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SAPB

DEED OF TRUST — OREGON

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Badorek Enterprises, Champion Metal Co., Sixth Street Steel and Oxygen Inc., Walter C. Badorek, and
Sharon D. Badorek, and each of them,
2521 S. Sixth Street, Klamath Falls, Oregon, and 4238 Onyx Avenue, Klamath Falls, Oregon,
United States National Bank of Oregon
Klamath Falls Branch, 740 Main Street, Klamath Falls, Oregon,
Transamerica Title Insurance Company
Park Place Building, Sixth Avenue at University, 1200 Sixth Avenue, Seattle, Washington 98101
The Lender has loaned in excess of \$1,600,000 to Badorek Enterprises, Champion Metal Co., and Sixth Street* (Borrower)
which is repayable with interest according to the terms of: *
Steel and Oxygen Inc.

*that certain agreement ("the Agreement") among Grantor and Beneficiary dated 6/15/87 pertaining to interim financing for Badorek Enterprises, Champion Metal Co., and Sixth Street Steel and Oxygen Inc., the attachments to the Agreement, and the documents executed by Grantors (or any of them) contemporaneously with the closing of the Agreement on 6/15/87

The term "Indebtedness" as used in this Deed of Trust shall mean (a) the principal and interest payable under the note(s) and under any number of extensions and renewals of the note(s), (b) any future amounts, together with interest, that the Lender may in its discretion loan to Borrower or Grantor under this Deed of Trust and any number of extensions and renewals, and (c) any sums paid or advanced by the Lender to discharge obligations of Grantor as permitted under this Deed of Trust, with interest. The interest rate, payment terms and balance due under the note(s) may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the note(s) and on account of any extensions and renewals of the note(s).

To secure payment of the Indebtedness and performance of all obligations of Grantor under this Deed of Trust, Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:
See Exhibit A attached hereto and incorporated herein by this reference.

***and (d) all the duties and obligations of the persons and entities listed above as "Grantor" under the Agreement, the attachments to the Agreement, and the documents executed by Grantors (or any of them) contemporaneously with the closing of the Agreement

which has the effect of:

Together with all appurtenances, all existing or subsequently erected or affixed improvements or fixtures, and, unless this Deed of Trust is being given to secure an extension of consumer credit requiring disclosures under the Federal Truth-in-Lending Act, Grantor also hereby grants to Lender a Uniform Commercial Code security interest in all equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property, all of the foregoing is collectively referred to as the Property. The Property is not currently used for agricultural, timber, or grazing purposes. Grantor hereby assigns to Lender as additional security for the Indebtedness all present and future rents, leases, and profits from the Property.

1. Maintenance of the Property.

1.1 The Property shall be maintained in good condition at all times. Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property, Grantor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use.

1.3 Grantor shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any improvement on the Property, Grantor agrees:

2.1 To commence construction promptly and in any event within 30 days from the date of this instrument, and complete the same in accordance with any agreements relating to construction and plans and specifications satisfactory to Lender within 3 months of the date of this instrument;

2.2 To allow Lender to inspect said property at all times during construction;

2.3 To replace any work or materials unsatisfactory to Lender within 15 calendar days after written notice to the Grantor of such fact;

2.4 That work shall not cease on the construction of such improvements for any reason whatsoever for a period of 15 consecutive days.

3. Taxes and Liens.

3.1 Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Lender under this Deed of Trust, or Lender gives its prior written consent to the deferral. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this Deed of Trust, except for "Permitted Encumbrances" as defined in 3.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 3.2.

*Insert "Grantor" or the name of the Borrower if different from the Grantor.

3.2 Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with the Lender cash or a sufficient corporate surety bond or other security satisfactory to the Lender in an amount sufficient to discharge the lien plus any costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Grantor shall carry such insurance as the Lender may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risks. Insurance on the Property shall be carried in companies and under policies approved by the Lender and shall be for an amount equal to the remaining unpaid portion of the Indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear an endorsement in a form satisfactory to the Lender making loss payable to the Lender and shall be deposited with the Lender. In the event of loss, Grantor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to the Lender who may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. The Lender may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Grantor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Grantor and Lender do not otherwise expressly agree in writing, Lender may require Grantor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to the Lender of an amount determined by the Lender to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Grantor shall upon demand pay such additional sum as the Lender shall determine to be necessary to cover the required payment.

5.2 If the Lender carries mortgage (default) insurance covering the repayment of all or any part of the Indebtedness, the premiums for such insurance shall be paid by the Grantor, and if allowed by law, the Lender may

5.3 If Grantor desires to carry a package plan of insurance that includes coverage in addition to that required under this Deed of Trust, the Lender, if allowed by law, may at its option establish and administer a required insurance coverage shall be quoted separately, and the Lender may permit Grantor to furnish a certificate of insurance rather than deposit the amount in the insurance reserve to cover the premium for the entire package policy, the Lender may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. If the blanket policy does not permit such partial payment, the Lender may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the package policy to lapse.

5.4 Lender shall not charge a service charge for collecting reserves and paying taxes and insurance premiums. The reserves shall not constitute a trust. Grantor agrees that Lender may commingle reserve funds with other funds of Lender, and need not invest them for the benefit of Grantor. Grantor agrees that Lender need not pay Grantor interest on reserves, unless applicable statutes require payment of interest notwithstanding any contrary agreement.

6. Expenditures by Lender.

If Grantor shall fail to comply with any provision of this Deed of Trust, and any amount that it expends in so doing shall be added to the indebtedness. Amounts so added shall be payable on demand with interest at the same rate as provided in the note from the date of expenditure. The rights provided for in this paragraph shall be in addition to any other rights or remedies to which the Lender may be entitled on account of the default, and the Lender shall not be taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

7. Late Payment Charges.

To cover the extra expenses involved in handling delinquent payments, Lender may charge a late charge on any scheduled payment which Lender does not receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be as specified in the note or, if the note specifies no late charge, five percent of the payment, which Lender does not receive within the 15-day period. The late charge under the note or under this Deed of Trust shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Lender's right to pursue any other right or remedy available on account of the delinquency.

8. Warranty; Defense of Title.

8.1 Grantor warrants that he holds merchantable title to the Property in fee simple, free of all encumbrances other than (a) those enumerated in the title policy, if any, issued for the benefit of the Lender in connection with this transaction and accepted by the Lender; and (b) the encumbrances described as: none.

8.2 Grantor warrants that he holds merchantable title to the Property in fee simple, free of all encumbrances other than (a) those enumerated in the title policy, if any, issued for the benefit of the Lender in connection with this transaction and accepted by the Lender; and (b) the encumbrances described as: none.

8.3 If any Permitted Encumbrance is a lien, Grantor shall defend the claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of the Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense.

8.4 If any Permitted Encumbrance is a lien, Grantor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

9. Condemnation.

9.1 If all or any part of the Property is condemned, the Lender may at its election require that all or any portion of the net proceeds of the award be applied on the indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Grantor and the Lender in connection with the condemnation.

9.2 If any proceeding in condemnation are filed, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor hereby assigns to Lender the net proceeds of any condemnation award.

10. Imposition of Tax by State.

10.1 The following shall constitute state taxes to which this paragraph applies:

(a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a deed of trust.

(b) A specific tax on the owner of property covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on the deed of trust.

(c) A tax on premises covered by a deed of trust chargeable against the Beneficiary under the deed of trust or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a Grantor under a deed of trust.

10.2 If any federal, state or local tax to which this paragraph applies is enacted subsequent to the date of this Deed of Trust, this shall have the

same effect as a default, and the Lender may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

(a) Grantor may lawfully pay the tax or charge imposed by the state tax, and

(b) Grantor pays or offers to pay the tax or charge within 30 days after notice from the Lender that the tax law has been enacted.

11. Due on Sale Clause.

Grantor agrees that Lender may, at Lender's option, declare the entire indebtedness immediately due and payable if all or any part of the Property, or an interest therein, is sold, transferred, further encumbered, or alienated. If Lender exercises the option to accelerate Grantor agrees that Lender may use any default remedies permitted under this Deed of Trust and under applicable law. Grantor agrees that Lender may exercise Lender's rights under this Due-On-Sale provision each time all or any part of the Property, or an interest in the Property, is sold, transferred, further encumbered, or alienated whether or not Lender previously exercised Lender's rights under this or any other Due-On-Sale provision.

12. Security Agreement; Financing Statements.

12.1 This instrument shall constitute a security agreement with respect to any personal property included within the description of the Property.

12.2 Grantor shall join with the Lender in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Grantor's expense in all public offices where filing is required to perfect the security interest of the Lender in any personal property under the Uniform Commercial Code.

13. Default.

The following shall constitute events of default:

13.1 Any portion of the Indebtedness is not paid when it is due.

13.2 Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent filing of or discharge any lien.

13.3 Failure of Grantor to perform any other obligation under this Deed of Trust within 20 days after receipt of written notice from the Lender specifying the failure.

13.4 If this Deed of Trust secures a construction loan, any failure of Grantor or builder or any other person or entity to comply with or perform any provision of any construction loan agreement executed in connection with the loan within 20 days after receipt of written notice from Beneficiary specifying the failure.

13.5 Default in any obligation secured by a lien which has or may have priority over this Deed of Trust, or the commencement of any action to foreclose any prior lien.

13.6 Either Grantor or Borrower become insolvent, file a voluntary petition in bankruptcy, become subject of an involuntary petition in bankruptcy, make an assignment for the benefit of creditors, or consent to the appointment of a receiver or trustee for any portion of the Property or all or a substantial part of Grantor's or Borrower's assets.

13.7 Default by Grantor or any predecessors in title of Grantor, as lessee or sublessee, under the terms of any lease or sublease of the Property to which Grantor is a party or through which Grantor's interest in the Property is derived.

14. Release on Full Performance.

When all sums secured by this Trust Deed are paid Lender shall request Trustee to reconvey the above described real property. Trustee shall, without warranty, reconvey the real property to the person legally entitled thereto. Such person shall pay all fees for filing the reconveyance and shall pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument.

15. Rights and Remedies on Default.

15.1 Upon the occurrence of any event of default and at any time thereafter, the Lender may exercise any one or more of the following rights and remedies:

(a) The right at its option by notice to Borrower to declare the entire Indebtedness immediately due and payable.

(b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

(c) The right to have the Trustee sell the Property in accordance with the Deed of Trust Act of the State of Oregon and the Uniform Commercial Code of the State of Oregon where applicable, at public auction to the highest bidder. Any person except Trustee may bid at the Trustee's sale. The power of sale conferred by this Deed of Trust and the law is not an exclusive remedy and when not exercised, Lender may foreclose this Deed of Trust as a mortgage. 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 Grantor, Trustee, or Lender shall be a party, unless such action or proceeding is brought by the Trustee.

(d) With respect to all or any part of the Property that constitutes personally, the rights and remedies of a secured party under the Uniform Commercial Code.

(e) The right, without notice to Grantor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Lender's costs, against the Indebtedness. In furtherance of this right the Lender may require any tenant or other user to make payments of rent or use fees directly to the

Lender, and payments by such tenant or user to the Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(f) The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount.

(g) Subject to any limitations imposed by law, the right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid Indebtedness.

(h) Any other right or remedy provided in this Deed of Trust, the promissory note(s) evidencing the Indebtedness, any construction loan agreement, any other security document, or under law.

15.2 In exercising its rights and remedies, the Lender and Trustee shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Property and refrain from selling other portions. The Lender shall be entitled to bid at any public sale on all or any portion of the Property.

15.3 The Lender shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

15.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect the Lender's right to declare a

default and exercise its remedies under this paragraph 15.

15.5 In the event suit or action is instituted to enforce any of the terms of this Deed of Trust the Lender shall be entitled to recover from Grantor such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. All reasonable expenses incurred by the Lender that are necessary at any time in the Lender's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the Indebtedness payable on demand and shall bear interest at the same rate as provided in the note from the date of expenditure until paid.

16. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Deed of Trust. Either party may change the address for notices by written notice to the other party.

17. Succession; Terms.

17.1 Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns.

17.2 In construing this Deed of Trust the term Deed of Trust or Trust Deed shall encompass the term security agreement when the instrument is being construed with respect to any personal property.

17.3 Attorneys' fees. "Attorneys' fees," as that term is used in the note and in this Deed of Trust, shall include attorneys' fees, if any, which may be awarded by an appellate court.

BADOREK ENTERPRISES

By Walter C. Badorek
Walter C. Badorek, General Partner

By Sharon D. Badorek
Sharon D. Badorek, General Partner

CHAMPION METAL CO.

By Walter C. Badorek Pres.
Walter C. Badorek, President

SIXTH STREET STEEL AND OXYGEN INC.

By Walter C. Badorek Pres.
Walter C. Badorek

Walter C. Badorek
Walter C. Badorek, Individually

Sharon D. Badorek
Sharon D. Badorek, Individually

ACKNOWLEDGMENT

STATE OF OREGON)

COUNTY OF KLAMATH) SS

On this 15th day of June, 1987, before me the undersigned, a notary public in and for the state of Oregon, duly commissioned and sworn, appeared Badorek Enterprises (through Walter C. Badorek and Sharon D. Badorek, general partners), Champion Metal Co. (by Walter C. Badorek, president), Sixth Street Steel and Oxygen Inc. (by Walter C. Badorek, president), Walter C. Badorek, individually, and Sharon D. Badorek, individually, to me known to be the individuals described in and who executed the foregoing instrument and acknowledged before me that they executed said instrument as their free and voluntary act and deed and for the uses and purposes therein mentioned.

Barbara L. Raup
Notary Public for Oregon

My Commission Expires: 11/12/87

REQUEST FOR RECONVEYANCE

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

Date _____

LEGAL DESCRIPTION

The following described real property situated in Klamath County, Oregon, more particularly described as follows:

PARCEL ONE:

Lots 5, 6, 7, 8, 9 and 10 in Block 2; and Lots 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 32 and 33 in Block of SIXTH STREET ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. U.S.O. part of Lot 30, Block 4, SIXTH STREET ADDITION in Klamath County, Oregon, according to the official plat thereof, described as follows:

Beginning at the Northwest corner of Lot 30, Block 4, SIXTH STREET ADDITION; thence Southeasterly along alley parallel to Sixth Street a distance of 11.71 feet; thence Southwest at right angles to alley 17.25 feet to the Westerly line of Lot 30; thence Northerly along West line of Lot 30, 20.86 feet to the point of beginning, being a portion of Lot 30 Block 4 Sixth Street Addition.

Part of Lot 30, Block 4, SIXTH STREET ADDITION in Klamath County, Oregon, described as follows: Beginning at the Northwest corner of Lot 30, Block 4, Sixth Street Addition; thence Southeasterly along the Northeasterly line of said lot, 11.71 feet to the true point of beginning; thence Southeasterly along said lot line 33.28 feet; thence South $34^{\circ}07\frac{1}{2}'$ West 17.25 feet to the South line of said lot; thence Westerly along the South line to its intersection with the Southeasterly line of Lot 31, Block 4, Sixth Street Addition; thence North $34^{\circ}07\frac{1}{2}'$ East 17.25 feet to the point of beginning.

All that portion of Lot 31, Block 4, SIXTH STREET ADDITION in Klamath County, Oregon, except that part conveyed to Alfred D. Collier and V. E. O'Neill by deed dated December 9, 1937, recorded December 14, 1937, in Volume 113, at page 347, records of Klamath County, Oregon, described as follows: Beginning at a point in line marking the southwesterly boundary of said Lot 31, 55 feet Southeasterly from the most Westerly corner of said Lot 31, thence at right angles to the center line of South Sixth Street (The Dalles-California Highway) as the same is now located and constructed Northeasterly 33.63 feet, more or less, to a point in the Easterly boundary of said Lot 31; thence Southerly along the Easterly boundary of said Lot 31; thence Northwesterly along the Southeasterly corner of said Lot 31; thence Northwesterly along the above mentioned Southwesterly boundary of said Lot 31, 22.80 feet, more or less, to the point of beginning.

(X)

(5b)

Part of Lot 802 ENTERPRISE TRACTS, according to the official plat thereof, described as follows: Beginning at a point in the Easterly boundary of Lot 31, Block 4, SIXTH STREET ADDITION from which the Southeasterly corner of said lot bears South $0^{\circ}00\frac{1}{2}'$ East 40.63 feet distant; running thence North $34^{\circ}07\frac{1}{2}'$ East at right angles to the center line of Sixth Street (The Dalles-California Highway) as now located to the South line of Lot 30, Block 4, of said Addition, thence West on said South line of Lot 30 to its intersection with the Southeasterly line of Lot 31, Block 4, said addition; thence South $0^{\circ}00\frac{1}{2}'$ East on said Southeasterly line of Lot 31 to the point of beginning.

Also beginning at the Northeast corner of Section 4, Township 39 South, Range 9 East of the Willamette Meridian, Oregon, and running thence South $0^{\circ}00'30''$ East along the East line of said Section 4, 862.01 feet; thence West 29.92 feet to an iron pipe marking the former intersection of the North line of South Sixth Street and the West line of Washburn Way, which iron pipe is distant 29.52 feet at right angles from the center line of the Klamath Falls Lakeview Highway at Engineers Station 15+58.91; and continuing thence from said iron pipe North $0^{\circ}00'30''$ West 62.53 feet along the West line of Washburn Way to the true beginning point of the description; running thence from said true beginning point North $0^{\circ}00'30''$ West 58.42 feet along the West line of Washburn Way to the South line of the alley in Block 4 of the Sixth Street Addition; thence North $55^{\circ}50'30''$ West along the South line of said alley 136.30 feet to the Northeasterly corner of that tract of land heretofore conveyed to W. Badorek and Nellie Badorek by Alfred D. Collier et ux., and V. E. O'Neill et ux., by deed recorded in Volume 113, page 349 of Klamath County Deed Records; thence South $34^{\circ}09'30''$ West along the Easterly line of said tract of land and the Westerly line of that certain tract of land conveyed to Alfred D. Collier and V. E. O'Neill by W. Badorek and Nellie Badorek and recorded in Volume 113, page 347, of Klamath County Deed Records, a distance of 89.55 feet to the Northerly right of way line of the Klamath Falls Lakeview State Highway as the same is presently constructed; thence along said Northerly right of way line on an 80 foot radius curve left (the long chord of which bears South 60° East 11.60 feet) a distance of 11.61 feet; thence South $64^{\circ}09'30''$ East 150.70 feet; thence on a twelve foot radius curve left (the long chord of which bears North $57^{\circ}55'$ East 20.34 feet) a distance of 24.26 feet to the true point of beginning.

SAVING AND EXCEPTING from said Parcel 1 any portion thereof conveyed to State of Oregon, by and through its State Highway Commission, by Deeds recorded August 3, 1943, Volume 157, page 285, and June 5, 1946, Volume 190, page 237, Deed Records of Klamath County, Oregon.

(X)

(56)

ALSO SAVINGS AND EXCEPTING from said Parcel 1 any portion conveyed to State of Oregon, by and through its State Highway Commission, by Deed recorded July 23, 1942, in Volume 148, page 508, Deed Records of Klamath County, Oregon, Volume 146, page 181, Deed Records of Klamath County, Oregon.

PARCEL THREE:

Lots 34, 35, 36, 37, 38, 39 and the Easterly 12½ feet of Lot 40 Block 4, SIXTH STREET ADDITION, to the City of Klamath Falls, Oregon according to the official plat thereof on file in the office of County Clerk, Klamath County, Oregon.

SAVING AND EXCEPTING from said Parcel 3 any portion thereof conveyed to State of Oregon, by and through its State Highway Commission by Deeds recorded March 28, 1942 in Volume 146, page 364 and April 3, 1942 in Volume 146, page 379 and February 1, 1945 in Volume 173 page 97.

PARCEL FOUR:

A portion of the SW¼SW¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point 50 feet West and 330.31 feet North of the Southeast corner of SW¼SW¼, said point being on the North line of that certain parcel of land conveyed by Nassou Company, a corporation, to Great Northern Railway Company, dated September 28, 1928, recorded October 29, 1928 in Book 82, page 463, Deed Records of Klamath County, Oregon; thence North along a line parallel to and 50 feet West of the East line of the SW¼SW¼, 135 feet; thence West along a line parallel to the South line of the SW¼SW¼, 323 feet; thence South along a line parallel to the East line of the SW¼SW¼, 135 feet, more or less, to a point on the North line of the above described parcel of land conveyed to Great Northern Railway Company, thence East along said North line 323 feet, more or less to the point of beginning.

PARCEL FIVE:

A parcel of land situated in E½N½S¼SW¼SW¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:
(X)

PARCEL FIVE (continued)

Beginning at a point on the Eastern right of way line of Broadmore Street, said point also being the Southwest corner of the $E\frac{1}{2}N\frac{1}{2}S\frac{1}{2}$ SW $\frac{1}{2}$ SW $\frac{1}{2}$ of Section Three, thence from said point North along the Eastern right of way line of Broadmore Street 333 feet more or less to a point, said point also being the Southwest corner of Lot 2, Block 4, WASHBURN PARK TRACT 1080, thence East along the South line of said Lot 2, Block 4, WASHBURN PARK TRACT 1080, a distance of 610 feet more or less to a point on the Western right of way line of the O.C. & E. Railroad; thence South along said railroad right of way line 195 feet more or less to a point, said point also being the Northeast corner of that tract of land described in Deed Volume 291 page 469, deeded to Lloyd A. Warner and Fern L. Warner, husband and wife, thence West along the North line of said parcel 323 feet more or less to a point being the Northwest corner of said parcel described in Deed Volume 291, page 469, thence South along the West line of said parcel 135 feet more or less to a point being the Southwest corner of that same parcel described in deed Volume 291, page 469, said point also lying on the South line of the $E\frac{1}{2}N\frac{1}{2}S\frac{1}{2}$ SW $\frac{1}{2}$ SW $\frac{1}{2}$, thence West from said point along said South line of the $E\frac{1}{2}N\frac{1}{2}S\frac{1}{2}$ SW $\frac{1}{2}$ SW $\frac{1}{2}$ 285 feet more or less to a point on the Eastern right of way line of Broadmore Street, said point also being the point of beginning of this description.

PARCEL SIX:

A tract of land located in the South one-half ($S\frac{1}{2}$) of the Southeast one-quarter ($SE\frac{1}{4}$) of the Southwest one-quarter ($SW\frac{1}{4}$) of the Southwest one-quarter ($SW\frac{1}{4}$) of Section 3, Township 39 South, Range 9, East of the Willamette Meridian, and more particularly described as follows, to-wit:

Commencing at the Southwest (SW) corner of Section 3, Township 39 South, Range 9, East of the Willamette Meridian, Klamath County, Oregon; thence South $89^{\circ}33'35''$ East, 927.74 feet; thence North $00^{\circ}26'25''$ East, 30 feet to the true point of beginning thence North $00^{\circ}26'25''$ East, 269.68 feet; thence South $89^{\circ}37'05''$ East, 335.67 feet; thence North $00^{\circ}12'43''$ West, approximately 30 feet to a 5/8 inch iron pin and intersecting a line bearing North $89^{\circ}37'05''$ West; thence North $89^{\circ}37'05''$ West 608.97 feet to a 5/8 inch iron pin; thence South $00^{\circ}17'47''$ East, 299.63 feet to a 5/8 inch iron pin; thence South $89^{\circ}33'35''$ East, 269.65 feet more or less to the true point of beginning.

SAVING AND EXCEPTING unto the Great Northern Railway Co., a Minnesota corporation, its successors and assigns, the right to maintain and use the present railway tracks upon, over and across the above described property.

(X)

(5b)

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ALSO EXCEPTING THEREFROM a reservation unto the Great Northern Railway Co., a Minnesota corporation, its successors and assigns forever, all iron, natural gas, coal, oil and all minerals of any nature whatsoever upon or in the lands above described together with the sole, exclusive and perpetual right to explore for, remove and dispose of the same by means or methods suitable to the Grantor, its successors and assigns, but without entering upon or using the surface of the lands above described, and in such manner as not to interfere with the use thereof by the Grantee. its successors and assigns.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of U.S. National Bank of Oregon the 17th day of June A.D., 19 81 at 9:28 o'clock A M., and duly recorded in Vol. M87 of Mortgages on Page 10441

FEE \$33.00

Evelyn Biehn, County Clerk
By Ann Smith

Ret: U.S. National Bank
740 Main St
XFO
97601

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6-15-87