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KTVWVIA 11/11/87 OREGON 31903
2512 200TH 21X11 21KEEL

TRUST DEED

Vol 187 Page 18000

THIS TRUST DEED, made this 29TH day of SEPTEMBER 1987, between LEWIS M. DODSON and JUDITH L. DODSON, AN ESTATE IN FEE SIMPLE AS TENANTS BY THE ENTIRETY, RECORDING REFERENCE TO

as Grantor, WILLIAM P. BRANDSNESS as Trustee, and

SOUTH VALLEY STATE BANK as Beneficiary, 21VIE BVWK

WITNESSETH: Grantor hereby grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in County, Oregon, described as:

21VIE BVWK

SEE ATTACHED EXHIBIT "A" 18021 DEED

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.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the ONE MILLION FIFTY THOUSAND AND NO/100 DOLLARS, WITH RIGHTS TO RENEWALS AND FUTURE ADVANCES, the grantor hereby agrees to pay to the beneficiary the sum of \$1,500,000.00, 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 on OCTOBER 1, 1997.

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, herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

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, 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 costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions 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.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises, loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$100,000.00.

5. To deliver to the beneficiary, with loss payable to the latter, all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to deliver any such insurance and to deliver said policies 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 collected under any fire or other insurance policy may be applied by beneficiary upon such security as secured hereby and in such order as beneficiary may determine, or at option of beneficiary, such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. 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 paragraph 6 and 7 of the trust deed, shall be added to and become a part of the debt secured by the trust deed, without waiver of any rights arising from breach of any of the covenants, conditions and restrictions hereinbefore 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.

7. 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.

8. To appear in and defend any action or proceeding purporting to affect the security, rights or powers of beneficiary or trustee, and in any suit, action or proceeding in which the beneficiary or trustee may appear, including including evidence of title, and the beneficiary's or trustee's attorney's fees, the amount of attorney's fees mentioned in this paragraph 7, in all cases shall be decreed by the trial court and in the event of an appeal from any judgment or appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

9. It is mutually agreed that should it be determined that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary, paid or applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary 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.

10. 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

(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) reconvey, without warranty, all or any part of the property, legally entitled 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 services mentioned in this paragraph shall be not less than \$5.

11. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said premises and all other property, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

12. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other 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.

13. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall sell the said described real property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.755.

14. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure sums secured by the trust deed, the default consists of a failure to pay, when due, the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other than such portion as would be cured may be cured by tendering the performance required under the default or trust deed. In any case, in addition to curing the default or default, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

15. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which said sale may be postponed as provided by law. The trustee may sell said 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 sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

16. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of said sale to the payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (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 surplus, if any, to the grantor or to his successor in interest entitled to such surplus, and (4) to the grantor or to his successor in interest entitled to such surplus.

17. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder, the latter shall be appointed without conveyance to the successor upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

18. 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.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney who is a 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 696.505 to 696.585.

13

18000

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) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.
- (b) for 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.

Lewis M. Dodson
LEWIS M. DODSON

Judith L. Dodson
JUDITH L. DODSON

*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 as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305, or equivalent; if this instrument is NOT to be a first lien, or is not to finance the purchase of a dwelling use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act is not required, disregard this notice.

STATE OF OREGON, County of Klamath

Sept. 29, 1981

LEWIS M. DODSON AND JUDITH L. DODSON

Notary Public for Oregon

My commission expires: 9-12-89

Personally appeared

who, each being first

duly sworn, did say that the former is the

secretary of

a 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.

Before me,

Notary Public for Oregon

My commission expires:

(OFFICIAL SEAL)

TO: 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. Said reconveyance and documents to

FOR THE PURPOSE OF RECONVEYANCE

DATED: 9-29-81

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
SEE ATTACHED INSTRUMENT NO. 18001
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

LEWIS M. DODSON
JUDITH L. DODSON
SOUTH VALLEY STATE BANK
2001H AVENUE 21V1E
Klamath Falls, Oregon 97603

Grantor

RECORDING RETURN TO:
SOUTH VALLEY STATE BANK
5215 SOUTH SIXTH STREET
KLAMATH FALLS, OREGON 97603

STATE OF OREGON, } ss.
County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/roll/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____ Record of Mortgages of said County.

Witness my hand and seal of County affixed.

By _____ Deputy

18001 DEED

EXHIBIT A

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

18002

PARCEL 1

Lot 1, Block 6, Pleasant View Tracts, in the County of Klamath, State of Oregon, EXCEPTING THEREFROM the East 105 feet and ALSO EXCEPTING THEREFROM that portion in the State Highway right of way boundary as set forth in final judgment filed April 26, 1965, in Case No. 64-96L, Circuit Court of the State of Oregon, for Klamath County. ALSO EXCEPTING THEREFROM the West 5 feet conveyed to Klamath County by deed recorded July 10, 1973, in Volume M73 page 8805, Deed records of Klamath County, Oregon.

PARCEL 2

Lot 2, Block 6, Pleasant View Tracts, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM that portion thereof for the widening of Gary Street, recorded June 25, 1965, in Volume 362 page 460, Klamath County Deed Records.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 5th day
of October A.D. 19 87 at 10:57 o'clock A M., and duly recorded in Vol. M87,
of Mortgages on Page 18000.
FEE \$13.00 By Evelyn Biehn County Clerk
Pam Smith