

## TRUST DEED

THIS TRUST DEED made this 13th day of April 1999  
 between Thomas B. Mecham, an estate in fee simple  
Aspen Title and Escrow  
Associates Financial Services Company of Oregon, Inc.  
 as Beneficiary

## WITNESSETH

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

See Attached Exhibit "A"

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 a future interest 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 \$ 80,901.82 and all other lawful moneys due or payable by a loan agreement of even date herewith, made by grantor payable to the order of beneficiary, at all times, in monthly payments, payable until the debt is not paid in full, due and payable on 02/20/2004 and any extensions thereof.

(2) performance of each agreement of grantor herein contained; (3) payment of all sums expended or advanced to the benefit of the property, and the terms thereof 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 other than as shown on plans and in the manner any building which may be constructed, damaged or destroyed thereon and to pay when due all taxes, assessments and other charges furnished therefor to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit, suffer or permit any act upon said property, in violation of law, and not to allow any use or occupancy of said property which may be reasonably necessary, the specific enumerations herein, not excluding the foregoing.

2. To provide, maintain and keep the improvements now existing or hereinafter erected on the premises insured against fire, theft, other hazards and risks included within the scope of a standard extended coverage endorsement, and such other hazards as Beneficiary may require, in such amounts and for such periods as Beneficiary may require, and in an insurance company or insurance companies approved by Beneficiary. Insurance policies and renewals shall designate Beneficiary as mortgage loss payee and shall be in a form acceptable to Beneficiary. Beneficiary shall have full power, or Beneficiary to settle and compromise all loss claims on all such policies, to demand, receive and take all proceeds becoming payable thereunder, and, at Beneficiary's option, to apply same toward either the restoration or repair of the premises or the payment of the note. Any application of such proceeds toward payment of the note shall not extend or postpone the due date of monthly payments due on the note.

3. To pay all costs, fees and expenses of this trust, including the cost of the deed as well as other costs and expenses of the trustee in carrying out the trust and in enforcing this obligation, and trustee's and attorney's fees actually incurred as permitted by law.

4. To answer and defend any action or proceeding purporting to affect the security hereof or the rights or powers of beneficiary, 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, and all costs of defending in which beneficiary or trustee may appear.

5. To pay, at least ten (10) days prior to delinquency of taxes or assessments affecting the property, to pay when due all taxes, assessments and other charges and 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 the covenants and agreements contained in this Trust Deed, including without limitation, to pay taxes, to provide insurance, and protect against prior liens, Beneficiary may at its option, but shall not be required to, disburse such moneys and take any action necessary to pay such taxes, procure such insurance, or otherwise to protect Beneficiary's interest. Any amount disbursed by Beneficiary hereunder shall be an additional obligation of Beneficiary secured by this Trust Deed. Unless Grantor and Beneficiary agree otherwise, all such disbursements shall be payable immediately by Grantor upon notice from Beneficiary to Grantor, and may bear interest from the date of disbursement by Beneficiary at the lesser of the rate stated in the note or the highest rate permissible by applicable law. Nothing contained in this paragraph shall require Beneficiary to incur any expense or take any action whatsoever.

It is mutually agreed that

7. Any award of damages in connection with any condemnation for public use or injury to said property or any part thereof, or the proceeds of any such award 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 would be the disposition of proceeds of fire or other insurance.

Deliver to

2047 Washburn Way, Klamath Falls, Or. Phone (541) 885-0001  
 Address

ORIGINAL (1)

BORROWER COPY (1)

RETENTION (1)

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.

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 obligation secured thereby and proceed to foreclose this trust deed in a manner provided by law.

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.

Upon any default by grantor hereunder, grantor shall pay beneficiary for any reasonable attorney fees incurred by beneficiary, consequently grantor's default to enter into pay these fees upon demand.

After a lawful sale at the time following the recording of the notice of default and the giving of notice of sale the trustee shall sell the property at public auction to the highest bidder for cash payable at the time of sale. Trustee shall deliver to the purchaser a deed without warranty of title or covenants or warranty. Any person excluding the trustee may purchase at the sale.

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 attorney 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 claims subsequent to the interest of the beneficiary and the trust deed as their interest may appear in the order of priority, and (4) the balance of the proceeds to the grantor or to his successor in interest entitled to such surplus.

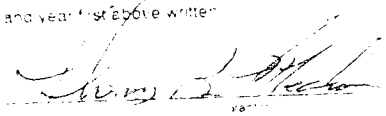
In the event any vacancy is permitted by law, the beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all the powers and duties conferred upon any trustee herein named or appointed hereunder.

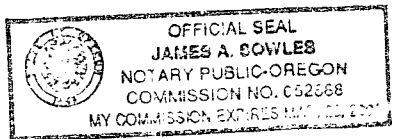
The grantor warrants and agrees to and with the beneficiary and those coming under him that he is lawfully seized in fee simple of said described real property and has said unencumbered title thereto and that he is warrant and forever defend the same against all persons claiming the same.

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 is made in pursuance 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.

  
Thomas B. Mechem

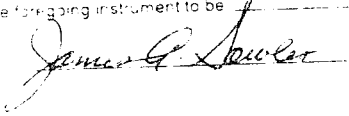


STATE OF OREGON

County of Klamath

Personally appeared the above named Thomas B. Mechem

acknowledged the foregoing instrument to be his

Notary Public 

My commission expires Mar 28, 2000

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

Trustee

I, the undersigned, the legal owner and holder of all indebtedness secured by the foregoing trust deed, do hereby certify that said trust deed has been fully paid and satisfied in full and that I have no claim or interest in the property described in said trust deed, and I hereby agree to execute and deliver to you, the undersigned, a deed of reconveyance, with warranty of title, to the property described in said trust deed, and I hereby agree to execute and deliver to you, the undersigned, a deed of reconveyance, with warranty of title, to the property described in said trust deed, and I hereby agree to execute and deliver to you, the undersigned, a deed of reconveyance, with warranty of title, to the property described in said trust deed.

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 can be made.

## PARCEL 1:

Beginning on the North Line of County Road A 1/4 mile East of the South 1260 feet and South 89 degrees 30' West 122.6 feet to the Northeast corner of Section 25, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence North 500 feet; thence South 89 degrees 30' West 111.2 feet to the United States Canal A 2; thence Southeasterly along said canal right of way to the aforesaid County Road; thence North 89 degrees 30' East 41.1 feet along said County road to the point of beginning, being in the NE 1/4 of said Section 25.

## PARCEL 2:

Beginning at a point on the Northerly right of way line of the County road which lies South 89 degrees 33' West a distance of 647 feet and North 9 degrees 47' West a distance of 30.4 feet from the iron axle which marks the Southeast corner of the NE 1/4 of the NE 1/4 of Section 25, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon and running thence, continuing North 9 degrees 47' West along the Easterly right of way line of the U.S.P.S. laterals, a distance of 506.6 feet to an iron pin; thence North 89 degrees 33' East a distance of 14.7 feet to an iron pin; thence in a Southeasterly direction a distance of 506.6 feet to a point on the Northerly right of way line of the County Road; thence South 89 degrees 33' West along the northerly right of way line of the County road a distance of 15.5 feet, more or less, to the point of beginning, in the NE 1/4 of the NE 1/4 of Section 25, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon. (Known as Tract E.)

EXCEPTING THEREFROM the Southerly 160 feet thereof (the North boundary thereof to be parallel to Henley Road) as conveyed by instrument recorded January 12, 1975 in Book M 75 at Page 79 of the Records of Klamath County, Oregon, TOGETHER WITH a perpetual non-exclusive easement for ingress and egress over that portion of the premises on which Klamath County School District presently holds an easement as evidenced by instrument recorded January 5, 1975 in Book M 75 at Page 28 of the Records of Klamath County, Oregon.

CODE 198 MAP 1909-25A0 TL 1500

STATE OF OREGON - COUNTY OF KLAMATH ss

Filed for record at request of

of April

Aspen Title  
A.D. 1999 at 3:19

of

Mortgages

o'clock

the 20th  
P. M. and duly recorded in Vol. M99  
on Page 14538

Linda Smith, County Clerk

FEE \$20.00