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WITNESSETH:

ALL of Lot 6, Block 34, ORIGINAL TOWN OF LINKVILLE, NOW KLAMATH FALLS, OREGON, in the County of Klamath, State of Oregon.
SAVING AND EXCEPTING THEREFROM the undivided one-half interest in a strip of ground 2 feet wide off the Westerly side of Lot 6, Block 34, conveyed by deed recorded in Book 20 at page 239, Deed Records of Klamath County, Oregon, AND ALSO SAVING AND EXCEPTING the 20 foot alley off the Southeasterly side of said Lots 5 and 6, conveyed to the Town of Klamath Falls, by deed recorded in Book 17 at page 46, Deed Records of Klamath County, Oregon, ALSO an undivided one-half interest in a strip of ground 2 feet wide off the Easterly side of Lot 5, Block 34, TOWN OF KLAMATH formerly LINKVILLE, OREGON.

Subject, however, to the following:

1. Regulations, including levies, liens, and utility assessments of the City of Klamath Falls. (See attached Exhibit "A")

he City of Klamath Falls.
(for special provisions of this Trust Deed see attached Exhibit "A"
and by this reference incorporated herein)

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Forty-Five Thousand and No/100ths Dollars, with interest _____ date herewith, payable to beneficiary or order and made by grantor, the

sum of Twenty Five Dollars and no part thereof according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the 1998 final payment of principal and interest hereof, if not sooner paid, to be due and payable on which the final installment of said note shall be due

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing offices or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter located on the said premises against loss or damage by fire and against other hazards as the beneficiary may from time to time require, in an amount not less than \$45,000.00, written in policies of insurance acceptable to the beneficiary, with loss payable to the latter; all such policies of insurance shall be delivered to the beneficiary as soon as issued; and if the grantor shall fail for any reason to procure such insurance, or to deliver said policies to the beneficiary, within the fifteen days prior to the expiration of the term of the insurance now or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected may be paid to the beneficiary, and the beneficiary may release or inactivate any part thereof, may be released to grantor, such notification or release shall not cure or waive any default or notice of default hereunder or invalidate any instrument in such policy.

5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property, the grantor shall, as a part of such taxes, assessments and other charges, become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, the beneficiary may, at its option, make payment therefor, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without further assignment of rights arising from breach of any of the covenants herein contained, and such payments, with interest as aforesaid, the property hereinafter described, as well as the grantor, shall be bound to the extent that they are bound for the payment of the obligation hereinbefore described, and all such payments shall be immediately applied to the payment of the same, and the nonpayment of any such payments, at the option of the beneficiary, shall constitute a breach of this trust deed, and the beneficiary shall be entitled to foreclose this trust deed immediately due and payable and constitute a breach of this trust deed.

6. 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.

fees actually incurred. The court may allow or disallow all or part of the fees actually incurred in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this mortgage, the attorney's fees shall be paid by the beneficiary or trustee's attorney's fees; the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such costs and attorney's fees as shall be determined reasonable as the beneficiary or trustee's attorney's fees on such appeal.

It is mutually agreed that:

It is mutually agreed that:

8. In the event that the grantor or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees, be paid or incurred by grantor. If it is determined that the balance of the monies shall be paid to beneficiary and attorney, then the balance of the monies shall be paid to beneficiary and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, and the court hereby orders, that grantor and the estate of grantor shall be bound to execute all necessary and proper documents and to take any action promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may

(a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereon; (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 mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time cause to be filed in person by grantor 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 or otherwise collect the rents, issues and profits, including those past due and unpaid, and may also sue for and collect any other sums of money due or to become due to it, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. 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.

12. Upon default by grantor in payment of any indebtedness secured hereby by the force and effect of any agreement heretofore, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event, and if the above described real property is currently used for agricultural, timber or grazing purposes, the beneficiary may proceed by law for mortgage deed foreclosure. However if said real property is not so currently used, the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed. If the trustee shall elect to foreclose this trust deed, the trustee shall execute and deliver to the beneficiary and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligations secured hereby, whereupon the trustee shall fix the time and place of sale, give notice thereof to the beneficiary and cause the trustee to foreclose the trust deed in the manner provided in QRS 86-740 to 86-795.

vided in ORS 86.740 to 86.795.

13. Should the trustee elect to foreclose by advertisement and sale, then at any time 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 by ORS 86.760, may pay to the beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the obligation, together with any interest or other charges actually incurred in enforcing the terms of the obligation and trustee's fees not exceeding \$50 each) other than such portion of the principal as would not be due had no default occurred, and thereby cure the default, in which event the

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell and property either in one parcel or in separate parcels and may accept or reject any parcels at auction and may deliver to the purchaser its 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 of fact shall be conclusive proof of the truthfulness thereof. Any person claiming an interest in the property of the trustor shall appear at the sale of the property of the trustor, but including the property of the trustor, at the time and place designated in the notice of sale.

the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and (2) a reasonable fee or fees payable to attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded claims against the estate of the grantor, (4) to the beneficiaries of the trust in proportion to their interests as determined by the trustee, (5) to the balance of the proceeds of sale to the grantor or his heirs, assigns, personal representatives, successors or assigns, if any, in the order of their priority and (6) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. For any person permitted by law 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 named herein. The appointment and substitution shall be made by written instrument executed by 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 constitute notice to all persons.

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

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, or the United States or any agency thereof.

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto

and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:
(a) ~~not primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below),~~
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract 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 the neuter, and the singular number includes the plural.

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

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor or such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act not required, disregard this notice.
(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

Sam A. McKeen

Mary Lou McKeen

STATE OF OREGON,
County of Klamath
February 15, 1978

Personally appeared the above named
Sam A. McKeen and Mary Lou
McKeen, husband and wife

and acknowledged the foregoing instrument to be their voluntary act and deed.

(OFFICIAL
SEAL)

Before me

Notary Public for Oregon

My Commission Expires 7/2/79

(ORS 93.490)

STATE OF OREGON, County of _____ ss.

Personally appeared _____ and
each for himself and not one for the other, did say that the former is the
president and that the latter is the
secretary of _____

_____ a corporation,
and that the seal affixed to the foregoing instrument is the corporate seal
of said corporation and that said instrument was signed and sealed in be-
half of said corporation by authority of its board of directors; and each of
them acknowledged said instrument to be its voluntary act and deed.
Before me:

Notary Public for Oregon
My commission expires:

(OFFICIAL
SEAL)

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____, 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. Mail reconveyance and documents to _____

DATED: _____, 19 _____

Beneficiary

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

TRUST DEED

(FORM No. 881)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Grantor

Beneficiary

AFTER RECORDING RETURN TO

TA-Branch

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON

County of _____ ss.
I certify that the within instru-
ment was received for record on the
_____ day of _____, 19_____,
at _____ o'clock _____ M., and recorded
in book _____ on page _____ or
as file/reel number _____
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

By _____ Title
Deputy

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EXHIBIT "A"

It is understood and agreed by the parties hereto that the property taxes and fire insurance are included in the monthly payments.

It is further understood and agreed by the parties hereto that if the taxes and fire insurance increase the monthly payments are to be adjusted accordingly.

It is further understood and agreed that the taxes and fire insurance will be paid by Beneficiary on Grantors behalf as they become due and the funds are to be held in a separate escrow account.

Grantors agree that they shall remodel the premises for offices or such other use as would be easily rented by the Beneficiary if they should reacquire the premises.

Grantors shall hold the Beneficiary harmless from the said remodeling and shall not allow any liens to be filed against the premises which would be superior to the lien of this Trust Deed.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 16th day of February A. D. 1978 at 11:00 clock AM., and

fully recorded in Vol. M78, of Mortgages on Page 2930

Wm D. MILNE, County Clerk

By Bernetha D. Heltsch

Fee \$9.00