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**TRUST DEED**

SEPTEMBER 1987 between

THIS TRUST DEED made this 24th day of \_\_\_\_\_, 19\_\_\_\_, by and between RICHARD R. BATSELL and LARRY D. BATSELL, not as tenants in common, but with the right of survivorship, and WILLIAM P. BRANDSNESS, as Trustee, and \_\_\_\_\_, of the County of \_\_\_\_\_, State of \_\_\_\_\_, for and to the use, benefit and behoof of the heirs and assigns of the said RICHARD R. BATSELL and LARRY D. BATSELL, their heirs and assigns forever.

**SOUTH VALLEY STATE BANK**

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 NORTH ONE-HALF OF LOT 36, FAIR ACRES SUBDIVISION NO. 1, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON. EXCEPTING THEREFROM THE EAST 5 FEET CONVEYED TO KLAMATH COUNTY FOR ROAD PURPOSES.

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.

**ARTICLE FOURTH OF SECURING PERFORMANCE OF EACH AGREEMENT OF GRANTOR HEREIN CONTAINED AND PAYMENT OF THE WITH RIGHTS TO RENEWALS AND FUTURE ADVANCES**

FOR THE PURPOSE OF SECURING PERFORMANCE OF EACH AGREEMENT OF GRANTOR HEREIN CONTAINED AND PAYMENT OF THE sum of TWENTY THOUSAND AND NO/100 DOLLARS, WITH INTEREST THEREON ACCORDING TO THE TERMS OF A PROMISSORY NOTE DATED BY GRANTOR, THE FINAL PAYMENT OF PRINCIPAL AND INTEREST HEREOF, IT

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note of even date herewith, payable to beneficiary or order, and made by grantor, the \_\_\_\_\_, 1992.

not sooner paid, to be due and payable \_\_\_\_\_ SEPTEMBER 24 \_\_\_\_\_, 1992.

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.

(c) consent to the making of any map or plat of said property; (b) join in any restriction thereon; (c) join in any charge or lien on said property.

The above described real property is hereby

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 proper 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, requests, orders 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; and continuously maintain insurance on the buildings owned by the beneficiary against fire, theft, loss or damage by fire.

beneficiary.

4. To provide and continuously maintain a life insurance policy on the life of the insured, now or hereafter, erected on the said premises against loss or damage by fire, theft, wind, hail, lightning, explosion, riot, strike, sabotage, terrorism, or any other hazards as the beneficiary may hereafter determine, the latter, at an amount not less than \$\_\_\_\_\_, with loss payable to the beneficiary, and to companies acceptable to be delivered to the beneficiary, such insurance and to policies of insurance shall fail for any reason to produce a claim within sixty (60) days prior to the expiration of the term of the policy, the beneficiary shall place on said building delivered and policies to the beneficiary at least \_\_\_\_\_ hereafter placed on said building, and the beneficiary may procure insurance in the same at grantor's expense. If the beneficiary may procure any other insurance policy may be applied by beneficiary collected under any fire or other secured hereby and in such order as beneficiary may determine, and at option of beneficiary the fire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not constitute a release of the beneficiary from its obligation to maintain the policy, and the beneficiary shall not cure or waive any default or notice of default hereunder or invalidate any claim pursuant to such policy. The beneficiary promises free from construction liens, and to pay all taxes, assessments, and charges levied or assessed upon or against the property.

any part thereof, may be default or notice of default hereunder, and the grantor shall not cure or waive any 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 such taxes, assessments or other charges become past due or frequent, and promptly deliver receipts therefor to beneficiary, should the grantor fail to make payment by any taxes, assessments, insurance premiums, liens or other charges with funds with which to make payment, or by providing beneficiary with the option, make payment thereof by direct payment, beneficiary may, at its option, make payment thereof and make good payment, with interest at the rate set forth in the note and with the amount so paid, with interest as described in paragraphs 3 and 4 of this hereby, together with the obligations described in paragraph 2 secured by this trust deed, shall be added and become a part of the breach of any of the trust deed, without waiver of any rights arising from breach of any of the trust deed, without waiver of any rights arising from breach of any of the covenants and for such payments, with interest as aforesaid, the grantor shall be bound to make good payment, and the grantor shall be bound to make good payment hereinbefore described, as well as the payment of the obligations secured hereby to the extent that they are bound to be immediately due and payable with interest, described, and all such payment, shall shall, at the option of the beneficiary, under notice, and the nonpayment thereof shall, at the option of the beneficiary, and render all sums secured by this trust deed immediately due and payable and incur all expenses of this trust including the cost of the same incurred.

6. To pay all costs, fees and expenses of the trustee incurred of title search as well as the other costs and expenses of the trustee and attorney in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred. in and defend any action or proceeding purporting to

7. To appear in and defend any suit or action brought by or against the beneficiary or trustee; and in such suits or actions to assert all the rights and powers of the beneficiary or trustee may appear, including effecting the foreclosure of this deed, to pay all costs and expenses, the amount of attorney's fees mentioned in this paragraph in all cases shall be paid by 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. The grantor hereby agrees that said property shall be taken

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9. At any time and from time to time upon written request of the 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

(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 this deed or the lien or charge thereof; (d) receive reconveyance may be described as one of the matters or facts shall be admitted 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 foregoing shall not be less than \$5.

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11. The entering upon and taking possession of and collection of such rents, issues and profits, or the proceeds of or damage of the collection of such rents, issues or awards for any taking or damage of the 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.

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14. Otherwise, the sale shall be held on the date and at the time and place designated by the notice of sale or the time to which said sale may be postponed or adjourned by law. The trustee may sell said property either by public or private sale, in one or more parcels, or in separate parcels, at the time of sale, or by public auction to the highest bidder, its deed in form as required by law conveying the property to the purchaser, with or without any covenant or restriction, shall be conclusive proof of the truthfulness thereof. Any purchase at the sale, including the purchase of the trust assets in the deed of any matter of fact shall be conclusive proof of the truthfulness thereof. Any 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, (2) 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 interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder, and without conveyance and without duties conferred thereon. The latter shall be vested with all the powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be in writing and shall be recorded by the parties in and upon any trustee in the mortgage records of the county in which the property is situated, shall be conclusive 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.

9. At any time after its filing and presentation to the county clerk for recording, payment of its fees and presentation to the county clerk for recording, shall be a party unless such action is taken by the trustee or the lender.

10. In the event of full reconveyance, 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 in 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.

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 or household purposes (see Important Notice below)

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 beneficiary, MUST comply with the Act and Regulation Z, the disclosures for this purpose use Stevens-Nease Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

Richard R. Batsell  
RICHARD R. BATSELL  
LARRY D. BATSELL

STATE OF OREGON  
County of Klamath  
This instrument was acknowledged before me on SEPTEMBER 24, 1987, by RICHARD R. BATSELL and LARRY D. BATSELL.  
Notary Public for Oregon  
My commission expires: 9/12/89

STATE OF OREGON  
County of Klamath  
This instrument was acknowledged before me on SEPTEMBER 24, 1987, by RICHARD R. BATSELL and LARRY D. BATSELL.  
Notary Public for Oregon  
My commission expires: 9/12/89

REQUEST FOR FULL RECONVEYANCE  
To be used only when obligations have been paid.  
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: [Address]  
DATED: [Date]

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  
RICHARD R. BATSELL  
LARRY D. BATSELL  
Grantor  
SOUTH VALLEY STATE BANK  
Beneficiary  
AFTER RECORDING RETURN TO:  
SOUTH VALLEY STATE BANK  
5215 SOUTH SIXTH STREET  
KLAMATH FALLS, OR 97603

THESEBLOW THE EY21 2 EEL CHARTER TO...  
STATE OF OREGON  
County of Klamath  
I certify that the within instrument was received for record on the 30th day of September, 1987, at 12:46 o'clock P.M., and recorded in book/reel/volume No. M87 on page 17757 or as fee/filo/instrument/microfilm/reception No. 79932.  
Record of Mortgages of said County.  
Witness my hand and seal of County affixed.  
Evelyn Biehn, County Clerk  
By [Signature] Deputy