

TRUST DEED

Vol. 1788 Page 17534

THIS TRUST DEED made this 14TH day of OCTOBER 19 88, between
as Grantor, OLIVER R. SPIRES AND DIANNE E. SPIRES as tenants by the entirety
and as Beneficiary, WILLIAM P. BRANDSNESS

SOUTH VALLEY STATE BANK, as Trustee, and

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

SEE ATTACHED EXHIBIT "B" FOR LEGAL DESCRIPTION.

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 sum of ONE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS AND NO/100'S (\$1,150,000.00) note of even date herewith, payable to beneficiary or order and made, by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable NOVEMBER 1, 19 98.

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.

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 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 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 and such other hazards as the beneficiary may from time to time require, in an amount not less than \$100,000.00, written in the policy of insurance shall be delivered to the beneficiary as soon as insured; all deliver said policy to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the property.

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 the beneficiary; should the grantor fail to make payment of any taxes, assessments, premiums, liens or other charges payable by grantor, either by direct 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, in the same extent that they are bound for the payment of the obligation herein described, 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 suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the 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. It is mutually agreed that: In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall be taken as compensation for such taking, which are in excess of the monies payable to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and 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.

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 party 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 thereon; (d) reconvey, without warranty, all or any part of the property. The beneficiary shall be conclusively bound by the recitals of any matters or facts shall be the conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. 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 property, and in its own name sue or otherwise collect said property, including those past due and unpaid, and apply the same, less its fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. 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 to 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.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, 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 or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the latter event the beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligation secured hereby whereupon the trustee shall proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. 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 86.735, may cure the default or defaults. If the default consists of a failure to pay, when due, not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, 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.

14. 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 full discharge of the property sold, but without any covenant or warranty, express or implied. The recitals in the deed of sale in full discharge of the property sold, which the trustee shall be conclusively bound by, shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may 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 for having recorded liens subsequent to the trust deed; (2) 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.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties 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.

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, or 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.

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 an organization, or (even if grantor is a natural person) are for business or commercial purposes. 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 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 use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

STATE OF OREGON, } ss.
County of Klamath }
This instrument was acknowledged before me on
October 18, 1988, by
OLIVER R. SPIRES and DIANNE E. SPIRES
Notary Public for Oregon
My commission expires: 11/16/91

OLIVER R. SPIRES
DIANNE E. SPIRES
STATE OF OREGON, } ss.
County of Klamath }
This instrument was acknowledged before me on
October 18, 1988, by
OLIVER R. SPIRES and DIANNE E. SPIRES
Notary Public for Oregon
My commission expires: 11/16/91

REQUEST FOR FULL RECONVEYANCE
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. Mail reconveyance and documents to:
DATED: 10/18/88

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 (FORM No. 881) STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.	STATE OF OREGON, County of Klamath I certify that the within instrument was received for record on the 18 day of October, 1988, at 10 o'clock P.M., and recorded in book/reel/volume No. 145 on page 100 or as fee/file/instrument/microfilm/reception No. 145-100 Record of Mortgages of said County. Witness my hand and seal of County affixed. By <u>DIANNE E. SPIRES</u> TITLE Deputy
GRANTOR OLIVER R. SPIRES DIANNE E. SPIRES 409 Pine St Klamath Falls, OR 97601	
BENEFICIARY SOUTH VALLEY STATE BANK 215 E. 6th St Klamath Falls, OR 97603	
AFTER RECORDING RETURN TO: SOUTH VALLEY STATE BANK 5215 SO 6TH ST KLAMATH FALLS, OR 97603	

EXHIBIT "B"
LEGAL DESCRIPTION

PARCEL 1:

A piece or parcel of land situated in the SE1/4 SW1/4 of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the intersection of the Southerly right of way line of South Sixth Street and the Westerly right of way of the O.C. & E. Railroad spur; said point being also the Northeasterly corner of that parcel of land conveyed at page 8265 of Volume M68, of Klamath County Deed Records; thence North 58 degrees 24' 45" West along the Southerly right of way line of South Sixth Street 218.95 feet to a point; thence North 55 degrees 48' 55" West along said right of way line 180.4 feet to the most Northerly corner of that parcel of land conveyed at page 5330 of Volume M72 of Klamath County Deed Records; thence South 0 degrees 45' East 451.4 feet to a point; thence North 88 degrees 11' 20" East 203.35 feet to a point; thence South 0 degrees 51' 30" East 57.0 feet to a point; thence North 39 degrees 15' East 129.0 feet to a point on the West right of way line of the O.C. & E Railroad spur; thence North 0 degrees 45' West along said right of way spur 284.2 feet to the point of beginning.

Tax Account No.: 3809 033CD 00800 (portion)
3809 033CD 00900 (portion)

PARCEL 2:

A piece or parcel of land situated in the SE1/4 SW1/4 of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon being more particularly described as follows:

Beginning at a point on the Westerly right of way line of the O.C. & E Railroad spur as the same is presently located and constructed from which the Northeasterly corner of that parcel of land conveyed on page 8265 of Volume M68 of Klamath County Deed Records bears North 0 degrees 45' West 284.2 feet distance; thence South 0 degrees 45' East along said railroad right of way 249.0 feet to a point; thence along a circular curve to the left (having a central angle of 14 degrees 25' 10" a radius of 429.51 and a long chord which bears South 7 degrees 57' 35" East 107.8 feet) a distance of 108.1 feet to a point; thence South 89 degrees 15' West 286.55 feet to a point; thence North 37 degrees 52' 10" West 284.80 feet to a point; thence North 1 degree 48' 40" West 180.0 feet to a point; thence North 88 degrees 11' 20" East 319.2 feet to a point; thence South 0 degrees 51' 30" East 57.0 feet to a point; thence North 89 degrees 15' East 129.0 feet, more or less to the point of beginning.

Tax Account No.: 3809 033CD 00700 (portion)
3809 033CD 01200 (portion)

PARCEL 3:

A Parcel of land situated in the SW1/4 of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the South line of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, from which the South quarter corner of said Section 33 bears North 89 degrees 26' East 313.83 feet distant; thence North 0 degrees 45' West 4.0 feet to an existing iron pin reference monument; thence North 89 degrees 45' West 176.00 feet to an existing iron pin; thence North 0 degrees 14' 40" East 166.00 feet to an existing iron pin; thence on the Westerly right of way line of the O.C. & E. Railroad Spur as the same is presently located and constructed; thence following said right of way line along a 13.34 degree curve to the right, the long chord of which bears North 21 degrees 39' 25" West 72.70 feet, a distance of 72.8 feet to an iron pin; thence South 89 degrees 15' West 286.55 feet to an iron pin; thence North 37 degrees 52' 10" West 284.8 feet to an iron pin; thence North 1 degree 48' 40" West 180.0 feet to a point; thence North 88 degrees 11' 20" East 115.35 feet to a point on the Southwest corner of that parcel designated as Parcel A in recorded survey no. 1922; thence North 0 degrees 45' West along the Westerly boundary of said Parcel A, 451.4 feet to a point on the Southerly right of way boundary of South Sixth Street as the same is presently located and constructed; thence North 68 degrees 29' 25" West along the Southerly right of way line of South Sixth Street 429.1 feet to a point on the Easterly right of way line of the Southern Pacific Railroad projected Northerly; thence South 0 degrees 45' East along said right of way line projected and along said right of way line 1195.1 feet to its intersection with the Northerly right of way line of the O.C. & E. Railroad; thence South 51 degrees 58' East along said Northerly right of way line 241.2 feet to its intersection with the South line of Section 33, Township 38 South, Range 9 East of the Willamette Meridian; thence North 89 degrees 26' East 415.45 feet, more or less, along said Section line to the point of beginning.

Tax Account No.: 3809 033CD 00601
 3809 033CD 00800 (portion)
 3809 033CD 00700 (portion)
 3809 033CD 00900 (portion)
 3809 033CD 01200 (portion)

PARCEL 4:

A strip of land described as follows: Beginning at the intersection of the Westerly line of Owens Street and the Southerly line of Sixth Street as now located; thence North 56 degrees 01' 33" West, 176.10 feet, more or less, to the Easterly line of Deed Volume 82, page 96,

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and the true point of beginning of the strip of land to be described; thence South 0 degrees 57' 30" East along the Easterly line of said deed, 110 feet; thence North 56 degrees 01' 33" West 48.79 feet to the Westerly line of Deed Volume 82, page 96; thence North 0 degrees 57' 30" West 110 feet to the Southerly line of Sixth Street; thence South 56 degrees 01' 33" East 48.79 feet to the true point of beginning.

Tax Account No.: 3809 033CD 01000 0U1
3809 033CD 01000 0U2

PARCEL 5:

Beginning at a point in the Southerly line of Sixth Street, City of Klamath Falls, County of Klamath, State of Oregon, said point lying distant 176.10 feet Westerly along the Southerly line of Sixth Street from the intersection of the Southerly line of the said Sixth Street with the Westerly line of Owens Street (formerly known as Front Street), running thence South 0 degrees 57' 30" East, a distance of 526.84 feet to a point; thence Southerly, along the arc of a curve, (said curve being tangent to the last mentioned course at the last mentioned point) concave to the left having a radius of 389.51 feet, a distance of 346.14 feet to a point in the Westerly line of Owens Street; thence South 0 degrees 55' 30" East, along the Westerly line of Owens Street, a distance of 50.02 feet to a point; thence Northerly along the arc of a curve (the tangent of the said curve bears North 56 degrees 05' West at the last mentioned point) concave to the right, having a radius of 429.51 feet, a distance of 413.24 feet, to a point; thence North 0 degrees 57' 30" West and tangent to the last mentioned course at the last mentioned point, a distance of 554.78 feet, to a point in the Southerly line of Sixth Street; thence South 56 degrees 01' 30" East, along the Southerly line of Sixth Street, a distance of 48.79 feet to the point of beginning, LESS AND EXCEPT a tract of land described as follows:

Beginning at the intersection of the Westerly line of Owens Street and the Southerly line of Sixth Street as now located; thence North 56 degrees 01' 33" West, 176.10 feet, more or less, to the Easterly line of Deed Volume 82, page 96, and the true point of beginning of the strip of land to be described; thence South 0 degrees 57' 30" East along the Easterly line of said deed, 110 feet; thence North 56 degrees 01' 33" West 48.79 feet to the Westerly line of Deed Volume 82, page 96; thence North 0 degrees 57' 30" West 110 feet to the Southerly line of Sixth Street; thence South 56 degrees 01' 33" East 48.79 feet to the true point of beginning.

Tax Account No.: 3809 033CD 01500

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ Oct. _____ A.D., 19 88 at 10:31 o'clock _____ the 19th day
_____ on Page 17534
Mortgages _____
Evelyn Biehn, County Clerk
By Rauline Miselndore

FEE \$28.00