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## TRUST DEED

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THIS TRUST DEED, made this 12th day of May, 1975, between  
 DONALD M. PHILLIPS and MARION A. PHILLIPS, 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 6 in Block 2 of BEL-AIRE GARDENS, Klamath County, Oregon.

RECEIVED  
 MAY 27 1975  
 3:45 pm

which said described real property does not exceed three acres, together with all and singular the appurtenances, tenements, hereditaments,  
 rents, issues, profits, water rights and other rights, easements or privileges now or hereafter belonging to, derived from or in anywise apper-  
 taining 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 lino-  
 leum, 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 SIXTEEN THOUSAND AND NO/100-----  
 (\$ 16,000.00 ) 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 \$ 125.00 commencing  
 June 20, 1975.

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 pre-  
 cedence over this trust deed; to complete all buildings in course of construction  
 or hereafter constructed on said premises within six months from the date  
 hereof or the date construction is hereafter commenced; to repair and restore  
 hereof or the date construction is hereafter commenced; to repair and restore  
 said property which may be damaged or destroyed and pay, when due, all  
 costs incurred therefor; 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 written notice from beneficiary of such  
 fact; not to remove or destroy any building or improvements now or hereafter  
 constructed on said premises; to keep all buildings and improvements now or  
 hereafter erected upon said property in good repair and to commit or suffer  
 no waste of said premises; to keep all buildings, property and 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,  
 in a sum not less than the original principal sum of the note or obligation  
 secured by this trust deed, in a company or companies acceptable to the ben-  
 eficiary, and to deliver the original policy of insurance to correct form and with  
 approved loss payable clause in favor of the beneficiary attached and with  
 premium paid, to the principal place of business of the beneficiary at least  
 fifteen days 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 for the benefit of the beneficiary, which insurance  
 shall be non-cancelable by the grantor during the full term of the policy thus  
 obtained.

In order to provide regularly for the prompt payment of said taxes, assess-  
 ments 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 (1/12th) of the taxes, assessments and  
 other charges due and payable with respect to said property within each succeed-  
 ing twelve months, 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, an estimated and directed by the beneficiary,  
 such sums to be credited to the principal of the loan until required for the  
 several 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 account, without interest, to pay said  
 premiums, taxes, assessments or other charges when they shall become due  
 and 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 bear interest and also to pay premiums on all insurance  
 policies upon said property, such payments are to be made through the ben-  
 eficiary, as aforesaid. The grantor hereby authorizes the beneficiary to pay  
 any and all taxes, assessments and other charges levied or imposed against  
 said property in the amounts as shown by the statements thereof furnished  
 by the collector of such taxes, assessments or other charges, and to pay the  
 insurance 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 sums which may be required from  
 the reserve account, if any, established for that purpose. The grantor agrees  
 in no event to hold the beneficiary responsible for failure to have any insur-  
 ance written or for any loss or damage growing out of a defect in any insur-  
 ance policy, and the beneficiary hereby is authorized, in the event of any  
 loss, to compromise and settle with any insurance company and to apply any  
 such insurance receipts upon the obligations secured by this trust deed, in  
 computing the amount of the indebtedness for payment and satisfaction, 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 there-  
 for 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  
 in enforcing this obligation, and trustee's and attorney's fees actually incurred;  
 to appear in and defend any action or proceeding purporting to affect the secur-  
 ity hereof 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 a  
 reasonable sum to be fixed by the court, in any such action or proceeding in  
 which the beneficiary or trustee may appear and in any suit brought by ben-  
 eficiary 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:

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 any ac-  
 tion or proceedings, or to make any compromise or settlement in connection with  
 such taking and, if it so elects, to require that all or any portion of the money's  
 payable as compensation for such taking, which are in excess of the amount re-  
 quired to pay all reasonable costs, expenses and attorney's fees necessarily paid  
 or incurred by the grantor in such proceedings, shall be paid to the beneficiary  
 and applied by it first upon any reasonable costs and expenses and attorney's  
 fees necessarily paid or incurred by the beneficiary in such proceedings, and the  
 balance applied upon the indebtedness secured hereby; and the grantor agrees,  
 at its own expense, to take such actions and execute such instruments as shall  
 be necessary in obtaining such compensation, promptly upon the beneficiary's  
 request.

2. At any time and from time to time upon written request of the ben-  
 eficiary, payment of its fees and presentation of this deed and the note for en-  
 dorsement (in case of full reconveyance, for cancellation), without affecting the  
 liability of any person for the payment of the indebtedness, the trustee may (a)  
 consent to the making of any map or plat of said property; (b) join in granting  
 any easement or creating and restriction thereon; (c) join in any subordination  
 or other agreement affecting this deed or the lien or charge hereof; (d) reconvey,  
 without warranty, all or any part of the property. The grantee in any reconvey-  
 ance 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 in this paragraph  
 shall be \$5.00.

3. As additional security, grantor hereby assigns to beneficiary during the  
 continuance of these trusts all rents, issues, royalties and profits of the prop-  
 erty affected by this deed and of any personal property located thereon. Until  
 grantor shall default in the payment of any indebtedness secured hereby or in  
 the performance of any agreement hereunder, grantor shall have the right to col-  
 lect all such rents, issues, royalties and profits earned prior to default as they  
 become due and payable. Upon any default by the grantor hereunder, the ben-  
 eficiary may at any time without notice, either in person, by agent or by a re-  
 ceiver 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  
 said property, or any part thereof, in its own name sue for 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 reason-  
 able attorney's fees, upon any indebtedness secured hereby, and in such order  
 as the beneficiary may determine.

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