

04 FEB 19 PM 3:30

MTC - 64148

This space reserved for recorder's use

After recording return to:

AmeriTitle, Inc.
P.O. Box 1609
Roseburg, OR 97470

Until a change is requested all tax statements shall be sent to the following address:

Michael Chapman
5734 Homedale
Klamath Falls Oregon 97603

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State of Oregon, County of Klamath
Recorded 02/19/2004 3:30 p m
Vol M04 Pg 9595-98
Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 4

TRUST DEED

(assignment restricted)

THIS TRUST DEED, made on February 13, 2004, between Michael R. Chapman, as Grantor, AmeriTitle, Inc., as Trustee, and South Valley Bank & Trust, an Oregon Banking Corporation, its successors and/or assigns, Custodian for the Gregory M. Russell SEP-IRA whose address is P.O. Box 1784 Medford, Oregon 97501, as Beneficiary,

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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 shall 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 and attorney 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 or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees. The amount of attorney fees mentioned in this paragraph in all cases shall be fixed by the trial court, and in the event of an appeal from any judgement 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 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 which are in excess of the amount required to pay all reasonable costs, expenses and attorney 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 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. 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

The grantor covenants to and agrees with the beneficiary and the beneficiary's successors in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in any addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

WARNING:

Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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 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.

09598

EXHIBIT "A"
LEGAL DESCRIPTION

The South 120 feet of the following described tract:

A tract of land situated in the NW1/4 SE1/4 of Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, more particularly described as follows:

Beginning at a one-half inch iron pin on the Westerly right of way line of Homedale Road, said point being South 00° 02' 35" East 2169.24 feet (2170.00 feet by record) and South 89° 48' 28" West 30.00 feet from the Northeast corner of the SW1/4 NE1/4 of said Section 14; thence South 00° 02' 35" East along said right of way line 240.00 feet to a 5/8 inch iron pin; thence South 89° 48' 28" West 703.77 feet to a 5/8 inch iron pin on the Easterly right of way line of U.S.B.R. A-3-B irrigation lateral; thence North 24° 44' 39" East along said Easterly right of way line 264.67 feet to a 5/8 inch iron pin; thence North 89° 48' 28" East along the Northerly edge of an existing fence line 592.80 feet to the point of beginning.

Tax Account No.: 3909-014DB-09200-000

Key No.: 575443