



FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of  
FORTY-EIGHT THOUSAND FIVE HUNDRED AND NO/100

thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantor,  
HARRY E. MC DONALD AND MARY JO MC DONALD

the final payment of principal and interest thereof, if not sooner paid, to be due and payable on the first day of 2006

Dollars (\$ 48,500.00 ), with interest

1. Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100), whichever is less. Prepayment in full shall be credited on the date received. Partial prepayment, other than on an installment due date, need not be credited until the next following installment due date or thirty days after such prepayment, whichever is earlier.

2. Grantor agrees to pay to Beneficiary as trustee (under the terms of this trust as hereinafter stated) 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 installment of the ground rents, if any, and of the taxes and special assessments levied or to be levied against the premises covered by this Trust Deed; and an installment of the premium or premiums that will become due and payable by Beneficiary in amounts and in a company or companies satisfactory to the Beneficiary; Grantor agreeing to deliver promptly to Beneficiary all bills and notices therefor. Such installments shall be equal respectively to one-twelfth ( $\frac{1}{12}$ ) of the annual ground rent, if any, plus the estimated premium or premiums for such insurance, and taxes and assessments next due (as estimated by Beneficiary, and of which Grantor is notified) less all installments already paid or premiums and taxes and assessments will become delinquent. Beneficiary shall hold such monthly payments in trust to pay such ground rents, premium or premiums, and taxes and special assessments before the same become delinquent.
- (b) The aggregate of the amounts payable pursuant to subparagraph (a) and those payable on the note secured hereby, shall be paid in a single payment each month, to be applied to the following items in the order stated:

(I) ground rents, taxes, special assessments, fire and other hazard insurance premiums;

(II) interest on the note secured hereby;

(III) amortization of the principal of said note.

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

3. If the total of the payments made under (a) of paragraph 2 preceding shall exceed the amount of payments actually made by Beneficiary as trustee for ground rents, taxes or assessments, or insurance premiums, as the case may be, such excess may be released, applied on any indebtedness secured hereby, or be credited by Beneficiary as trustee on subsequent payments to be made by Grantor for such items. If, however, such monthly payments shall not be sufficient to pay such items when the same shall become due and payable, then Grantor shall pay to Beneficiary as trustee any amount necessary to make up the deficiency within thirty (30) days after written notice from the Beneficiary stating the amount of the deficiency, which notice may be given by mail. If at any time Grantor shall tender to Beneficiary, in accordance with the provisions hereof, full payment of the entire indebtedness secured hereby, Beneficiary as trustee shall, in computing the amount of the indebtedness, credit to the account of of the provisions of this Trust Deed and thereafter a sale of the premises in accordance with the provisions hereof, or if the Beneficiary acquires the property otherwise after default, Beneficiary as trustee shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the amount then remaining to credit of Grantor under (a) of paragraph 2 preceding, as a credit on the interest accrued and unpaid and the balance to the principal then remaining unpaid on said note.

4. At Beneficiary's option, Grantor will pay a "late charge" not exceeding four per centum (4%) of any installment when paid more than fifteen (15) days after the due date thereof to cover the extra expense involved in handling delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured hereby.

#### To Protect the Security of This Trust Deed, Grantor Agrees:

5. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

6. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged, or destroyed thereon, and pay when due 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 commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) to allow Beneficiary to inspect said property at all times during construction. The Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Grantor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

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

8. To provide and maintain hazard insurance, of such type or types and amounts as Beneficiary may from time to time require, on the improvements now or hereafter on said premises, and except when payment for all such premiums has heretofore been made under (a) of paragraph 2 hereof, to pay promptly when due any premiums therefor; and to deliver all premiums therefor; and to deliver all policies with loss payable to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

9. To keep said premises free from mechanics' liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to Beneficiary; should the Grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by Grantor, either by direct payment or by providing Beneficiary with funds with which to make such payment, Beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 10 and 11 of this Trust Deed, shall be added to and become a part of the debt secured by this Trust Deed, without waiver of any rights arising from breach of any of the covenants hereof, and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the Gran-

tor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the Beneficiary, render all sums secured by this Trust Deed immediately due and payable and constitute a breach of this Trust Deed.

10. 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 trustees and attorney's fees actually incurred.

11. 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 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 Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Trust Deed.

12. To pay at least ten (10) days before delinquency all assessments upon water company stock, and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all reasonable costs, fees, and expenses of this Trust.

13. 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: Make or do 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 reasonably appears to be prior or superior hereto, and in exercising any such powers, incur any liability, expend whatever amounts are reasonably necessary therefor, including cost of evidence of title, and reasonable counsel fees.

14. To pay within thirty (30) days after demand all sums properly expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate provided for in the principal indebtedness, and the repayment thereof shall be secured hereby.

15. Grantor agrees to do all acts and make all payments required of Grantor and of the owner of the property to make said note and this Trust Deed eligible for guaranty or insurance under the provisions of Chapter 37, Title 38, United States Code, and agrees not to do, or cause or suffer to be done, any act which will void such guaranty or insurance during the existence of this Trust Deed.



23915

IN WITNESS WHEREOF, said Grantor has hereunto set his hand and seal the day and year first above written.

*Harry E. McDonald*  
HARRY E. MC DONALD

[SEAL]

*Mary Jo McDonald*  
MARY JO MC DONALD

[SEAL]

STATE OF OREGON,

COUNTY OF

OCTOBER 23, 1978

88:

Personally appeared the above-named Harry E. McDonald and Mary Jo Mc Donald and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

*Don J. Tolson*

Notary Public for the State of Oregon.

My commission expires: 2 - 3 - 79

## REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO:

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 are hereby 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.

Mail reconveyance and documents to \_\_\_\_\_

Dated \_\_\_\_\_, 19\_\_\_\_\_

Beneficiary.

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

Trust Deed

Grantor.

Beneficiary.

STATE OF OREGON,

COUNTY OF Klamath

I certify that the within instrument was received for record on the 24th day of

October 1978, at 3:45 o'clock P.M., and recorded in Book M78 on page 23912

Record of Mortgages of said County.

Witness my hand and seal of county affixed.

Wm. D. Milne

County Clerk-Recorder.

*Bernard A. Hatch*  
Deputy.

S9017

Fee \$12.00