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2013-012319

Klamath County, Oregon

11/01/2013 02:32:33 PM

Fee: \$122.00

RECORDING COVER SHEET

THIS COVER SHEET HAS BEEN PREPARED BY THE PERSON REPRESENTING THE ATTACHED INSTRUMENT FOR RECORDING. ANY ERRORS IN THIS COVER SHEET DO NOT AFFECT THE TRANSACTION(S) CONTAINED IN THE INSTRUMENT ITSELF.

After Recording Return To:

**Pacific Trust Deed Servicing
PO Box 697
Grants Pass, OR 97528**

1. Title(s) of the Transaction(s) ORS 205.234(a):

Trust Deed

2. Direct Party/Grantor(s) and address ORS 205.125(1)(b) and ORS 205.160:

**Richard William Avey
Richard Darrell Avey
Daretta Kay Avey**

3. Indirect Party/Grantee(s) and address ORS 205.125(1)(a) and ORS 205.160:

BS Van Corporation

4. Send Tax Statements To:

**Richard W Avey
Richard D Avey
Daretta K Avey
4846 South Sixth St
Klamath Falls, OR 97603**

5. True and Actual Consideration:

125,000.00

6. Deed Reference:

F.
127.00

TRUST DEED

THIS TRUST DEED (the "Trust Deed"), made this 30th day of October, 2013, between **RICHARD WILLIAM AVEY, RICHARD DARRELL AVEY, AND DARETTA KAY AVEY**, as Grantor, **FIRST AMERICAN TITLE INSURANCE COMPANY**, as Trustee, and, **BS VAN CORPORATION**, an Oregon corporation, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Jackson County, Oregon, described on Exhibit "A" attached hereto and by this reference incorporated herein, together with all improvements, if any, situated thereon, and all tenements, mineral rights and appurtenances thereto or in any ways now or hereafter appertaining, and the rents and issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

The street address of said real property is: 4846 South Sixth Street, Klamath Falls, Oregon 97603

The following personal property is also included as part of this transaction: None.

TAX STATEMENT:

Until a change is requested, all tax statements shall be sent to:

Richard W. Avey,
Richard D. Avey, and
Daretta K. Avey
4846 South Sixth Street
Klamath Falls, OR 97603

SECTION 1. ACKNOWLEDGEMENT AND RECORDING.

Grantor and Beneficiary are aware that ORS 93.635 requires that all instruments contracting to convey fee title to any real property, anytime more than twelve (12) months from the date that instrument is executed, shall be recorded or a memorandum thereof shall be recorded, by the Beneficiary not later than fifteen (15) days after the instrument is executed. Beneficiary covenants to so record. The interest rate, payment terms or balance due under this agreement may be indexed, adjusted, renewed or negotiated by mutual Trust Deed between the parties.

SECTION 2. SECURITY PURPOSES.

This trust deed is given by Grantor for purposes of securing full and complete performance of all terms and conditions of this trust deed, of payment of the sum of One-Hundred Twenty-Five

Thousand Dollars, (\$125,000.00) (the "Note") 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 on December 1, 2021. The terms and conditions of said promissory note are by this reference incorporated completely in this trust deed.

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.

SECTION 3. WARRANTIES, COVENANTS AND REPRESENTATIONS.

To protect the security of this trust deed, Grantor warrants, covenants and represents as follows:

3.1 To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property. To complete or 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 therefor.

3.2 To perform all terms and conditions in a timely manner under this trust deed.

3.3 To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said 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 filing officers or searching agencies as may be deemed desirable by the Beneficiary.

3.4 To maintain and have possession of the above-described properties as and from date of execution of this Trust Deed and to retain possession of the same so long as Grantor is not in default herein.

3.5 To provide and continuously maintain insurance on any improvements now or hereafter erected on the said premises against loss or damage by fire, theft or vandalism and such other hazards as the Beneficiary may from time to time require, in an amount not less than the unpaid balance of the promissory note referred to herein or the maximum insurable value, whichever is greater, with full replacement cost coverage indexed for inflation, 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 said policies to the Beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said 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. Grantor shall provide Beneficiary, at

least 15 days prior to the expiration of any policy of insurance now or hereafter placed on the property or any of the improvements, evidence of proof of payment of said insurance.

3.6 To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to Beneficiary. Grantor shall pay all real property and personal property taxes concerning the property annually when due and before the same become delinquent and shall provide proof of payment to Beneficiary within ten (10) days' thereafter. 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 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.

3.7 Grantor shall pay annually, in the full amount, on or before November 15 of each tax year and before the real property taxes start accruing any interest, all of the real property taxes and assessments levied against the property for the tax year. For example, the taxes due for the tax year 2013-2014, which accrue from July 1, 2013 to June 30, 2014, shall be payable in their full amount on November 15, 2013. The tax due date (Tax Due Date) as used in this Trust Deed means November 15. Grantor shall provide Beneficiary with a copy of the payment of the real property taxes required herein on or before November 20 of each calendar year.

3.8 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 concerning or in enforcing this obligation and trustee's and attorney's fees actually incurred.

3.9 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 herein 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.

3.10 After close of escrow, Grantor shall forever defend, indemnify and hold Beneficiary harmless from any claim, loss or liability arising out of or in any way connected with Grantor's possession or use of the property, or Grantor's conduct with respect to the property or any condition of the property. In the event of any litigation or proceeding brought against Beneficiary and arising

out of or in any way connected with any of the above events or claims, against which Grantor agrees to defend Beneficiary, Grantor shall, upon notice from Beneficiary, vigorously resist and defend such actions or proceedings through legal counsel.

3.11 That this trust deed is accepted on the basis of Grantor's own examination and personal knowledge of the real property and the value thereof. Grantor accepts the land, buildings, if any, improvements, if any, and all other aspects of the property in their present condition, AS IS, including latent defects, without any representations or warranties, expressed or implied, all of which are expressly disclaimed, unless they are expressly set forth in this trust deed or are in writing signed by Beneficiary. Grantor agrees that Grantor has ascertained, from sources other than Beneficiary, the applicable zoning, building, housing, and other regulatory ordinances and laws and that Grantor accepts the property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the property, and Beneficiary has made no representation with respect to such laws or ordinances.

3.12 To keep the property free and clear of all liens and encumbrances placed thereon, including but not limited to, tax liens, assessments, judgments, or any other cloud on the title, or any lien which may attain priority over the estate of the Beneficiary.

3.13 Not to permit or allow any waste to be committed on the premises and shall keep all buildings and other improvements now on the property in as good a state of repair as they are now in, ordinary wear and tear excepted.

3.14 Not to convey, grant, assign, transfer or allow any easements, licenses, profits a prendre, or permits regarding said property without the prior written consent of Beneficiary being first obtained. Said consent may be withheld in Beneficiary's sole discretion.

3.15 That all improvements now located or which may hereinafter be placed upon the premises shall remain as a part of the real property and shall not be removed at any time prior to the expiration of this Trust Deed without the prior written agreement of Beneficiary being first obtained. In addition, Grantor shall not make or cause to be made any improvements or alterations to the property without first obtaining the prior written consent of Beneficiary and Beneficiary shall not unreasonably withhold such consent.

3.16 Grantor, his agents or invitees will not engage in any act or omission or allow any other person to engage in any act or omission which could or would subject the real property herein to civil in rem forfeiture pursuant to Chapter 791 of the Oregon Laws 1989, also known as House Bill 2282.

3.17 Grantor shall indemnify and hold harmless Beneficiary, its officers, directors, employees, agents, successors and assigns against any and all claims, demands, losses, liabilities, costs and expenses, attorney's fees at trial and/or on appeal, occurring after close of escrow and/or arising out of, related to or concerning any federal or state environmental laws, rules, regulations, ordinances and/or concerning any hazardous and/or toxic wastes, substances, or materials.

SECTION 4. NOTICE. Any notice, whether required or not to be given under this trust deed, shall be deemed given when: (1) actually delivered, or (2) when mailed to either party and to Beneficiary's attorney at their respective addresses given below if deposited postage prepaid in the U. S. Mails, Certified Mail, Return Receipt Requested, or (3) mailed, with postage prepaid, with a recognized national overnight carrier, such as Federal Express or Express Mail and addressed to the parties as set forth below:

Grantor:

Richard W. Avey,
Richard D. Avey, and
Daretta K. Avey
4846 South Sixth Street
Klamath Falls, OR 97603

Any party hereto may change the address by giving written notice to the other party in the same manner as specified herein.

SECTION 5. ASSIGNMENT. In executing this contract, the Beneficiary has relied on Grantor's credit, interest in the real property, personality and trustworthiness and the real property and financial market conditions existing at the time of this Trust Deed; therefore, Grantor may not assign, either voluntarily or involuntarily, their interest or any portion thereof, or rights hereunder, in this Trust Deed or in the real property and/or personal property secured by this trust deed without the prior written consent of Beneficiary being first obtained. Said consent may be withheld in Beneficiary's sole discretion. Regardless of whether Beneficiary grants consent, Beneficiary shall have the right to obtain a credit report and financial statement from any prospective buyer, which shall be at Grantor's expense. Grantor shall pay for all costs incurred by Beneficiary, including Beneficiary's attorney's fees whether or not consent is granted. In the event the within described real property, personal property, if any, and/or this Trust Deed or any part thereof or any interest therein is sold, transferred, conveyed, assigned, either voluntarily or involuntarily without the prior written consent of Beneficiary being first obtained, the entire balance of the purchase price and all obligations of this Trust Deed shall be immediately due and payable. Assign, transfer, convey and alienate as used herein refers to any real or personal property secured by this Trust Deed and/or the promissory note or any portion thereof or interest therein, including but not limited to any rental and/or leasehold interest.

SECTION 6. STATUTORY DISCLOSURE REQUIREMENTS.

6.1 BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSONS RIGHTS, IF ANY, UNDER ORS 195.300 (Definitions for ORS 195.300 to 195.336), 195.301 (Legislative findings) AND 195.305 (Compensation for restriction of use of real property due to land use regulation) TO 195.336 (Compensation and Conservation Fund) AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND

REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 (Definitions for ORS 92.010 to 92.192) OR 215.010 (Definitions), TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930 (Definitions for ORS 30.930 to 30.947), AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300 (Definitions for ORS 195.300 to 195.336), 195.301 (Legislative findings) AND 195.305 (Compensation for restriction of use of real property due to land use regulation) TO 195.336 (Compensation and Conservation Fund) AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

SECTION 7. ENVIRONMENTAL PROVISIONS.

7.1 Definitions.

(a) "Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Toxic substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Solid Waste Disposal Act or any comparable federal or state statutes in Oregon or any regulation promulgated under any of such federal or Oregon state statutes relating to the protection of human health or the environment.

(b) "Hazardous Substance" shall mean any and all hazardous or toxic substances, materials or wastes as defined or listed under the Environmental Laws and/or under any federal, state of Oregon or municipal law, regulation or ordinance.

7.2 Indemnity

(a) Grantor shall indemnify, defend and save harmless Beneficiary from and against any suits, actions, legal or administrative proceedings, demands, or against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorney's fees, in any way connected with any injury to any person or damage to any property (including cost of studies, surveys, clean-up and any other environmental claim expenses) or any loss to Beneficiary occasioned in any way by Hazardous Substances on the property or by the negligent or intentional activities of Grantor before, during or after Grantor's acquisition of property.

(b) This indemnity specifically includes the direct obligation of Grantor to perform any remedial or other activities required, ordered, recommended or requested by any agency, government official or third party, or otherwise necessary to avoid injury or liability to any person, or to prevent the spread of pollution, however it came to be located on the property. (Hereinafter, the "remedial work"). Grantor shall perform all such work in its own name.

(c) Without waiving its rights hereunder, Beneficiary may, at its option, perform such remedial or removal work as described in clause (b) above, and thereafter seek reimbursement for the costs thereof. Grantor shall permit Beneficiary access to the site to perform such remedial activities.

(d) Whenever Beneficiary has incurred costs described in this section, the buyer shall, within 10 days of receipt of notice thereof, reimburse Beneficiary for all such expenses together with interest from the date of expenditure at a rate of 9% per annum.

7.3 Agency or Third Party Action

Without limiting his obligations under any other paragraph of this Trust Deed, Grantor shall be solely and completely responsible for responding to and complying with any administrative notice, order, request or demand, or any third party claim or demand relating to potential or actual contamination on the premises. The responsibility conferred under this paragraph includes but is not limited to responding to such orders on behalf of Beneficiary and defending against any assertion of Beneficiary's financial responsibility or individual duty to perform under such orders. Grantor shall assume, pursuant to paragraph 7.2 above, any liabilities or responsibilities which are assessed against seller in any action described under this paragraph.

7.4 Release

Grantor hereby waives, releases and discharges forever Beneficiary from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, known and unknown, arising out of or in any way connected with Beneficiary's use, maintenance, ownership or operation of the property, any condition of environmental contamination on the property, and/or the existence of hazardous substances in any state on the property, however they came to be placed there.

SECTION 8. EMINENT DOMAIN.

8.1 It is mutually agreed that in the event any portion or all of said 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 Grantor in such proceedings, shall be paid to Beneficiary and applied by it first upon any reasonable costs and expenses and attorney's 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; and 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.

SECTION 9. RIGHTS OF TRUSTEE.

9.1 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 said property; (b) join 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. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$50.00.

SECTION 10. DEFAULT.

10.1 EVENTS OF DEFAULT. Time is of the essence of this Trust Deed regarding all terms, conditions and covenants herein. A default shall occur under any of the following circumstances:

10.1.1 If any payment required pursuant to the terms of this Trust Deed is not received by the Beneficiary or its neutral third party, collection escrow, designated in Section 13.6, or its successor in interest, within ten (10) days of the date the payment is due, including the first date the payment is due. No notice, written or otherwise, shall be required to invoke this default, which shall be automatic if the payments are not made as provided for herein.

10.1.2 If any of the real property taxes is not paid by the Tax Due Date, as set forth in Section 3.7, within ten (10) days of the Tax Due Date, then no notice, written or otherwise, shall be required to invoke this default, which shall be automatic if the payments are not made as provided for herein

10.1.3 Failure by Grantor to perform any other term, covenant or condition of this Trust Deed if such failure is not completely remedied within fifteen (15) days after written notice of said failure to perform has been given by Grantor to Beneficiary pursuant to the terms of this Trust Deed.

10.1.4 If any insolvency or receivership proceedings are commenced against or by Grantor or if Grantor makes an assignment for the benefit of creditors at any time during the term of this Trust Deed.

10.1.5 The discovery of any material misrepresentation or non-disclosure of any warranty or representation made or furnished by Grantor to Beneficiary.

SECTION 11. REMEDIES ON DEFAULT.

11.1 Upon any default by Grantor hereunder, 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, terminate and close the Collection Escrow referenced herein and demand and receive from the escrow agent all documents held therein, enter on and take possession of said 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 of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

11.2 The entering upon and taking possession of said 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.

11.3 Upon default by Grantor 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 and if the above described real property is currently used for agricultural, timber or grazing purposes, the Beneficiary may proceed to foreclose this trust deed in equity, as a mortgage in the manner provided by law for mortgage foreclosures. However if said real property is not so currently used, the Beneficiary at his election 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. 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 said described real property to satisfy the obligations 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 86.740 to 86.795.

11.4 Should the Beneficiary elect to foreclose by advertisement and sale then after default at any time prior to five days before the date set by the trustee for the trustee's sale, the Grantor or other person so privileged by ORS 86.760, may pay to the Beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees as provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the trustee.

11.5 Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said 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. 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 Grantor and Beneficiary, may purchase at the sale.

11.6 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 interests 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.

11.7 **Costs and Attorney's Fees.** In the event that Beneficiary or Trustee shall take any action concerning this Trust Deed, including but not limited to judicial, non-judicial, arbitration or any action in the court, whether state, federal or bankruptcy, Beneficiary and/or Trustee shall be entitled to recover from the Grantor all costs, disbursements, and expenses and attorney's fees incurred both at trial and/or on appeal. Costs and reasonable expenses shall include but are not limited to searching public records, the taking of and transcription of depositions, title reports, foreclosure reports, survey fees and surveyor reports, expert and professional fees, expert witness fees, title company plant time and investigation. If the legal proceedings result in a monetary award or judgment, injunction or other equitable relief, Beneficiary and/or Trustee shall also be entitled to recover, in addition to the costs and pre-judgment attorney's fees mentioned herein, such additional sums, including attorney's fees, investigation expenses and related costs and disbursements, which may be necessary or are actually incurred for the execution, collection or enforcement of the judgment, decree or equitable relief. To cure any default, Grantor shall have to pay Beneficiary and/or Trustee, in addition to all sums necessary to cure said default, and as a prerequisite to the curing thereof, all attorney fees incurred by Beneficiary and/or Trustee concerning said default, including but not limited to, the investigation of said default, preparation of notice of default and service of notice of default. Said sums shall not be considered nor treated as payments on the interest or principal balance of the note and shall not be credited as such.

SECTION 12. RIGHTS OF BENEFICIARY.

12.1 For any reason permitted by law 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. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this trust deed and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

12.2 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 Grantor, Beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

SECTION 13. MISCELLANEOUS PROVISIONS.

13.1 Severability. The parties agree that should any provisions, terms or conditions herein be declared by any Court to be invalid, void, unenforceable or illegal, the validity of the remainder of this Trust Deed shall not be affected, impaired or invalidated thereby and shall remain in full force and effect. The rights and obligations of the parties shall be treated, enforced and regarded as if the contract did not contain the provision, term or condition declared invalid, void, unenforceable or illegal.

13.2 Under the Foreign Investment In Real Property Tax Act (FIRPTA) 26 U.S.C. Subsection 1445, every buyer of real property in the United States of America must, unless an exemption applies, deduct and withhold from the seller's proceeds, a sum equal to 10% of the gross sales price. Grantor and Beneficiary agree to execute and deliver, as appropriate, any instrument, affidavit and/or statement required to perform any act reasonably necessary to comply with FIRPTA and any regulations, rules and administrative regulations concerning the same. The parties agree that this transaction is exempt from the provisions of the Interstate Land Sales Full Disclosure Act, 15 U.S.C. Subsection 1701 et seq, and regulations promulgated thereunder, including registration under said act.

13.3 Waiver. No waiver of a breach of any covenant, term or condition of this Trust Deed shall be a waiver of any other or subsequent breach of the same, or any other term, covenant, or condition, or as a waiver of the term, covenant or condition itself; nor shall such waiver require any notice of any kind to be given to reinstate the defaulted term, covenant or condition, or to make time and strict performance again of the essence.

13.4 Interpretation. The paragraph headings herein are intended only as a reference index and shall not control the interpretation or limit or enlarge the meaning of any term of this Trust Deed. In construing this Trust Deed it is understood that Beneficiary and/or Grantor may be more than one person or entity and if the context so requires, the singular shall mean and include the plural, the masculine shall mean and include the feminine and neuter and all grammatical changes shall be made, implied and construed to apply equally to corporations, partnerships and individuals.

13.5 Successors in Interest. 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 deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

13.6 Collection Escrow. Concurrent with the execution of this Trust Deed, the parties shall execute collection escrow instructions with **FIRST AMERICAN TITLE COMPANY**, 404 Main Street, Suite 1, Klamath Falls, Oregon, 97601, and establish a collection escrow with said escrow agent. Immediately thereafter the parties shall deliver to said escrow agent the following documents:

- (a) The original promissory note referred to herein;
- (b) The original trust deed;
- (c) A request for reconveyance executed by the Beneficiary;
- (d) A copy of the title insurance policy;
- (e) The parties shall sign collection escrow instructions which are consistent with the terms of this trust deed and specifically including, but not limited to, the provisions concerning default for making the payments required herein.
- (f) Grantor and Beneficiary shall split equally the set-up fee for collection escrow; however, Grantor shall pay the monthly disbursement fees, and any other fees concerning the collection escrow thereafter.

13.7 **Disclosure.** Beneficiary was represented in this matter by Carlyle F. Stout III, Attorney at Law, Medford, Oregon. Said attorney has not represented Grantor and Grantor has had the full right and privilege, prior to execution of the contract herein, to obtain the advice of any attorney or attorneys of Grantor's choice pertaining hereto.

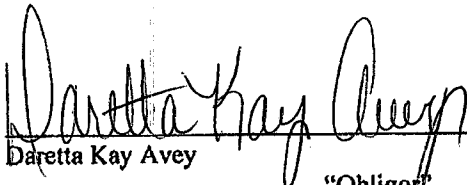
13.8 **Entire Agreement.** This Trust Deed is the entire, final and complete agreement of the parties and supersedes and replaces all written and/or oral agreements heretofore made or existing, if any, by and between the parties. This Trust Deed may not be altered, amended, changed or modified unless done in writing and executed by the Grantor and Beneficiary. There are no representations, inducements, promises or agreements, oral or written, other than those set forth in this Trust Deed and it is the intent of the parties that the terms of this Trust Deed shall control over any conflicting provisions of any prior agreement.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand the day and year first above written.

DATED this 31 day of October, 2013.

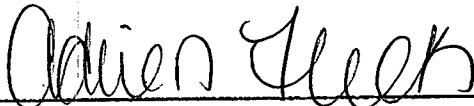

Richard William Avey

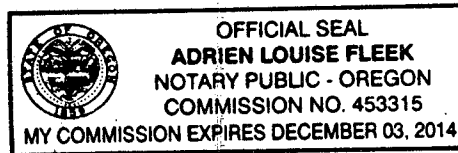
Richard Darrell Avey


Daretta Kay Avey
"Obligor"

STATE OF OREGON)
)ss.
County of Klamath)

Personally appeared the above named Richard William Avey, ~~Richard Darrell Avey~~, Daretta Kay Avey who acknowledged the foregoing instrument to be their voluntary act and deed. Before me this 31 day of October, 2013.


Notary Public for Oregon
My Commission Expires: 12-3-14



- (a) The original promissory note referred to herein;
- (b) The original trust deed;
- (c) A request for reconveyance executed by the Beneficiary;
- (d) A copy of the title insurance policy;
- (e) The parties shall sign collection escrow instructions which are consistent with the terms of this trust deed and specifically including, but not limited to, the provisions concerning default for making the payments required herein.
- (f) Grantor and Beneficiary shall split equally the set-up fee for collection escrow; however, Grantor shall pay the monthly disbursement fees, and any other fees concerning the collection escrow thereafter.

13.7 Disclosure. Beneficiary was represented in this matter by Carlyle F. Stout III, Attorney at Law, Medford, Oregon. Said attorney has not represented Grantor and Grantor has had the full right and privilege, prior to execution of the contract herein, to obtain the advice of any attorney or attorneys of Grantor's choice pertaining hereto.

13.8 Entire Agreement. This Trust Deed is the entire, final and complete agreement of the parties and supersedes and replaces all written and/or oral agreements heretofore made or existing, if any, by and between the parties. This Trust Deed may not be altered, amended, changed or modified unless done in writing and executed by the Grantor and Beneficiary. There are no representations, inducements, promises or agreements, oral or written, other than those set forth in this Trust Deed and it is the intent of the parties that the terms of this Trust Deed shall control over any conflicting provisions of any prior agreement.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand the day and year first above written.

DATED this __ day of October, 2013.

Richard William Avey


Richard Darrell Avey

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Joaquin }

On 10.30.2013 before me, Amarjit K. Dhaliwal, Notary Public
Date Here Insert Name and Title of the Officer

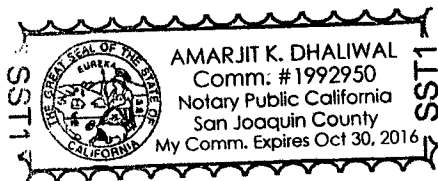
personally appeared Richard Darrell Avey
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Amarjit K. Dhaliwal
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Trust Deed

Document Date: 10.30.2013 Number of Pages: 15

Signer(s) Other Than Named Above: Richard William Avey & Daretta Kay Avey

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

TRUST DEED

EXHIBIT A LEGAL DESCRIPTION

The N 1/2 of the N 1/2 of Tracts No. 1, GIENGERS HOME TRACTS, In the County of Klamath, State of Oregon, TOGETHER WITH any portion of the S 1/2 of the N 1/2 of said Tract No. 1 which lies Northerly from a straight line extending from the East line of said tract to the West line thereof and which is located exactly four inches Northerly from the East and West ends of the Northerly line of the cement foundation of the aluminum shop building situated on the S 1/2 of the N 1/2 of Tract No. 1, of said Giengers Home Tracts, but less any portion of said N 1/2 of the N 1/2 of said Tract No. 1, which lies South of the above describes line lying four inches Northerly of the Northerly line of said cement foundation.

SAVING AND EXCEPTING THEREFROM that portion described In Deed recorded June 16, 1965 in Book 353 at Page 519, Deed Records of Klamath County for State Highway.

Subject to:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.
5. Any lien, or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes for the fiscal year 2013-2014 a lien due, but not yet payable.
7. Liens and assessments of Klamath Project and Enterprise Irrigation District Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.
8. Rules, regulations and assessments of South Suburban Sanitary District.
9. Property line Agreement and the terms and conditions thereof:
Between: Ray H. Williams, et ux
And: R. H. Cook and Idella Cook
Recording Information: Recorded February 16, 1953, in Volumn 259 page 215, and

re-recorded November 21, 1960, in Volumn 325 Page 391,
Records of Klamath County, Oregon

10. Limited access provisions contained in Deed the State of Oregon, by and through State Highway Commission recorded June 16, 1964, Volumn 353 Page 519 Deed of Records, which provides that no right of easement or right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property.
11. Easement, including terms and provisions contained therein:
Recording Information: Recorded May 23, 1958 in Volumn 399 Page 512, Records of
Klamath County, Oregon
In Favor of: South Suburban Sanitary District
For: Easement