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THIS TRUST DEED, made this 29 day of JANUARY, 2003, between PAUL W. CHAMBERLAIN, AN INDIVIDUAL

WESTERN TITLE COMPANY, as Grantor, LUTHER D. PERDUE AND OTHA M. PERDUE, as Trustee, and

WITNESSETH:

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 "A"

State of Oregon, County of Klamath Recorded 01/29/2003 2:46 p.m. Vol M03 Pg 05553-55 Linda Smith, County Clerk Fee \$ 31.00 # of Pgs 3

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 SIXTY-TWO THOUSAND DOLLARS AND NO CENTS (62,000.00) Dollars, 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, if not sooner paid, to be due and payable April 29, 2003, 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.

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 tiling 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 \$ 62,000.00 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 at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the 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 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.

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 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.

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 branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

TRUST DEED

PAUL W. CHAMBERLAIN 22855 LATIGO COURT BEND OR 97701

Grantor

LUTHER & OTHA PERDUE C/O SKOJ & COMPANY LLC PO BOX 5483, BEND OR 97708

Beneficiary

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

SKOJ AND COMPANY LLC PO BOX 5483 BEND OR 97708

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, County of } ss.

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 and/or as fee/tile/instrument/microfilm/reception No. Record of of said County.

Witness my hand and seal of County affixed.

By NAME TITLE Deputy

31 X



*Exhibit A*

The W 1/2 SE 1/4 of Section 24, lying Northwesterly of U.S. 97, Township 23 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM any portion of the above described parcel conveyed to Richard J. Fletcher and Carol Fletcher by Warranty Deed recorded May 2, 1967 in Deed Volume M-67 at Page 3294, Klamath County Microfilm Records, being the North 100.8 feet of the W 1/2 SE 1/4 of said Section 24 lying Northwesterly of U.S. 97.

AND FURTHER EXCEPTING THEREFROM any portion of the above described parcel under Contract of Sale to Ivan G. Brown and Mary Lou Brown, recorded August 13, 1971 in Deed Volume M-71 at Page 8521, Microfilm Records, more particularly described as follows:

Commencing at the intersection of the Southeasterly right of way line of the Dalles-California Highway and the Northeasterly right of way of Tumbo Drive as shown on the duly recorded subdivision "JACK PINE VILLAGE"; thence North 59° 12' West, 300.00 feet to the Northwesterly right of way line of said Highway; thence North 30° 48' East, along said Northwesterly right of way line, 429.85 feet to the true point of beginning of this description; thence North 59° 12' West 170.00 feet; thence South 30° 48' West, 200.00 feet; thence North 59° 12' West, 271.88 feet to the approximate centerline of an irrigation canal; thence North 34° 12' East, along said centerline, 593.04 feet; thence South 59° 12' East 406.71 feet to the said Northwesterly right of way line; thence South 30° 48' West, along said Northwesterly right of way line 392.00 feet to the true point of beginning.

ALSO FURTHER EXCEPTING THEREFROM:

Commencing at the intersection of the Southeasterly right of way line of the Dalles-California Highway and the Northeasterly right of way line of Tumbo Drive; thence North 59° 12' West 300 feet to the Northwesterly right of way line of said highway to the point of beginning; thence North 30° 48' East along said Northwesterly right of way line 429.85 feet; thence North 59° 12' West 170 feet; thence South 30° 48' West 200 feet; thence North 59° 12' West to the North-South quarter section line of Section 24; thence South along said quarter section line to the Northwesterly right of way line of said highway; thence North 30° 48' East to the point of beginning of Section 24, Township 23 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.