

AFTER RECORDING RETURN TO:

CC John D. Albert
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State of Oregon, County of Klamath
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Linda Smith, County Clerk
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TRUST DEED

GRANTORS: Richard J. Walsh and Rosalie H.M. Walsh, whose address is 5541 Sylvia Ave., Klamath Falls, Or 97603, hereinafter called "Grantors,"

TRUSTEE: John D. Albert

BENEFICIARY: Basin Fertilizer and Chemical Co. whose address is 22990 Malone Rd., PO Drawer X, Merrill, OR 97633, hereinafter called "Beneficiary."

DATED: MARCH 12, 2004

The parties agree as follows:

Grantors irrevocably grant, bargain, sell and convey to Trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

Government Lots 1 and 2 and the SW1/4SW1/4 of Section 8, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPT the following:

A tract of land situated in Sections 8 and 17, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:
Beginning at a point on the North line of said Section 17 from which the Northwest corner of said Section 17 bears North 89° 49' 21" West, 30.00 feet; thence South 00° 05' 09" East parallel to the West line of said Section 17, 256.00 feet; thence South 89° 49' 21" East parallel to the North line of said Section 17, 2379 feet more or less to the Mean High Water Line of Lost River; thence Northerly on said Mean High Water Line the following courses and distances: North 15° 12' 02" East, 324.30 feet; North 09° 32' 48" East, 223.70 feet; North 16° 32' 48" West, 370.44 feet; and North 25° 02' 09" West, 424.66 feet; thence leaving said Mean High Water Line, North 89° 49' 21" West, 2211.42 feet to a point lying 30.00 feet East of the West line of said Section 8; thence South 00° 16' 30" West parallel to the West line of said Section 8, 1016.92 feet to the point of beginning.

together with the tenements, hereditaments and appurtenances and all other rights belonging or in any way now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate. The property described in this paragraph shall hereinafter be referred to as "the Property."

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantors herein contained and payment of the sum of Two Hundred Ten Thousand, Six Hundred Seventy-Two and 10/100 (\$210,672.10) Dollars, with interest thereon according to the terms of a promissory note of eve date herewith, payable to Beneficiary or order and made by Grantor, Richard J. Walsh, the final payment of principal and interest hereof, if not sooner paid, to be due and payable December 15, 2006.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the Property or any part or interest therein is sold, agreed

36✓

to be sold, conveyed, assigned or alienated by the Grantors without first having obtained the written consent or approval of the Beneficiary, then, at the Beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

To protect the security of this trust deed, Grantors agree:

1. To protect, preserve and maintain the Property in good condition and repair; not to remove or demolish any building or improvement thereon with the prior written consent of Beneficiary, such consent not to be unreasonably withheld or delayed; not to commit or permit any waste of the Property.
2. To restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred in such restoration, whether or not such damage is covered by insurance.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property, including environmental laws and regulations; if the Beneficiary so requests, to join in executing such financing statements pursuant to the Uniform commercial Code as the Beneficiary may reasonably require and to pay for filing same in the proper public office or offices.
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 reasonably require, in an amount not less than the full insurable value, written in companies reasonably 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 Grantors shall fail for any reason to procure any such insurance and to deliver said policies to the beneficiary at least fifteen (15) days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the Beneficiary may procure the same at Grantors' expense. Provided Grantors are not in default hereunder, the amount collected under any fire or other insurance policy shall be released to Grantors for the reconstruction or repair of the Property. 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 Grantors fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by Grantors, Beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the obligation 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. Such payment by Beneficiary shall not act as a waiver of any rights arising from breach of any of the covenants hereof. For such payments, with interest as aforesaid, the Property and the Grantors 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 expense of this trust as well as the other costs and expenses of the Trustee incurred in connection with or in enforcing this obligation, including the cost of title search, 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 or appellate court in the event of an appeal from any judgment or decree of the trial court.

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's fees necessarily paid or incurred by Grantors or Beneficiary in such proceedings, shall be paid to Beneficiary and applied upon the indebtedness secured hereby. Grantors agree, at their 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 of Beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyance, 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) joint 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.

10. Upon any default by Grantors, 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 Property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses or operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order a 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 Grantors in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable. In such an event, the Beneficiary, in addition to any other remedy otherwise available to Beneficiary, including an action on the obligation, may proceed to foreclose this Trust Deed in equity as a mortgage or direct the Trustee to foreclose this Trust Deed by advertisement and sale, at Beneficiary's election. In the latter event the Beneficiary or the Trustee shall execute and cause to be recorded his written notice of default and his election to sell the Property to satisfy the obligation secured hereby, whereupon the Trustee shall fix 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 Grantors 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 would 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 said 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. The Beneficiary shall be entitled to credit bid the amounts due hereunder in lieu of paying cash at the 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 Grantors 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 interest may appear in the order of their priority and (4) the surplus, if any, to the Grantors or to their successor in interest entitled to such surplus.

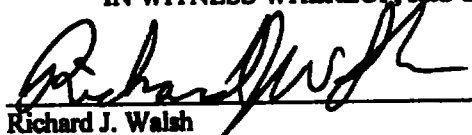
16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee anointed hereunder. Upon such appointment, and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee 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.

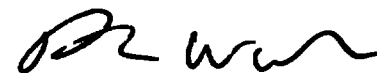
17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantors, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by Trustee.

The Grantors covenant and agree to and with the Beneficiary and those claiming under him, that he is lawfully seized in fee simple of the Property and has a valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

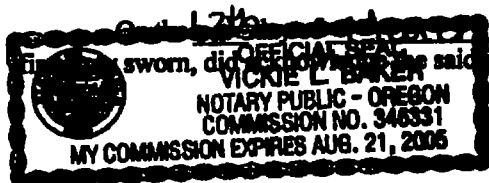
This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns.

IN WITNESS WHEREOF, said Grantors have hereunto set their hand the day and year first above written.

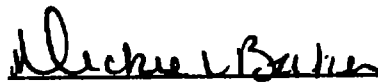

Richard J. Walsh


Rosalie H.M. Walsh

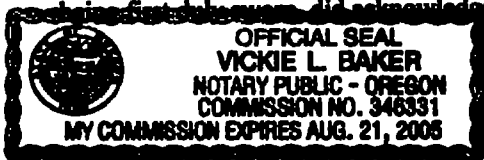
STATE OF OREGON)
County of Klamath) ss.



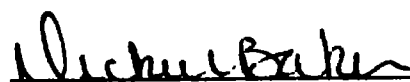
On the 12th day of March, 2004 personally appeared before me Richard J. Walsh, who, being sworn, did acknowledge the said instrument to be his voluntary act and deed.


Notary Public for Oregon

STATE OF OREGON)
County of Klamath) ss.



On the 12th day of March, 2004 personally appeared before me Rosalie H.M. Walsh, who, being first sworn, did acknowledge the said instrument to be her voluntary act and deed.


Notary Public for Oregon