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11-01-94 03:34 RCVD

TRUST DEED

Vol 94 Page 33895

THIS TRUST DEED, made this 26 day of October, 1994, between David McCarley and Diane McCarley, Husband and Wife

Klamath County Title Company, as Grantor,  
George Fernlund, as Trustee, and  
WITNESSETH:  
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:

See exhibit "A" attached hereto and by this reference made a part hereof

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 the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of ONE HUNDRED SEVENTY THOUSAND DOLLARS AND 00/100 \$170,000.00 Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and due by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable at maturity, 19

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the beneficiary's option\*, all obligations secured by this instrument, in respect of the maturity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement\*\* does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition 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 the 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 property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$170,000.00, written in companies acceptable 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 procure any such insurance and to deliver the policies to the beneficiary now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as the beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. 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.
5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the 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 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, the property hereinafter 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.
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 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 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.

It is mutually agreed that:

8. In the event that any portion or all of the 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,

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 to real property of this state, its subsidiaries, affiliates, agents or licensees, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

\*WARNING: 12 USC 1701-3 regulates and may prohibit exercise of this option.

\*\*The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

TRUST DEED

David and Diane McCarley

Grantor

George Fernlund

Beneficiary

After Recording Return to (Name, Address, Zip):

Klamath County Title Co.

422 Main Street

Klamath Falls OR 97601

STATE OF OREGON,

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/reel/volume No. on page or as fee/file/instrument/microfilm/reception No. Record of of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By Deputy



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 and 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.

9. At any time and from time to time upon a 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 the 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. The grantee in any reconveyance may be described as the "person or persons 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.

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 the property or any part thereof, in its own name and otherwise collect the rents, issues and profits, 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.

11. The entering upon and taking possession of the 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.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's 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 may elect to 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 event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall at 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 86.795.

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 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as you do 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 the sale may be postponed as provided by law. The trustee may sell the 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 so 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.

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'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 deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any 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.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto.

and that the grantor will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of this 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),

(b) 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 pledges, of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

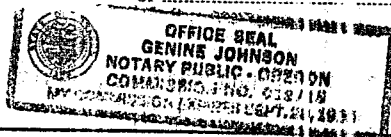
IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first above written.

\* 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 Z, making required disclosures; for this purpose use Stevens-Ness Form No. 1-19, or equivalent. If compliance with the Act is not required, disregard this notice.

David M & Diane Carley  
David McCarley  
Diane McCarley

STATE OF OREGON, County of Klamath ) ss.  
This instrument was acknowledged before me on November 1, 1994,  
by David McCarley and Diane McCarley

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_  
as \_\_\_\_\_  
of \_\_\_\_\_



Genine Johnson  
Notary Public for Oregon  
My commission expires September 28, 1996

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO: \_\_\_\_\_, Trustee  
The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the 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 the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to \_\_\_\_\_

DATED: \_\_\_\_\_ 19\_\_\_\_

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.

Beneficiary: \_\_\_\_\_

EXHIBIT "A"  
DESCRIPTION OF PROPERTY

A piece or parcel of land situate in the Southwest quarter of Section 28, the South half of the Southeast quarter of Section 29, the Northeast quarter of Section 32, and the West half of the Northwest quarter of Section 33, all in Township 40 South, Range 14 E W.M., in Klamath County, Oregon, and more particularly described as follows:

Beginning at the North quarter corner of the said Section 32, and running thence South 0°13' East, and along the line marking the Westerly boundary of the North half of the Northeast quarter of the said Section 32, 1303.5 feet, more or less, to the Southwesterly corner thereof; thence South 89°26' East along the line marking the Southerly boundary of the said North half of the Northeast quarter of the said Section 32, 1430.0 feet to a point in a line parallel with and approximately 25.0 feet Easterly from the center line of the irrigation ditch of the Willow Valley Irrigation District; thence South 10°34' West following the said parallel line, 180.6 feet; thence South 1°51' East 248.1 feet; thence South 15°57' West 94.6 feet; thence South 2°59½' West 134.2 feet; thence South 6°02' West 266.5 feet; thence South 34°59½' East 317.4 feet; thence South 11°26½' West 137.1 feet, more or less, to a point in the line marking the Southerly boundary of the said Northeast quarter of the said Section 32; thence South 88°57½' East along the said boundary line 1525.9 feet, more or less, to the East quarter corner of the said Section 32, which marks the Southeasterly corner of the said Northeast quarter of the said Section 32; thence North 0°21' West along the section line marking the Easterly boundary of the said Section 32, 637.0 feet, to a point in the said line parallel with and approximately 25.0 feet Southerly and Easterly from the center line of the irrigation ditch of the Willow Valley Irrigation District; thence South 58°03½' East along the said parallel line 264.4 feet; thence South 67°03' East 269.3 feet; thence North 71°43' East 118.0 feet; thence North 42°3½' East 218.7 feet; thence North 17°54' East 201.8 feet; thence North 25°5½' East 86.8 feet; thence North 50°43½' East 246.1 feet; thence North 70°56½' East 116.4 feet; thence North 27°33' East 129.7 feet; thence North 185.0 feet; thence North 10°19½' East 343.8 feet; thence North 7°07½' West 201.6 feet; thence North 3°17' East 122.2 feet; thence North 6°41' West 128.9 feet; thence North 17°21' East 201.2 feet; thence North 3°43' West 77.2 feet; thence North 6°23½' West 88.6 feet; thence North 33°50' West 113.2 feet; thence North 6°52' East 200.4 feet; thence North 6°40' West 77.5 feet; thence North 8°40½' East 238.7 feet; thence North 33°41½' East 28.8 feet; thence North 64°57' East 101.6 feet; thence North 87°21' East 404.4 feet; thence North 12°12' West 317.2 feet; thence North 17°36½' East 109.1 feet; thence North 34°30½' East 174.7 feet; thence North 61°15' East 128.9 feet; thence North 33°58½' East 110.9 feet; thence North 81°15' East 131.5 feet; thence North 88°20' East 241.1 feet to a point from which the South quarter corner of the said Section 28 bears South 11°18' East 1304.7 feet distant; thence North 18°26' West and leaving said parallel line, 94.9 feet; thence North 32°05½' West 626.8 feet to a point in the relocated center line of the Woolen Canyon Drain; thence

continued.....

## Page 2 of description of property

North 76°10½' West along the said relocated center line of the said Woolen Canyon Drain 518.0 feet; thence along the arc of a 20°00' curve to the left to a point which bears South 87°36-¾' West 160.8 feet; thence South 71°24' West 859.5 feet; thence along the arc of a 20°00' curve to the right to a point which bears North 84°30' West 235.2 feet; thence North 60°24' West 555.5 feet, to an intersection with the center line of the main drain of the Willow Valley Irrigation District from which the West quarter corner of the said Section 28 bears North 14°27½' East 612.2 feet; thence South 5°04' West along the said center line of the Main Drain of the Willow Valley Irrigation District 249.0 feet; thence South 9°32½' East 114.6 feet; thence South 3°05' West 167.2 feet; thence South 23°07' West 90.8 feet; thence South 35°08½' West 239.4 feet; thence South 72°01' West, and leaving said drain, 1360.0 feet; thence South 79°19' West 483.0 feet; thence North 43°14½' West 241.8 feet; thence South 89°37½' West 335.5 feet; more or less, to a point in the line marking the Westerly boundary of the said South half of the Southeast quarter of the said Section 29; thence South 0°22' East, along the said boundary line 872.9 feet, more or less, to the said point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 1st day  
 of Nov A.D., 19 14 at 3:30 o'clock P.M., and duly recorded in Vol. M94,  
 of Mortgages on Page 33895.  
 Evelyn Biehn, County Clerk  
 By Christine Mulholland

FEE \$25.00