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TRUST DEED

Vol. MAC Page 9357

MC 37136

THIS TRUST DEED, made this 29TH day of MARCH, 1996.

between DARRELL J LEE AND LILLIAN LEE NOT TENANTS IN COMMON, BUT WITH RIGHTS OF SURVIVORSHIP, AS GRANTOR, AMERITITLE, as Grantor,
as Trustee, and

Associates Financial Services Company of Oregon, Inc., as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in KLAMATH

County, Oregon, described as:

A tract of land situated in the N1/2 NW1/4 of Section 28, Township 39 South, Range 12 East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at the 1/4 corner common to Sections 21 and 28 of said Township and Range, from which the Northeast corner of said Section 28 bears Easterly 2,650.79 feet; thence Westerly along the North line of said Section 28, 1,264.77 feet to the point of beginning of this description; thence Westerly along the Northerly line of said Section 28, 1,099.81 feet; thence South 23.90 feet, more or less, to a 5/8-inch rebar with plastic cap on the Southerly right of way line of Bunn Road, as constructed; thence continuing South 630.00 feet to a 5/8-inch rebar with plastic cap; thence East 770.00 feet to a 5/8 inch rebar with plastic cap; thence South 687.13 feet; thence Easterly to the NW1/16 corner of said Section 28; thence Easterly to the CN1/16 corner of said Section 28; thence Northerly along the North-South center Section line of said Section 28 to the centerline of the North Canal; thence Westerly along the centerline of said canal to a point that bears East of a 5/8-inch rebar with plastic cap which is located South 672.32 feet and East 295.36 feet from the true point of beginning of this description. thence West to said 5/8-inch rebar; thence continuing West 295.36 feet to a 5/8-inch rebar with plastic cap; thence North 630.00 feet to a 5/8-inch rebar with plastic cap; thence continuing North 42.72 feet, more or less, to the true point of beginning of this description, bearings based on R.O.S. 3853 as recorded in the office of the Klamath County Surveyor.

which real property is not currently used for agricultural, timber or grazing purposes, together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now appertaining, and the rents, issues and profits thereof and all fixtures now attached to or used in connection with said real estate:

For the purpose of securing: (1) Payment of the indebtedness in the principal sum of \$ 45,619.53 and all other lawful charges evidenced by a loan agreement of even date herewith, made by grantor, payable to the order of beneficiary at all times, in monthly payments, with the full debt, if not paid earlier, due and payable on 04-05-11; and any extensions thereof;

(2) performance of each agreement of grantor herein contained; (3) payment of all sums expended or advanced by beneficiary under or pursuant to the terms hereof, together with interest at the note rate thereon.

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

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; and do all other acts which from the character or use of said property may be reasonably necessary; the specific enumerations herein not excluding the general.
2. To provide, maintain and deliver to beneficiary insurance on the premises satisfactory to the beneficiary and with loss payable to the beneficiary. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as 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.
3. To pay all costs, fees and expenses of this trust including the cost of title search as well as other costs and expenses of the trustee incurred in connection with or enforcing this obligation, and trustee's and attorney's fees actually incurred as permitted by law.
4. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of beneficiary or trustee; and to pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum as permitted by law, in any such action or proceeding in which beneficiary or trustee may appear.
5. To pay at least ten (10) days prior to delinquency all taxes or assessments affecting the property; to pay when due all encumbrances, charges and liens with interest on the property or any part thereof that at any time appear to be prior or superior hereto.
6. If grantor fails to perform any of the above duties to insure or preserve the subject matter of this trust deed, then beneficiary may, but without obligation to do so and without notice to or demand on grantor and without releasing grantor from any obligation hereunder, perform or cause to be performed the same in such manner and to such extent as beneficiary may deem necessary to protect the security hereof. Beneficiary may, for the purpose of exercising said powers; enter onto the property; commence, appear in or defend any action or proceeding purporting to affect the security hereof or the rights and powers of beneficiary; pay, purchase, contest or compromise any encumbrance, charge or lien, which in the judgment of beneficiary appears to be prior or superior hereto; and in exercising any such powers beneficiary may incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor including cost of evidence of title, employ counsel and pay his reasonable fees. Grantor covenants to repay immediately and without demand all sums expended hereunder by beneficiary, together with interest from date of expenditure at the note rate until paid, and the repayment of such sums are secured hereby.

It is mutually agreed that:

7. Any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to beneficiary who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

Deliver to Associates Financial Services Company of Oregon, Inc.

3926 SOUTH 6TH STREET KLAMATH FALLS, OR 97603

<input checked="" type="checkbox"/>	ORIGINAL (1)
<input type="checkbox"/>	BORROWER COPY (1)
<input type="checkbox"/>	RETENTION (1)

10. Upon any default by grantor or if all or any part of the property is sold or transferred by grantor without beneficiary's consent, the beneficiary may, at any time, without notice, either in person or by agent, and without regard to the adequacy of any security for the indebtedness secured, enter upon and take possession of the property or any part of it, and that the entering upon and taking possession of the property shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice.

9. Upon default by grantor in payment of any indebtedness secured or in his performance of any agreement, the beneficiary may declare all sums secured immediately due and payable. In such event beneficiary at its election may proceed to foreclose this trust deed in equity in the manner provided by law for mortgage foreclosures or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall execute and cause to be recorded its written notice of default and its election to sell the said described real property to satisfy the obligations secured hereby and proceed to foreclose this trust deed in a manner provided by law.

10. If after default and prior to the time and date set by trustee for the trustee's sale, the grantor or other person pays the entire amount then due under the terms of the trust deed and the obligation secured thereby, the grantor or other person making such payment shall also pay to the beneficiary all the costs and expenses actually incurred in enforcing the terms of the obligations as permitted by law.

11. Upon any default by grantor hereunder, grantor shall pay beneficiary for any reasonable attorney fees incurred by beneficiary consequent to grantor's default. Grantor will pay these fees upon demand.

12. After a lawful lapse of time following the recordation of the notice of default and the giving of notice of sale the trustee shall sell the property as provided by law at public auction to the highest bidder for cash payable at the time of sale. Trustee shall deliver to the purchaser a deed without express or implied covenants or warranty. Any person excluding the trustee may purchase at the sale.

13. When the trustee sells pursuant to the powers provided, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the lawful fees of the trustee and the reasonable fees of the trustee's attorney, (2) the obligations secured by this trust deed, (3) to all persons having recorded liens subsequent to the interest of the beneficiary and the trust deed as their interest 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.

14. For any reason permitted by law, the 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.

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 valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the note 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, the grantor has hereunto set his hand and seal the day and year first above written.

[Signature]
Witness

Darrell J. Lee
Grantor

Lillian E. Lee
Grantor

STATE OF OREGON DARRELL J. LEE
LILLIAN LEE) SS.



County of KLAMATH

Personally appeared the above named Darrell J. Lee and Lillian E. Lee and

acknowledged the foregoing instrument to be their voluntary act and deed.

Before me: Lisa Leggett-Weatherby

My commission expires: 11/20/99
Notary Public

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of AmeriTitle the 3rd day
of April A.D., 19 96 at 11:47 o'clock A M., and duly recorded in Vol. M96
of Mortgages on Page 9357

FEE \$15.00

By Bernetha G. Letsch, County Clerk

DATED: _____, 19 _____

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.