

WITNESSETH:

Lot 1 in Block 12 of Tract No. 1006, SECOND ADDITION TO CYPRESS
VILLA, Klamath County, Oregon.

which said described real property is not currently used for agricultural, timber or growing 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, ventilation, air-conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as well-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, for the purpose of securing the performance of each agreement of the grantor herein contained and the payment of the sum of THIRTY-FOUR THOUSAND FOUR HUNDRED FIFTY AND NO/100 (\$ 34,450.00) 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 \$ 271.81 commencing June 30 19 77.

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 course of construction hereafter constructed on said premises within six months from the date or hereafter of the date construction is hereafter commenced; to repair and improve on promptly and in good workmanlike manner any buildings destroyed and pay, when due, all said property which may be damaged by beneficiary to inspect said property at all costs incurred therefor; to cause the beneficiary to inspect said property at all times during construction; to replace any work or materials unsatisfactory to the beneficiary within fifteen days after written notice from beneficiary of such defect; not to remove or destroy any building or improvements now or hereafter erected on said premises; to keep all buildings and improvements now or hereafter constructed on said premises in good repair and to commit or suffer no neglect or default in the repair and maintenance of the same; to cause no building or improvements to be erected on said premises; to keep all buildings, property and improvements on said premises in good repair and to commit or suffer no neglect or default in the repair and maintenance of the same; to cause no building or improvements to be erected on said premises continuously from time to time required 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 to deliver the original policy of insurance in correct form and with an approved loss payable clause in favor of the beneficiary and with the premium paid, to the principal beneficiary of the business of the beneficiary at least fifteen days of insurance is not so tendered, the beneficiary may in its own discretion obtain insurance for the benefit of the beneficiary, which policy 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 property and insurance premium which the indelible trust secured hereby is in excess of 80% of the lesser 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, the beneficiary shall pay to the beneficiary in addition to the monthly payments made, grantor will pay to the beneficiary in addition to the monthly payments secured hereby principal and interest payable under the terms of the note to be made an amount equal to 1/12 on the date installments on principal and interest.

That the beneficiary shall pay to the beneficiary in addition to the monthly payments of the taxes, assessments, and other charges levied or assessed against the property secured hereby within each succeeding 12 months and 1/36 of the insurance premium payable with within each succeeding 12 months within each succeeding three years while this Trust Deed is in respect to said property.

That the beneficiary shall pay to the beneficiary in addition to the monthly payments of the taxes, assessments, and other charges levied or assessed against the property secured hereby interest on said amounts at a rate not less than the highest rate authorized to be paid by banks on their open passbook accounts minus 3/4 of 1%.

That the interest on said amounts at a rate not less than the highest rate authorized to be paid by banks on their open passbook accounts minus 3/4 of 1% 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 on any part thereof, before the same begin to bear interest and also to pay any premiums on all insurance policies upon said property, such payments and also 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 assessed against said property, or on any part thereof, and to pay the insurance premiums against said property in the amounts as shown by the statements 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 disburse the sums which may be required from the reserve account, if any, and interest thereon for that purpose. The grantor agrees in no event to hold the beneficiary if any, responsible for the failure to have any insurance written or for any loss or damage resulting out of a defect in any insurance policy, and the beneficiary hereby agrees to indemnify the grantor in the event of any loss, to compromise and settle with any insurance company and to apply any such insurance receipts upon the obligation 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 such 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 indebtedness.

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 construct 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.

[illegible]

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.

Further statements of 2012:

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 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 payment for such compensation for such taking, which are in excess of the amount paid for such taking, be paid to the beneficiary. The amount of the compensation required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by the grantor or proceedings, shall be paid to the beneficiary and applied to the benefit of the beneficiary. The amount of the compensation and attorney's fees necessarily paid or incurred by the beneficiary in such proceedings, shall be paid to the beneficiary by the grantor, or balance apportioned paid or incurred by the indebtedness of the grantor, or balance apportioned paid or incurred by the beneficiary and execute such instruments as shall be necessary in obtaining such compensation, promptly upon the beneficiary's request.

[illegible]

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. Until grantor is in default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, grantor shall have the right to receive all such rents, issues, royalties and profits earned prior to default as they become due and payable. Upon any default of 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 secured property, or any part thereof, in its own name sue for or otherwise collect the same, less costs and expenses of operation and collection, and to apply the rents, issues and profits, including those past due and unpaid, and to 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 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 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 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 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 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 Trustee's 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 recordation 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 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 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 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 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 trust deed; (4) To the grantor of the trust deed as their interests appear in the order of their priority; (5) 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 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.

Jeremiah C. O'Connor (SEAL)
Colleen M. O'Connor (SEAL)

STATE OF OREGON } ss.
County of Klamath

THIS IS TO CERTIFY that on this 19th day of May, 1977, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named JEREMIAH C. O'CONNOR and COLLEEN M. O'CONNOR, husband and wife

to me personally known to be the identical individual(s) 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.

Donald Bert Hamilton
Notary Public for Oregon
My commission expires: MARCH 20, 1981

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| Loan No. _____ | | STATE OF OREGON } ss. County of Klamath | |
| TRUST DEED | | I certify that the within instrument was received for record on the <u>19th</u> day of <u>May</u> , 19 <u>77</u> , at <u>3:40</u> o'clock <u>P.</u> M., and recorded in book <u>M77</u> on page <u>8786</u> . Record of Mortgages of said County. | |
| TO FIRST FEDERAL SAVINGS & LOAN ASSOCIATION Beneficiary | | Witness my hand and seal of County affixed. | |
| After Recording Return To: FIRST FEDERAL SAVINGS 540 Main St. Klamath Falls, Oregon | | By <u>W. D. MILNE</u> County Clerk <i>Hazel Hazal</i> Deputy | |
| FEE \$ 6.00 | | | |

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

by _____

DATED: _____, 19____