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TRUST DEED

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THIS TRUST DEED, made this 16th day of September, 1976, between

JOSEPH W. MERCER and BERYL L. MERCER, husband and wife

..... as grantor, William Ganong, 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:

A Parcel of land situated in Lots 688 and 689 of Block 104,
Mills Addition to the City of Klamath Falls, Oregon being
more particularly described as follows:

Beginning at the southeast corner of said Lot 688; thence
WEST, 100.00 feet to the southwest corner of said Lot 689;
thence NORTH along the west line of said Lot 689, 33.4 feet;
thence EAST, 20.00 feet; thence NORTH, 24.90 feet; thence
EAST, 80.00 feet to a point on the east line of said Lot
688; thence SOUTH, 58.30 feet to the point of beginning
containing 5332 square feet more or less.

SUBJECT TO:

An easement for the purpose of ingress and egress over and
across the southerly 58.30 feet of the easterly 30.00 feet
of said Lot 689.

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 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 curtains, 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

SIXTEEN THOUSAND DOLLARS AND

NO/100—

each agreement of the grantor herein contained and the payment of the sum of \$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 \$137.60 commencing
October 20, 1976.

This trust deed shall further secure the payment of such additional money, as may be loaned hereafter by the beneficiary to the grantor or others having an interest in the above described property, amount to be determined by note or notes. If the indebtedness secured by this trust deed is evidenced by more than one note, every credit payment received by it upon one 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 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 same in good workmanlike manner any building or improvement on said property which may be damaged or destroyed and pay, when due, all costs incurred therefore; 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 premises 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 beneficiary, and to deliver the original policy of insurance in correct form and with premiums paid to the principal office 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-cancellable by the grantor during the full term of the policy thus obtained.

In order to provide regularly for the prompt payment of said taxes, assessments or other charges and expenses, 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 succeeding twelve months, and also one-thirtieth-sixth (1/36th) of the insurance premiums payable with respect to said property within each succeeding three years, until this trust deed remains in effect. All taxes, assessments and other charges due and payable on any part thereof before the date of final filing such sums to be credited to the principal of the loan until required for the payment of principal and shall then 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 on said property and any part thereof before the date of final filing such sums to be credited to the principal of the loan until required for the payment of principal and shall then 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.

default, any balance remaining in the reserve account shall be credited to the indebtedness if the balance 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 bear 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, expenses and expenses of this trust, including the cost of title search, as well as 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 security 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 reasonable sum to be fixed by the court, in case such action or proceeding in which the beneficiary or trustee may appear and in any 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:

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 action or proceeding for to make any claim or demands 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 required 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 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 beneficiary, payment of its fees and presentation of the account, and the grantor shall pay to the 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 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 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 property affected by this deed and of any personal property located thereon. The grantor shall default in the payment of any rents, issues, royalties and profits earned prior to default as they become due and payable. Upon any default by the grantor hereunder, the 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 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 collection and attorney's fees, including trustee's fees, to the indebtedness secured hereby, and in such order as the beneficiary may determine.

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4. The entering upon and taking possession of said property, the collection of such rents, leases, profits and income therefrom, and the exercise of all powers or compensation or awards for any action 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.

5. The grantor shall notify beneficiary in writing of any sale or contract for sale of the above described property and furnish beneficiary with a copy of it with such personal information concerning the purchaser as would ordinarily be required of a new loan applicant and shall pay beneficiary a service charge.

6. Time is of the essence of this instrument and upon defaults by the grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable by delivery to the trustee a written notice of default and demand that the trustee, which notice and demand shall be filed with the trustee to sell the trust property, which notice and demand shall be duly filed for record. Upon delivery of said notice of default and election to sell, the beneficiary shall deposit with the trustee this trust deed and all promissory notes and documents evidencing expenditures secured hereby, whereupon the trustees shall fix the time and place of sale and give notice thereof as then required by law.

7. After default and any time prior to five days before the date set by the trustee to sell, the grantor, after payment of all costs and expenses privileged may pay the entire amount then due under this trust deed and the obligations secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding \$50.00 each) other than such portion of the principal as would then be due had no default occurred and thereby cure the default.

8. After the lapse of such time as may then be required by law following the recognition of said notice of default and giving of such notice of default, trustee shall sell said property at the time and place fixed by him in said notice of sale, either as a whole or in separate parcels, and in such order as he may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at the time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale and from time to time thereafter may postpone the sale by public an-

nouncement at the time fixed by the preceding postponement. The trustee shall deliver over the property in his deed in form prescribed by law, covering the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee but including the grantor and the beneficiary, may purchase at the sale.

9. When the Trustee sells pursuant to the powers provided herein, the trustee shall apply the proceeds of the trustee's sale as follows: (1) To reasonable expenses of sale including the compensation of the trustee, and the reasonable charge of the attorney. (2) To the obligation secured by the trust deed. (3) To all persons having recorded liens subsequent to the interests of the trustee in the trust deed as their interests appear in the order of their priority. (4) The surplus, if any, to the grantor of the trust deed or to his successor in interest entitled to such surplus.

10. For any reason permitted by law, the beneficiary may from time to time appoint another successor to and 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 the 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.

11. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record, as provided by law. The 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 the grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by the trustee.

12. This deed applies to liens to the benefit of, and binds all parties hereto, their heirs, devisees, administrators, executors, successors and assigns. The term "beneficiary" shall mean the holder and owner, including pledges, of the note 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/or neuter, and the singular number includes the plural.

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

Joseph W. Mercer (SEAL)
Beryl L. Mercer (SEAL)

STATE OF OREGON } ss.
 County of Klamath }

THIS IS TO CERTIFY that on this 16th day of September, 1976, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named,

JOSEPH W. MERCER and BERYL L. MERCER, husband and wife

to me personally known to be the identical individuals named in and who executed the foregoing instrument and acknowledged to me that they executed the same freely and voluntarily for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Ruth Divers
 Notary Public for Oregon
 My commission expires: 5-14-80

(SEAL)

Locn No. _____

TRUST DEED

Grantor

TO
 FIRST FEDERAL SAVINGS &
 LOAN ASSOCIATION

Beneficiary

After Recording Return To:
 FIRST FEDERAL SAVINGS
 540 Main St.
 Klamath Falls, Oregon

fee \$6.00

(DON'T USE THIS
 SPACE; RESERVED
 FOR RECORDING
 LABEL IN COUN-
 TIES WHERE
 USED.)

STATE OF OREGON } ss.
 County of Klamath }

I certify that the within instrument was received for record on the 17th day of September, 19 76 at 11:58' clock A.M., and recorded in book M76 on page 14607 Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Wm. D. Milne

County Clerk

By *Daraldy DeCaro*
 Deputy

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: William Ganong, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same.

First Federal Savings and Loan Association, Beneficiary

DATED: _____, 19 _____.
 by: _____