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TRUST DEED

THIS TRUST DEED, made this 10th day of August, 1978, between DAVID L. BOYD, and CAROLYN M. BOYD, 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 trustee, in trust, with power of sale, the property in Klamath County, Oregon, described as:

Lot 9, Block 38 HOT SPRINGS ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon:

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 SIX THOUSAND AND NO/100 ($26,000.00) 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 $236.08 commencing September 20th, 1978.

[illegible] the payment of such additional money, [illegible] acquisition of the property by the beneficiary after default, any balance remaining in the [illegible] to the grantor or others [illegible] account shall be credited to the indebtedness. If any authorized reserve account [illegible] evidenced by a [illegible] taxes, assessments, insurance premiums and other charges is not sufficient at any [illegible] secured by this trust deed is evidenced by [illegible] time for the payment of such charges as they become due, the grantor shall pay the [illegible] upon [illegible] deficit to the beneficiary upon demand, and if not paid within ten days after such demand, [illegible] on one note and part on another, [illegible] the beneficiary may at its option add the amount of such deficit to the principal of the [illegible] hereby.

[illegible] grantor shall [illegible] and his heirs, [illegible] and defend his said title thereto [illegible] against [illegible]

[illegible] fail to pay 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 [illegible] 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.

[illegible] to pay said note according to the terms thereof and [illegible] 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 hereafter commenced; to repair and restore promptly and in good workmanlike 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 inspect said property at all reasonable times; 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 improvement now or hereafter constructed on said premises; to keep all buildings and improvements now or hereafter erected on said property insured against loss by fire or other hazards in an amount not less than [illegible] or such other hazards as the beneficiary may from time to time require, in companies acceptable to the beneficiary, with loss payable first to the beneficiary as its interest may appear and then to the grantor, all policies of insurance shall be delivered to the beneficiary as soon as insured; the grantor shall deliver to the beneficiary, within [illegible] days after the execution of this trust deed, a policy of title insurance in favor of the beneficiary, which policy shall be made payable by the grantor during the full term of the policy thereof.

[illegible] payment of all taxes, [illegible] secured hereby is or may be [illegible] the grantor at the time the loan was made or the beneficiary acquired [illegible] of the property at the time the loan was made, the grantor will pay to the beneficiary in addition to the monthly payments of principal and interest [illegible] of the note or obligation secured hereby [illegible] the sum of [illegible] per month [illegible] 1/12 of the yearly taxes [illegible] 1/12 of the yearly premium [illegible] the grantor to the beneficiary [illegible] the amount of the yearly taxes and premiums [illegible] the grantor, the balance in the account will be paid quarterly to the grantor or crediting to the account at the option of the trust deed.

While the grantor is [illegible] and other charges levied against said property, or [illegible] thereof, before the same may become delinquent, and 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 [illegible] taxes, assessments and other charges levied or assessed against said property in the manner herein above described, whenever the same shall become due and payable, and to charge said grantor the reasonable fees [illegible] collection of such payments and to charge said grantor the reasonable fees [illegible] of the foregoing covenants, or to refund to the grantor any balance remaining in the account after the payment of 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 [illegible] any payment so received by the beneficiary may be credited on the note and part on another, [illegible] the beneficiary may [illegible]

[illegible] the grantor 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 trustee's fees and attorney's fees actually incurred; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the beneficiary or trustee; and to pay all 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 foreclose 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 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 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 any reasonable costs and expenses and attorney's fees necessarily paid or incurred by the beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; 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 endorsement (in case of full reconveyance, 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 restriction thereof, (c) join in any subordination or other agreement affecting this deed or the lien or charge hereof; (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 in this paragraph shall be $5.00.

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 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 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 said property, or any part thereof, in its own name sue for or otherwise collect the 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, all in such order as the beneficiary may determine.

6. 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.

7. 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.

8. Time is of the essence of this agreement 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.

9. After default, but 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.

10. At any time prior to one hour before the time fixed by law for the postponement of the trustee's sale given pursuant to law, the grantor or other person so privileged may cure the default or defaults. If the default is cured and all costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding $50.00 each have been paid, the entire principal and all obligations secured by this trust deed, together with all costs, fees and expenses of the trustee incurred in connection with the default, if any, shall be paid by the grantor or other person so privileged or by the beneficiary, and the trustee may proceed with a sale under the terms of this trust deed. Upon such payment by the grantor or other person so privileged or by the beneficiary, the trustee may postpone the sale of all or any portion of the 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.

11. 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.

12. 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.

13. 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.

14. 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.

David A. Boyd (SEAL)
DAVID A. BOYD

Carolyn M. Boyd (SEAL)
CAROLYN M. BOYD

STATE OF OREGON
County of Klamath

THIS IS TO CERTIFY that on this 11th day of August, 19 78, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named DAVID A. BOYD and CAROLYN M. BOYD, husband and wife

who I am personally acquainted 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.

Ruth Owens
Notary Public for Oregon
My commission expires: 5-14-80

Loan No.

TRUST DEED

Grantor

TO

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 16th day of August, 19 78, at 3:48 o'clock PM., and recorded in book M78 on page 18118 Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Wm. D. Milne
County Clerk

By Bernetha A. Kelsch
Deputy

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