

TRUST DEED

THIS TRUST DEED, made this 31st day of August, 19 71, between

THOMAS GARY DANIELS AND CHERYLE LOUISE DANIELS, husband and wife

_____, as grantor, William Ganong, Jr., as trustee, and
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION of Klamath Falls, Oregon, a corporation organized and
existing under the laws of the United States, as beneficiary;

WITNESSETH:

The grantor irrevocably grants, bargains, sells and conveys to the trustee, in trust, with power of sale, the property in Klamath County, Oregon, described as:

Lot 5 in Block 5 of Tract No. 1022 known as FOURTH
ADDITION TO SUNSET VILLAGE, Klamath County, Oregon.

which said described real property does not exceed three acres, together with all and singular the appurtenances, tenements, hereditaments, profits, issues, profits, water rights and other rights, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, and all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as wall-to-wall carpeting and linoleum, shades and built-in ranges, dishwashers and other built-in appliances now or hereafter installed in or used in connection with the above described premises, including all interest therein which the grantor has or may hereafter acquire, for the purpose of securing performance of each agreement of the grantor herein contained and the payment of the sum of NINETEEN THOUSAND EIGHT HUNDRED AND NO/100 (\$19,800.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith payable to the beneficiary or order and made by the grantor, principal and interest being payable in monthly installments of \$38.40 commencing

This trust deed shall further secure the payment of such additional money, if any, as may be loaned hereafter by the beneficiary to the grantor or others having an interest in the above described property, as may be evidenced by a note or notes. If the indebtedness secured by this trust deed is evidenced by more than one note, the beneficiary may credit payments received by it upon any of said notes or part of any payment on one note and part on another, as the beneficiary may elect.

The grantor hereby covenants to and with the trustee and the beneficiary herein that the said premises and property conveyed by this trust deed are free and clear of all encumbrances and that the grantor will and his heirs, executors and administrators shall warrant and defend his said title thereto against the claims of all persons whomsoever.

The grantor covenants and agrees to pay said note according to the terms thereof and when due, all taxes, assessments and other charges levied against said property; to keep said property free from all encumbrances having precedence over this trust deed; to complete all buildings in progress and hereafter commenced within the period of twelve months from the date hereof; when the date construction is hereafter commenced; to repair and restore promptly and in good workmanlike manner any building or improvement on said property which may be damaged or destroyed from beneficiary's acts; to cause an insured contractor to allow beneficiary to inspect said property at all times during construction; to replace any work or materials unsatisfactory to beneficiary within fifteen days after notice is received from beneficiary; to not commence any building or improvements now or hereafter commenced on said premises; to keep all buildings and improvements now or hereafter erected upon said property in good repair and to complete any improvements now or hereafter commenced on said property; to insure said improvements now or hereafter erected on said premises continuously insured against loss by fire or such other hazards as the beneficiary may from time to time require, for a sum not less than the original cost of the improvements; to pay the cost of this policy of insurance in company or companies acceptable to the beneficiary, and to deliver the original policy of insurance in correct form and with the approved loss payable clause in favor of the beneficiary; to pay the premium due prior to the effective date of any such policy of insurance. If said policy of insurance is not so tendered, the beneficiary may in its own discretion obtain insurance in the name of the beneficiary in the same amount, which shall not be cancellable by the grantor during the full term of the policy thus obtained.

On account to provide regularly for the prompt payment of said taxes, assessments or other charges and insurance premiums, the grantor agrees to pay to the beneficiary together with and in addition to the monthly payments of principal and interest payable under the terms of the note or obligation secured hereby, an amount equal to one-twelfth (1/12) of the sum of the principal and other charges due by the principal with respect to said property within each succeeding month, and also one-thirty-sixth (1/36th) of the insurance premiums payable with respect to said property within each succeeding three years while this trust deed remains in effect, as aforesaid, and the sum of the principal and other charges due by the principal of the loan until required for the loan; or, purposes thereof and shall thereupon be charged to the principal of the loan; or, at the option of the beneficiary, the sums so paid shall be held by the beneficiary in trust as a reserve fund, without interest, to pay said taxes, assessments or other charges when they shall become due and remain payable.

While the grantor is to pay any and all taxes, assessments and other charges levied or assessed against said property, or any part thereof, before the same begin to run, and the grantor is to pay premiums on all insurance policies on said property, such payments are to be made through the beneficiary, as aforesaid. The grantor hereby authorizes the beneficiary to pay any and all taxes, assessments and other charges levied or imposed against said property, or any part thereof, and to pay premiums on all insurance policies on said property in the amounts as shown on the statements furnished by the collector of such taxes, assessments or other charges, and to pay the same to the insurance carriers or their representatives, and to pay the premiums in the amounts shown on the statements submitted by the insurance carriers or their representatives, and to charge said sums to the principal of the loan or to withdraw the same from the reserve account of the insurance company for that purpose. The grantor agrees to hold the beneficiary responsible for failure to have any insurance written or for any loss or damage growing out of a defect in any insurance policy, and the beneficiary hereby is authorized, in the event of any loss, to compromise and settle with any insurer, and to apply any proceeds of such insurance to the payment of the obligations secured by this trust deed. In full or upon sale or other acquisition of the property by the beneficiary after

default, any balance remaining in the reserve account shall be credited to the indebtedness. If the reserve account for taxes, assessments, insurance premiums and other charges is not sufficient at any time for the payment of such charges as they become due, the grantor shall pay the deficit to the beneficiary upon demand, and if not paid within ten days after such demand, the beneficiary may at its option add the amount of such deficit to the principal of the obligation secured hereby.

Should the grantor fail to keep any of the foregoing covenants, then the beneficiary may at its option carry out the same, and all its expenditures therefor shall draw interest at the rate specified in the note, shall be repayable by the grantor on demand and shall be secured by the lien of this trust deed. In this connection, the beneficiary shall have the right in its discretion to complete any improvements made on said premises and also to make such repairs to said property as in its sole discretion it may deem necessary or advisable.

The grantor further agrees to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; 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 arising from the performance of his duties as trustee, including attorney's fees. In enforcing this obligation, and trustee's and attorney's fees actually incurred to appear in and defend against any suits or proceedings brought or occurring to affect the security of the deed or the rights or powers of the beneficiary or trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in any suit or proceeding brought by or against the trustee or beneficiary, shall be paid by the reasonable sum to be fixed by the court, in any such suit or proceeding, in which the beneficiary or trustee may appear and in an suit brought by beneficiary to foreclose this deed, and all said sums shall be secured by this trust deed.

The beneficiary will furnish to the grantor on written request therefor an annual statement of account but shall not be obligated or required to furnish any further statements of account.

It is mutually agreed that:

It is mutually agreed that:

1. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the beneficiary shall have the right to commence, prosecute in its own name, appear in or defend against proceedings, suits and actions, and so elects, to require that all or any portion of the money payable as compensation for such taking, which are in excess of the amount necessarily paid prior to pay all reasonable expenses incurred by the grantor in such proceedings, shall be paid to the beneficiary.

2. The beneficiary agrees to execute and defend all proceedings, suits and actions and apply by it first upon any reasonable costs and expenses incurred by the grantor in such proceedings, and the fees necessarily incurred by the grantor in connection with such proceedings, and the fees necessarily incurred by the grantor on the indebtedness secured hereby; and the grantor agrees, at its own expense, to take such actions and execute such proceedings, and to pay the costs thereof, as may be necessary in obtaining such compensation, promptly upon the beneficiary's request therefor.

SIGNED:

[illegible][illegible]