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TRUST DEED

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THIS TRUST DEED, made this 22nd day of

October

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between

RANDY L. SHAW and CAROLYN J. SHAW, 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:

The Westerly 99.85 feet of Lots 17 and 18 in Block 6 of  
THIRD ADDITION TO ALTAMONT ACRES, according to the official  
plat thereof on file in the office of the County Clerk  
of Klamath County, Oregon, SAVING AND EXCEPTING therefrom  
the Southerly 119.45 feet of the Westerly 99.85 feet of  
Lot 17.

which said described real property is not currently used for agricultural, timber or grazing purposes,

together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water 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, venti-  
lating, 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 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, together with all improvements  
performance of each agreement of the grantor herein contained and the payment of the sum of SIXTY-THOUSAND DOLLARS  
(\$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 \$ 131.68 commencing  
November 25, 19 76

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, 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  
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 thereby; to allow beneficiary to inspect said property at all  
times during construction; to replace any work or materials unsatisfactory to  
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 bene-  
ficiary, and to deliver the original policy of insurance in correct form and with  
approved loss payable clause in favor of the beneficiary attached and with  
fifteen days prior to the effective date of any such policy of insurance. If  
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.

That for the purpose of providing regularly for the prompt payment of all taxes,  
assessments, and governmental charges levied or assessed against the above described prop-  
erty and insurance premium while the indebtedness secured hereby is in excess of 80%  
of the original purchase price paid by the grantor at the time the loan was  
made or the beneficiary's original appraisal value of the property at the time the loan  
was made, grantor will pay to the beneficiary in addition to the monthly payments of  
principal and interest payable under the terms of the note secured hereby,  
on the date installments on principal and interest are payable an amount equal to 1/12  
within each succeeding 12 months and also 1/30 of the insurance premium payable with  
respect to said property within each succeeding three years while this Trust Deed is in  
effect as estimated and directed by the beneficiary. Beneficiary shall pay to the grantor  
by bank on their open passbook accounts minus 3/4 of 1%. If such rate is less than  
40%, the rate of interest paid shall be 4%. Interest shall be computed on the average  
monthly balance in the account and shall be paid quarterly to the grantor by crediting  
to the escrow account the amount of the interest due.

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 pay-  
ments 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 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  
representatives and to withdraw the sums which may be required from the reserve account,  
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 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 any authorized 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 and attorney's fees actually incurred  
in enforcing this obligation, and trustee's and attorney's fees actually incurred  
in or to appear in and defend any action or proceeding purporting to affect the secur-  
ity hereof or the rights or powers 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 bene-  
ficiary 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  
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 bene-  
ficiary, payment of its fees and presentation of this deed and the note for or  
dorsement (in case of full reconveyance, for cancellation), without affecting the  
liability of any person for the payment of any indebtedness secured hereby or in  
connection with the making of any map or plat of said property; (b) join in granting  
any easement or creating a restriction thereon, (c) join in any subordination  
without warranty, all or any part of the property. The grantor in any reconvey-  
ance may be described as the "person or persons legally entitled thereto" and  
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  
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 bene-  
ficiary 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  
said property, or any part thereof, in its own name sue for or otherwise collect  
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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4. 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 of fire and other insurance policies or compensation or awards therefor, 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 on a form supplied 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 default 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 of written notice of default and election to sell the trust property, which notice trustee shall cause to be duly filed for record. Upon delivery of said notice trustee shall cause to be the beneficiary shall deposit with the trustee this trust deed and all promissory notes and documents evidencing expenditures secured hereby, whereupon the trustee 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 for the sale, the grantor or other person so 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 not 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 recording of said notice of default and giving of said notice of sale, the 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 said property by public announcement at such time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. The trustee shall deliver to the purchaser his deed in form as required by law, conveying the property sold, but without any covenant or warranty, express or implied. 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 the expenses of the sale including the compensation of the trustee, and a reasonable charge by the 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 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 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 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, inures to the benefit of, and binds all parties hereto, their heirs, legatees devisees, administrators, executors, successors and assigns. The term "beneficiary" shall mean the holder and owner, including pledgee, 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.

*Randy L. Shaw* (SEAL)

*Carolyn Joy Shaw* (SEAL)

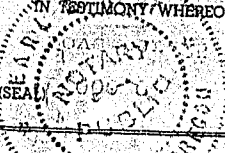
STATE OF OREGON }  
County of Klamath } ss.

THIS IS TO CERTIFY that on this 23 day of October, 1976 before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named **RANDY L. SHAW and CAROLYN J. SHAW, 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.

*Carol B. Kent*  
Notary Public for Oregon  
My commission expires: 10/17/77



<p>Loan No: <u>2-0</u></p> <p><b>TRUST DEED</b></p> <p>TO Grantor</p> <p>FIRST FEDERAL SAVINGS &amp; LOAN ASSOCIATION</p> <p>Beneficiary</p> <p>After Recording Return To:</p> <p>FIRST FEDERAL SAVINGS 540 Main St. Klamath Falls, Oregon</p>		<p>(DON'T USE THIS SPACE; RESERVED FOR RECORDING LABEL IN COUN. TIES WHERE USED.)</p> <p><b>INDEXED</b></p> <p>D <u>✓</u> I <u>✓</u></p> <p>FEE \$ <u>6.00</u></p>	<p>STATE OF OREGON } County of Klamath } ss.</p> <p>I certify that the within instrument was received for record on the <u>26th</u> day of <u>October</u>, 19<u>76</u>, at <u>10:33</u> o'clock <u>A</u> M., and recorded in book <u>M76</u> on page <u>17000</u> Record of Mortgages of said County.</p> <p>Witness my hand and seal of County</p> <p><i>WM. D. MILNE</i> County Clerk</p> <p><i>By: Hazel Magee</i> Deputy</p>
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STATE OF OREGON; COUNTY OF KLAMATH; ss. re-recorded to correct page number on recording data

I hereby certify that the within instrument was received and filed for record on the 27th day of January A.D., 1977 at 2:17 o'clock P M., and duly recorded in Vol. M 77 of MORTGAGES on Page 1554.

FEE NONE

WM. D. MILNE, County Clerk

By *Hazel Magee* Deputy

DATED: 10/23/76, 1976 by Carol B. Kent