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TRUST DEED

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THIS TRUST DEED, made this 26 day of February, 1979, between
Ernest C. Basham, a single man
Klamath County Title Company, as Grantor,
and Lane Duncan, as Trustee,
as Beneficiary.

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in _____ County, Oregon, described as:

County, Oregon, described as:

Lot 97 in Block 31 of FOURTH ADDITION TO NIMROD RIVER PARK and all that portion of Lot 1 in Block 31 of FOURTH ADDITION TO NIMROD RIVER PARK lying easterly of a line that runs from the Southeast corner of Lot 97 in Block 31 of Fourth Addition to Nimrod River Park to the Northwest corner of Lot 22 in Block 24 of Third Addition to Nimrod River Park, All according to the Official plat thereof on file in the office of the County Clerk of Klamath Falls, Oregon.

SUBJECT TO: Covenants, Conditions, Restrictions, Easements, Rights and Rights of Way of Record and apparent on the ground

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Sixteen hundred and no/100 Dollars and no/100 Cents thereon according to the terms of a promissory note of even date herewith.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove, demolish any building or improvement thereon; not to commit or permit any waste of said property.
2. 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.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the beneficiary so requests, to file in executing such financial statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by the filing officers or searching agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$_____ written in figures, in companies acceptable to the beneficiary, with loss payable to the latter; in the event of insurance, the beneficiary shall be insured; if the beneficiary shall fail for any reason to procure any such insurance, or deliver said policy to the beneficiary at least fifteen days prior to the expiration of any policy of insurance, or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense. The amount of any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, any part thereof, may be released to grantor. Such application or release shall not cure or waive any notice of default hereunder or invalidate any act done pursuant to such notice.
5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or charged against property before any part of such taxes, assessments or charges are due or delinquent and promptly deliver receipts therefor to beneficiary; should grantor fail to make payment of any taxes, assessments, insurance, premiums, interest 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, shall be added to the obligations described in paragraphs 6 and 7 of this trust deed, shall be due and become a part of the debt secured by this covenant hereof and for such payment with interest as aforesaid, the promisor herein, and all such payments shall be immediately due and payable hereunder and the nonpayment thereof shall, at the option of the beneficiary, constitute a breach of this trust.
6. 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 and attorney's fees and expenses.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees; the fixed by the trial court, and in the event of an appeal from any judgment or decree of the trial court, the beneficiary further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.
- It is mutually agreed that:**
8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right to take, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, including attorney's fees necessarily paid or incurred by grantor in such proceedings, be paid to beneficiary and applied by it first upon any reasonable costs and expenses incurred by beneficiary in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and beneficiary agrees, at its own expense, to take such actions and execute such instruments as may be necessary in obtaining such compensation, promptly upon beneficiary's request.
9. 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 secured hereby (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may
- (a) consent to the making of any map or plat of said property; (b) join in granting an easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereon; (d) reconvey, with or without warranty, all or any part of the property. The grantee in any reconveyance and the recitals thereof as the "person or persons legally entitled thereto," and the recitals thereof as the "person or persons to whom the property is being conveyed," shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.00 per hour.
10. Upon any default by grantor hereunder, beneficiary may at any time without a court, 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 and take possession of said property and profits, including those past due and unpaid, and otherwise collect the rents, issues and expenses of operation and collection, including reasonable attorney's fees used in any indebtedness secured hereby, and in such order as beneficiary may determine.
11. 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 award, or the proceeds of fire and other property, and the application or release thereof, or any taking or damage of the property, shall not cure or waive any notice of default hereunder or invalidate any act done pursuant to such notice.
12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may and if the above described real property is currently used for agricultural, timber or grazing purposes, the beneficiary may, without foreclosure, to foreclose in equity, as a mortgage in the manner provided by law, to foreclose the mortgage on the real property if said real property is not so currently used, the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed in equity as a sale. In the latter event the beneficiary at the trustee's election to sell the real property shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.740 to 86.749.
13. Should the beneficiary elect to foreclose by advertisement and sale then after default at any time prior to five days before the date set by the trustee for the trustee's sale, the grantor or other persons not privileged by ORS 86.760, may pay to the beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed, including the costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding \$50 each) other than such portion of the principal as would not then be due had no default occurred, and thereby cause default, in which event all foreclosure proceedings shall be dismissed by the trustee.
14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said property either in one parcel or in several parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form 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 of fact 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.
15. When trustee is authorized pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including attorney's fees, (2) to the obligation secured by the trust deed, (3) to the trustee's expenses, and (4) to the interest on the principal. If the proceeds of sale are not sufficient to pay the principal, interest and costs, the deficiency shall be paid by the grantor or to his successor in interest entitled to such surplus.
16. For any reason permitted by law beneficiary may from time to time appoint a successor or successors to any trustee named herein and may conveyance to the trustee so appointed hereunder. Upon such appointment, and without any further action, the trustee, the latter shall be vested with all title, powers and duties conferred upon the trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, containing a recital that this trust deed is in full force and effect, 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.
17. Trustee, in accepting this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not bound or obligated to notify any party hereto of pending sale, or any other deed of trust, or of any action or proceeding in which grantor, beneficiary or

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, or the United States or any agency thereof.

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto

and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are: (a)* primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below),

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract 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 the neuter, and the singular number includes the plural.

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

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor or such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act not required, disregard this notice.

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

STATE OF ~~OREGON~~ CALIFORNIA }
County of Los Angeles } ss.
2/17, 19 79.
Personally appeared the above named

ERNEST C. BASHAM

and acknowledged the foregoing instrument to be his voluntary act and deed.
Before me:

(OFFICIAL SEAL)

Marion Vitale
Notary Public for ~~Oregon~~ California
My commission expires 9-19-80



OFFICIAL SEAL
MARION VITALE
NOTARY PUBLIC-CALIFORNIA
LOS ANGELES COUNTY
My Commission Expires Sept. 19, 1980

(ORS 93.490)

STATE OF OREGON County of _____ ss.
Personally appeared _____, 19 _____

_____ and
each for himself and not one for the other, did say that the former is the
_____ president and that the latter is the
_____ secretary of _____

and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.
Before me:

Notary Public for Oregon

My commission expires: _____

(OFFICIAL SEAL)

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____, 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. 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

(FORM No. 881)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Ernest C. Basham

Grantor

Lane Duncan

Beneficiary

AFTER RECORDING RETURN TO

Lane Duncan
221 Hindry St.
Inglewood, Ca

STATE OF OREGON

County of Klamath } ss.

I certify that the within instrument was received for record on the 26th day of February, 1979, at 10:17 o'clock A.M., and recorded in book M79 on page 4221 or as file/reel number 63017, Record of Mortgages of said County. Witness my hand and seal of County affixed.

Wm. D. Milne

County Clerk

By Berntha A. Detach Deputy Title

Fee \$6.00