

First National Bank of Oregon
Real Estate Loan Division
P. O. Box 1936
Klamath Falls, Ore. 97601

54590

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STATE OF OREGON
HIA FORM NO. 21487
Rev. January 1977

DEED OF TRUST

This form is used in connection with deeds of trust insured under the one-to-four-family provisions of the National Housing Act.

THIS DEED OF TRUST, made this 26 day of SEPTEMBER, 1978.

between DANNY RAY HENRY AND JULIE ANN HENRY
HUSBAND AND WIFE, as grantor,

whose address is 3710 BISBEE AVENUE KLAMATH FALLS State of Oregon,
(Street and number) (City)
TRANSAMERICA TITLE INSURANCE COMPANY, as Trustee, and

FIRST NATIONAL BANK OF OREGON, as Beneficiary.

The rights and obligations of the parties under this Instrument are expressly made subject to the provisions of the Addendum attached to the Deed of Trust. In the event of any conflict between the provisions of this Addendum and the printed provisions of this Instrument, the conditions of the Addendum shall control.

DA
Initials

JA
Initials

Herein, in consideration of the address herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of KLAMATH State of Oregon:

THE N 1/2 OF LOT 13, BLOCK 7 ALTAMANT ACRES, IN THE COUNTY OF KLAMATH, STATE OF OREGON.

which said described property is not currently used for agricultural, timber or grazing purposes.

Together with all the tenements, hereditaments, and appurtenances now or hereafter thereto belonging or in anywise appertaining, the rents, issues, and profits thereof, SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits.

TO HAVE AND TO HOLD the same, with the appurtenances, unto Trustee.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of \$ 34,800.00 with interest thereon according to the terms of a promissory note, dated SEPTEMBER 06 19 78, payable to Beneficiary on order and made by Grantor, the final payment of principal and interest thereof, if not sooner paid, shall be due and payable on the first day of OCTOBER, 2008.

1. Privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments on the principal that are next due on the note, on the first day of any month prior to maturity. Provided, however, That written notice on an intention to exercise such privilege is given at least thirty (30) days prior to prepayment.

2. Grantor agrees to pay to Beneficiary in addition to the monthly payments of principal and interest payable under the terms of said note, on the first day of each month until said note is fully paid, the following sums:

(a) An amount sufficient to provide the holder thereof with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly charge (in lieu of a mortgage insurance premium) if they are held by the Secretary of Housing and Urban Development as follows:

(1) If and so long as said note and this instrument are insured or are insured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or

(2) If and so long as said note and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in lieu of a mortgage insurance premium) which shall bear an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding balance due on the note or mortgage without taking into account delinquencies or prepayments;

(b) A sum, as estimated by the Beneficiary, equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered hereby, plus the premiums that will next become due and payable on policies of fire and other hazard insurance on the premises covered hereby as may be required by Beneficiary in amounts and in a company or companies satisfactory to Beneficiary. Grantor agrees to deliver promptly to Beneficiary all bills and notices therefor, less all sums already paid therefor divided by the number of months to elapse before 1 month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by the Beneficiary in trust to pay said ground rents, premiums, taxes and special assessments before the same become delinquent; and

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Beneficiary to the following items in the order set forth:

(1) premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge (in lieu of mortgage insurance premium), as they may be;

(2) ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums;

(iii) interest on the note secured hereby; and
(iv) amortization of the principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good prior to the due date of the next such payment, constitute an event of default under this Deed of Trust.

3. In the event that any payment or portion thereof is not paid within fifteen (15) days from the date the same is due, Grantor agrees to pay a "late charge" of four cents (4¢) for each dollar in arrears, if charged by Beneficiary.

4. If the total of the payments made by Grantor under (b) of paragraph 2 preceding shall exceed the amount of payments actually made by Beneficiary for ground rents, taxes or assessments, or insurance premiums, as the case may be, such excess, if the loan is current, on the option of the Grantor shall be credited on subsequent payments to be made by Grantor, or refunded to the Grantor. If, however, the monthly payments made under (b) of paragraph 2 preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then Grantor shall pay to Beneficiary any amount necessary to make up the deficiency on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time Grantor shall tender to Beneficiary, in accordance with the provisions hereof, full payment of the entire indebtedness secured hereby, Beneficiary shall, in computing the amount of indebtedness, credit to the account of Grantor all payments made under the provisions of (a) or paragraph 2, which the Beneficiary has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the premises in accordance with the provisions hereof, or if the Beneficiary acquires the property otherwise after default, Beneficiary shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under (a) of paragraph 2.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR AGREES:

1. To keep said premises in as good order and condition as they now are and not to commit or permit any waste thereof, reasonable wear and tear excepted.

2. To complete or restore promptly and in good workmanlike manner any building or improvement which may be constructed, damaged, or destroyed thereon, and upon which all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Grantor further agrees:

(a) to document construction, promptly, but in no event within 30 days from the date of the commitment of the Department of Housing and Urban Development, and to complete same in accordance with plans and specifications satisfactory to Beneficiary;

(b) to allow Beneficiary to inspect said property at all times during construction;

(c) to replace any work or materials unsatisfactory to Beneficiary, within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to the Grantor by registered mail, sent to his last known address, or by personal service of the same;

(d) that work shall not cease on the construction of such improvements for any reason whatsoever for a period of fifteen (15) calendar days.

The Trustee, upon presentation of a default affidavit signed by Beneficiary, setting forth facts showing a default by Grantor under this mortgage paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

5. Not to remove or demolish any building or improvement thereon.

6. To comply with all laws, ordinances, regulations, conditions, and restrictions affecting said property.

7. To insure and maintain (contract and/or loss by fire and other hazards, casualties, and contingencies including war damage) in any building or improvement on said property for such periods as may be required by the Beneficiary, with loss payable to the Beneficiary and Grantor, as their interests may appear, and to deliver all policies to Beneficiary, which delivery shall constitute an assignment to the Beneficiary of all actions thereon.

8. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of defense of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

9. To pay at least 10 days before delinquency, all assessments upon water company stock, and all rents, assessments and charges for water, apartment or other building in connection with said property, to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, whether at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

10. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate provided on the principal debt, and the repayment thereof shall be secured hereby.

11. To do all acts and make all payments required of Grantor and of the owner of the property to make said note and this Deed eligible for insurance by Beneficiary under the provisions of the National Housing Act and amendments thereto, and agrees not to do, or cause or suffer to be done, any act which will void such insurance during the existence of this Deed.

IT IS MUTUALLY AGREED THAT:

12. Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may: take for the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the property for such purposes, commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever sums are in its absolute discretion it may deem necessary therefor, including costs of evidence of title, employ counsel, and pay his reasonable fees.

13. Should the property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or by any other cause, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled in its option to commence, appear in, and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may after deducting therefrom all its expenses, including attorney's fees, release any moneys so received for it or apply the same to any indebtedness secured hereby. Grantor agrees to execute such further assignments of any compensation, award, damage, and rights of action and proceeds as Beneficiary or Trustee may require.

14. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due or to declare default for failure so to pay.

15. 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 redemption, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby 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 hereof or change thereof; and (d) execute any deed or instrument in connection with the foregoing.

The Grantor in any conveyance may be described in the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof.

16. 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.

17. Upon any default, 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 any take possession of said property or any part thereof, in his own name sue for or otherwise collect 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 Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalid any act done pursuant to such notice.

18. Upon default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, or should this Deed and said note not be eligible for insurance under the National Housing Act within THREE months from the date hereof (written statement of any officer of the Department of Housing and Urban Development or authorized agent of the Secretary of Housing and Urban Development dated subsequent to THREE months' time from the date of

