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KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, 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:

which said described real property is not currently used for agricultural, timber or grazing purposes, together with all and singular parts thereof.

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 notes or notes. If the indebtedness secured by this trust deed is evidenced by a note, then, 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 whatsoever.

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 hereafter constructed on said premises within six months of the date of completion of the construction is hereafter commenced; to repair and rebuild promptly and in the proper manner any building or improvement on said property which may be damaged or destroyed and pay, when due, all costs incurred therefor; to allow beneficiary to use and pay, when due, all costs during construction; to replace any work or material on said property at all times within fifteen days after written notice from beneficiary of such defect; not to remove or alter any building or improvements now or hereafter constructed on said premises; to keep all buildings, property and improvements now or hereafter constructed on said premises continuously insured against loss in a sum not less than the original value of the property and the note or obligation secured by this trust deed, in a company or companies and to cause the beneficiary to deliver the original policy of insurance in correct form to the beneficiary approved by the beneficiary; to cause the beneficiary to pay the annual premium paid, to the principal of the policy of insurance attached and with fifteen days prior to the effective date of business of the beneficiary at least said policy of insurance is not so tendered, the beneficiary may, if in its own interest, 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, assessments, or other charges and insurance premiums, the grantor agrees to pay to the beneficiary, the said _____, and in addition to the monthly payments of hereby, an amount equal to one-twelfth (1/12th) of the debt or obligation secured by the said _____ and payable with respect to said property within each month of the twelve months, and also one-twelfth (1/12th) of the insurance premiums payable with respect to said property within each month of the three years while this trust deed remains in effect, as estimated and directed by the beneficiary, for the purpose of being credited to the principal of the loan until required for the payment of said taxes, assessments, or other charges to the principal of the loan, or, at the option of the beneficiary, to be charged to the principal of the beneficiary in trust as a reserve account, without interest, and to be held by the beneficiary in trust as a reserve account, without interest, and to be paid and payable to the beneficiary, or to the principal of the loan, 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 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 or imposed against 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 principal of the loan or their representatives, and to charge said sums to the reserve account, if any, and advance the sums which may be required from it in no event to hold the beneficiary responsible for that purpose. The grantor agrees in writing or for any loss or damage growing out of a failure to have any insurance policy, and the beneficiary hereby is authorized, in the event of any loss or compromise and settle with any insurance company and to apply and compute the amount of indebtedness upon the obligations secured by this trust deed, in full or upon sale or other acquisition of the property by the beneficiary after

deficit, 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 grantee fail to keep any of the foregoing covenants, then the beneficiary may at its option entry into the same, and all its expenditures thereon, shall draw interest at the rate specified in the deed, and shall be repayable by the grantor on demand and shall be secured by the lien of this deed. In any improvement made by the beneficiary shall have the right in its discretion to complete the same, and shall be entitled to the same, and shall be entitled to the same property as in its sole discretion if they do not meet any of its obligations.

[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.

It is mutually agreed that

7. 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 and defend any action or suit in connection with such taking and, if it so elects, to require that all or a portion of the money required for such compensation for such taking, which are in excess of the amount paid or incurred by the grantor for reasonable costs, expenses and attorney's fees previously paid and applied by the first group upon such proceedings, shall be paid to the beneficiary less necessarily paid or incurred by the beneficiary. In such proceedings, and to the balance applied upon the indebtedness secured hereon, the beneficiary agrees to be necessary to take such actions and execute same, including the grantor shall request.

[illegible]

As additional security, grantor hereby assigns to beneficiary during the term defined by this deed all rents, issues, royalties and profits of the property shall be paid to the beneficiary and the profits of the property shall be paid to the beneficiary in the payment of any indebtedness secured hereby. In the performance of any agreement hereunder, grantor shall have the right to become due and payable. Upon any indebtedness secured hereby, 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 said property, the indebtedness hereby secured, enter upon and take possession of the rents, issues and profits of the property, in its own name sue for or otherwise collect 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.

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 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 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 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 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.

William C. Butcher (SEAL)

Carol A. Butcher (SEAL)

STATE OF OREGON

County of Klamath ss

THIS IS TO CERTIFY that on this 24th day of February, 19 78, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named WILLIAM C. BUTCHER AND CAROL A. BUTCHER, 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.

NOTARY
(SEAL)

Susan K. Kausch
Notary Public for Oregon
My commission expires: 12-6-81

Loan No. <u> </u> TRUST DEED <hr/> <hr/> <p style="text-align: center;">TO GRANTOR KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION Beneficiary</p> <p>After Recording Return To: KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION</p>		(DON'T USE THIS SPACE: RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED.)	STATE OF OREGON } ss. County of <u>Klamath</u> <p>I certify that the within instrument was received for record on the <u>27th</u> day of <u>February</u>, 19 <u>78</u>, at <u>3:04</u> o'clock <u>P</u> M., and recorded in book <u>M78</u> on page <u>3672</u>. Record of Mortgages of said County.</p> <p>Witness my hand and seal of County affixed.</p> <p>Wm. D. Milne County Clerk</p> <p>By <i>Bernie H. Hilsch</i> Deputy</p> <p>Fee \$6.00</p>
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REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: William Sisemore, 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.

Klamath First Federal Savings & Loan Association Beneficiary

DATED

19

by