

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 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, ventilating, 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 **TWENTY ONE THOUSAND SIX HUNDRED (\$ 21,600.00)** 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 \$ **186.62** commencing August 20th 1978.

The grantor hereby covenants to end 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.

[illegible]

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 shall begin to bear interest and also to pay premiums on all insurance policies hereinafter addressed. The grantor hereby authorizes the beneficiary to pay for 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 on all insurance policies hereinafter addressed, and to receive the proceeds of their term in the amounts shown in the statements submitted by the insurance company to their representative and to withdraw the same when the grantor agrees in no event to hold the beneficiary responsible for that purpose. The grantor agrees in no event to hold the beneficiary responsible for any loss, to compromise or settle with any insurance company and to execute any assignment 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 execute any assignment in any insurance policy, and to receive the proceeds of their term in the amounts shown in the statements submitted by the insurance company to their representative and to withdraw the same when the grantor agrees in no event to hold the beneficiary responsible for that purpose. The grantor agrees in no event to hold the beneficiary responsible for any loss, to compromise or settle with any insurance company and to execute any assignment 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 execute any assignment in any insurance policy, and to receive the proceeds of their term in the amounts shown in the statements submitted by the insurance company to their representative and to withdraw the same when the grantor agrees in no event to hold the beneficiary responsible for that purpose.

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 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 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 or defend any action, suit or proceeding, and to compromise or settle in connection with such action, suit or proceeding, it so effects, to require that all or any portion of the money's worth of the property taken shall be paid to the beneficiary, and that the amount 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 to the satisfaction of the reasonable costs and expenses and attorney's fees and expenses actually paid or incurred by the beneficiary in such proceedings, and that the grantor agrees to balance applied upon the indebtedness secured hereby by such instruments as shall be 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.

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 enforcement (in case of full recovery, for cancellation), without affecting the discharge (in case of partial recovery) of the person for the indebtedness, the trustee may (a) release or discharge the person from the obligation of making good the deficiency; (b) join in granting consent to the making of any lease or plot of said property; (c) join in granting any easement or creating and restricting any interest therein; (d) subordinate any agreement or warranty, all or any part of the property. The grantee in any conveyance may be described as the "person or persons legally entitled to the proceeds of the sale of the property," and the fee shall be conclusive proof of the recitals therein of any matters which are true and correct. The trustee's fee for such services in this paragraph shall be \$500.

shall be \$5.00.

2. 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 shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, grantor shall have the right to collect all such rents, issues, royalties and profits earned prior to default as they may be 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 the security for the indebtedness hereby secured, enter upon and take possession of said property, or any part thereof, and collect all rents and profits due and payable, and collect all such rents, issues and profits, including those past due and unpaid, and 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.

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 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 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 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 conditions and duties conferred upon any trustee herein named or appointed hereunder, 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 the 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.

STATE OF OREGON

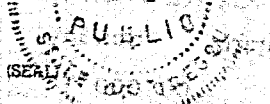
County of Klamath } ss.

THIS IS TO CERTIFY that on this 19th day of July, 1978, before me, the undersigned, a

Notary Public in and for said county and state, personally appeared the within named PAUL N. SCHULZ and JAMIE F. SCHULZ, 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 Public for Oregon
My commission expires: 4/24/76

Loan No. _____

TRUST DEED

TO _____ Grantor
Klamath First Federal Savings
AND LOAN ASSOCIATION
Beneficiary

After Recording Return To:
Klamath First Federal Savings
AND LOAN ASSOCIATION

(DON'T USE THIS
SPACE) RESERVED
FOR RECORDING
LABEL IN COUNTIES
WHERE
USED.)

STATE OF OREGON

County of Klamath } ss.

I certify that the within instrument was received for record on the 19th day of July, 1978, at 3:24 o'clock P.M., and recorded in book M78 on page 15591.
Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Wm. D. Milne

County Clerk

By Bernard H. Hirsch

Deputy

Fee \$6.00

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: William Sismore, _____ 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: _____

1978

by _____