

THIS TRUST DEED, made this 20th day of April, 1978, between
THOMAS A. BAILEY and KRISTINE L. BAILEY, husband and wife,
....., as grantor, William Sisemore, as trustee, and
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 trustees, in trust, with power of sale, the property in
Klamath County, Oregon, described as:

**Lot 3, Block 38, HOT SPRINGS ADDITION to the City of Klamath Falls, Oregon; ALSO the
following described parcel of land: Beginning at a point in the Southerly line of Malrose
Street 44 feet Westerly from the Northwest corner of Lot 1 of said Block 38; thence
Westerly 15½ feet along the Southerly line of Malrose Street to the most Northerly corner
of said Lot 3; thence Southeasterly at right angles with Malrose Street and along the
Easterly line of Lot 3, 160 feet, more or less to Esplanade Street; thence Northeasterly
along the Northerly line of Esplanade Street to a point which lies Southeasterly at right
angles to the point of beginning on the Southerly line of Malrose Street; thence Northerly
and parallel with the Easterly line of Lot 3 to the point of beginning; ALSO the following
described parcel of land: Beginning at the Southwest corner of said Lot 3; thence North-
easterly along the Southerly line of said Lot 3, 50 feet; thence at right angles 20 feet
to the most Easterly corner of Lot 17, 50 feet to a point; thence Northwesterly 20 feet to the point of
beginning; AND ALSO the following described parcel of land, to wit: Beginning at a point
on the Northwesterly line of Lot 17, of said Block 38, which is 50 feet Northeasterly
Easterly corner of said Lot 17; thence Northeasterly 50 feet to the most
Esplanade Street 61.8 feet; thence Northwesterly 36.33 feet to the point of beginning,
being a triangular tract which is the Northeasterly portion of said Lot 17, Block 38,**

HOT SPRINGS ADDITION,
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 pertaining to the above described premises, and all plumbing, lighting, heating, venting, 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, for the purpose of securing performance of each agreement of the grantor herein contained and the payment of the sum of

\$46,000.00 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 **\$397.44** commencing

June 1978.

This trust deed shall further secure the payment of each additional money, if any, as may be loaned hereafter by the beneficiary to the grantor or others hereafter for the above described property, so 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 direct.

The grantor hereby covenants to and with the trustee and the beneficiary 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 thereby against the claims of all persons whomsoever.

The grantor covenants and agrees to pay said note according to the terms 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 or hereafter constructed on said premises within six months from the date hereof or the date construction is hereafter commenced; to repair and restore promptly and in a 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 a good repair and to commit or suffer no acts hereafter erected on 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 rate not less than the original premium rate of the note or obligation referred to in 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 place 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-assessable 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 while the indebtedness 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, grantor will pay to the beneficiary in addition to the monthly payments of principal and interest payable under the terms of the note or obligation secured hereby the difference between the amount of the note or obligation secured hereby of the taxes, assessments, and other charges due and payable with respect to said property which exceeds 12 months and also 1/16th of the insurance premium payable with respect to said property, while each successive three year period this trust deed is in effect as authorized and directed by the beneficiary. Beneficiary shall pay to the grantor interest on said amounts at a rate not less than the highest rate authorized to be paid by law to their open account accounts when 3/4 of 1% if such rate is less than 4%, 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 above account the amount of the interest due. While the grantor is to pay all taxes, assessments and other charges levied or assessed against said property, or any part thereof, before the same begin to bear result, and also to pay premiums on all insurance policies upon said property, such payment 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 on said property, in the amounts as shown by the statements thereto furnished by the collector of such taxes, assessments, or other charges, and to pay the insurance premiums to the amount shown on the statements submitted to the insurance carriers or their representatives and withdraw the sums which may be required from the reserve account, if any, established for that purpose. The grantor agrees in its event to hold the beneficiary 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 is authorized, in the event of any loss, to negotiate and settle with any insurance carrier 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 therefor, for shall draw interest at the rate specified in the note, shall be recoverable by the grantor on demand and shall be charged by the holder of this trust deed. In this connection, the beneficiary shall have the right in its discretion to complete any improvement made on said premises and add 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 incurred in connection with or in enforcing this obligation, and attorney's and attorney's fees actually incurred by the holder of the rights or powers of the beneficiary or trustee; and to pay all reasonable costs and expenses, including cost 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 beneficiary to enforce 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, or to make any compromise or settlement in connection with such taking and, if so elected, to require that all or any portion of the money so 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 all reasonable costs and expenses and attorney's fees necessarily paid or incurred by the beneficiary in such proceedings, 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 beneficiary, payment of its fees and presentation of this deed and the note for cancellation (in case of full repayment, for cancellation), without affecting the liability of any 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 retaining thereon, (c) join in any subordination agreement affecting this deed or the item or charge hereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any conveyance, which may be described as the "person or persons legally entitled thereto" and the receipt thereon 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 continuation of these trusts all rents, issues, royalties and profits of the property affected by this deed and of all personal property located thereon. With grantor shall default in the payment of any indebtedness secured hereby, or in the performance of any agreement hereunder, grantor shall have the right to foreclose 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 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 the rents, issues and profits, including those past due and unpaid, and apply all 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 life and other insurance pol-
icies 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 de-
fault or notice of default hereunder or invalidate any act done pursuant to
such notice.

6. 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.

3. There is of the essence of this instrument and upon default by grantor in payment of any indebtedness secured hereby or in performance of any agreement, however, the beneficiary may at any time demand hereby, immediately, full and payable, 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, wheneveras the trustee shall fix the time and place of sale and give notice thereof as 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 obligations and trustee's and attorney's fees not exceeding \$30.00 each) other than such portion of the principal as would have been paid had no default occurred and thereafter, save the default,

IN WITNESS WHEREOF, said grantor has hereunto

per centum, at the time fixed by the preceding paragraph. 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 the 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 instrument and its place of record, and filed 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 such an 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 trustees 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, individual or plerural, of the beneficial interest herein, whether so named as a beneficiary or not.

13. 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.

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STATE OF OREGON
County of Clatsop } 53

THIS IS TO CERTIFY that on this 21st day of June, 1968

Notary Public in said county, and state, personally appeared the within named,
CHARLES E. BATTLEY 11/13/1957/11/13/1957/, 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.

I have now made out my bill and added my postscript seal the day and year last above written.

Ricco Devere)
Notary Public for Oregon 5-14-80
My commission expires: NOV 00

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TRUST DEED

STATE OF OREGON) ss. **CITY OF PORTLAND, COUNTY OF CLACKAMAS)**

On the 21st day of April, 1978, personally appeared TIMOTHY A. BAILEY, who being duly sworn, did say that he is the attorney in fact for KRISTINE L. BAILEY, and that he executed the foregoing instrument by authority of and on behalf of said principal; and he acknowledged said instrument to be the act and deed of said principal.

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

Steve Qualls
Notary Public for Oregon
My commission expires: 5/14/80