if actually incurred. By accepting any payment of any such amount hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured as to future default for failure to pay.

TWENTIETH: Grantor shall not, without the prior written consent of Beneficiary, transfer Grantor's interest in the property or any part thereof, whether or not the transferee assumes or agrees to pay the indebtedness hereby secured. Upon any application for Beneficiary's consent to such a transfer, Beneficiary may require from the transferee such information as would normally be required if the transferee were a new loan applicant. Beneficiary shall not unreasonably withhold its consent. As a condition of its consent to any transfer, Beneficiary may impose a service charge and may increase the interest rate of the indebtedness hereby secured.

TWENTY-FIRST: 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.

TWENTY-SECOND: Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

TWENTY-THIRD: Substitute Trustee. In accordance with applicable law, Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

TWENTY-FOURTH: Use of Property. The Property is not currently used for agricultural, timber or grazing purposes.

TWENTY-FIFTH: Attorney's Fees. As used in this Deed of Trust and in the Note, "attorney's fees" shall include attorney's fees, if any, which shall be awarded by an appellate court.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust

X C. W. Davis

-Borrower

X

-Borrower

State of Oregon

County of

X STATE OF OREGON,

County of Klamath

THIS CERTIFIED, That on this 21st day of October, A.D. 19 86

before me appeared C. W. Davis and

both to me personally known, who being duly sworn,

did say that he, the said C. W. Davis is the Agent XXXXX President, and he, the

said _____ is the _____ Secretary of Lee Company

_____, the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said

Corporation by authority of its Board of Directors, and that said C. W. Davis

and _____ acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the day and year first in this, my certificate, written.

Bernard A. Kelsch
Notary Public for Oregon

My Commission Expires 12-22-87

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 22nd day of October, A.D., 19 86 at 8:43 o'clock A M., and duly recorded in Vol. 186 of _____ Mortgages on Page 19185.

FEE \$13.00

Evelyn Biehn, County Clerk
By Ann Smith