

WITNESSETH:

Lot 1 in Block 47 of Tract 1184-Oregon Shores-Unit 2-1st Addition as shown on the map filed on November 8, 1978 in Volume 21, Page 29 of Maps in the office of the County Recorder of said County.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of _____

The date of maturity of the debt secured by this instrument is the date, stated above, on which the debt, if not paid, sold, conveyed, assigned or alienated by the grantor without first obtaining 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 herein, shall become immediately due and payable.

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

2. To complete or restore promptly and in good and workmanlike manner any improvements which may be constructed, damaged or destroyed thereon.

building or improvement which may be constructed, damaged or destroyed, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, restrictions affecting said property; if the beneficiary so requests, to join in executing such financing 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 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 \$100,000.00, written in companies acceptable to the beneficiary.

S. beneficiary with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure such insurance and to deliver said policies to the beneficiary at least ten (10) days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiary may procure such insurance policy or policies on said buildings, the beneficiary may procure such insurance policy may be applied by The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness 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.

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 against said property before any part of such taxes, assessments and other charges become payable 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, the beneficiary shall have the right to pay the same by direct payment or by providing

[illegible]

6. To pay all costs, fees and expenses of this trust including the cost of the search as well as the other costs and expenses of the trustee incurred in connection with this obligation.

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 or action for foreclosure of this deed, to pay all costs and expenses, including evidence of title of the beneficiary's or trustee's attorney's fees paid by the trustee then the prevailing party between the grantor and the beneficiary or trustee; the amount of attorney's fees to be entitled to the beneficiary or trustee herein described; the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court or by appellate court if an appeal is taken.

It is mutually agreed that:

12. It is intended that in the event that any portion or all of said property shall be taken under right of eminent domain or condemnation, beneficiary shall have the right, if the taking is for public use, to require that all or any portion of the monies payable for compensation or benefits, including but not limited to, attorney's fees, be paid to beneficiary in full, or all reasonable costs such taking, which are in excess of the amount of said award, be paid by grantor in such expenses and attorney's fees, necessary to said award and applied by it first upon any reasonable proceedings, shall be paid to beneficiary and applied by it first upon any reasonable proceedings, shall be paid to beneficiary's fees, both in the trial and appellate courts, and costs and expenses incurred by beneficiary in such proceedings, and grantor shall, at its expense, to take such actions and execute any necessary proceedings as shall be necessary to apply upon the indebtedness secured hereby; and grantor shall be necessary to take such actions and execute any necessary proceedings as shall be necessary to obtain 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 representation of this deed and the note for enforcement of its fees (full reconveyance, for cancellation), without affecting the liability of the person for the payment of the indebtedness, trustee may (a) consent to the mortgage of any map or plat of said property; (b) join in granting any easement or creating

restriction thereon: (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (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 mentioned in this paragraph shall be not less than \$5.

10. Upon any default by the grantor hereunder, beneficiary may at any time with due notice, either in person, or by a receiver to be appointed by a court, and without regard to the priority 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 may thereafter collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, to the payment of the indebtedness hereby secured, and the balance thereof upon any including reasonable attorney's fees subject to paragraph 11 hereof upon any indebtedness secured hereby, 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 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

[illegible]

to \$6,795.

13. Should the beneficiary elect to foreclose by advertisement and sale notice, the beneficiary at any time prior to five days before the date set by the trustee for foreclosure sale, the grantor or other person so privileged by ORS §86,760, must pay to the trustee the sum of \$500 as liquidated damages, plus all costs incurred by the trustee for the benefit or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of said obligation and trustee's and attorney's fees not exceeding \$50 each) other than such portion of the principal and interest as would not then be due had no default occurred; and if the beneficiary does not do so, it shall nevertheless be deemed that the beneficiary has elected to foreclose by advertisement by the trustee.

14. Otherwise, the sale shall be held on the date and at the place designated in the notice of sale. The trustee may sell the property either in one parcel or in separate parcels. The proceeds from the sale shall be paid to the purchaser its debt in form as required by law conveying the property without any covenant or warranty, express or implied, except the truthfulness thereof. Any persons matters of fact shall be conclusive proof of the truthfulness thereof. Any purchase at the excluding the trustee, but including the grantor and beneficiary, may purchase at the

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney; (2) the obligation secured by the trust deed; (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus as they or their heirs, assigns or successors in interest entitled to such surplus.

his successor in interest shall be deemed to be the trustee of the trust herein created, and shall be authorized to execute and deliver to the trustee or trustees named or appointed hereunder, or to any trustee named herein or to any successor trustee, the following powers, authorities, duties and responsibilities, which shall be deemed to be the powers, authorities, duties and responsibilities of the trustee or trustees named or appointed hereunder. Upon such appointment, the trustee or trustees named or appointed hereunder shall have all title, powers and duties conferred upon the trustee or trustees named or appointed hereunder. Each such appointment of a trustee or trustees named or appointed hereunder shall be deemed to be a substitution and shall be made by written instrument executed by beneficiary, contained in the instrument of appointment, and shall be recorded in the public records in reference to this trust deed and its place of recording in the county or counties in which the office of the County Clerk is located. The recording of the instrument of appointment in reference to this trust deed shall be conclusive proof of proper appointment of the successor trustee or trustees named or appointed hereunder.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify a party hereto of pending sale under any other deed of trust or of any action proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

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 titled thereto

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.

7213.80178

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

5170

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);
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

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.

You have the option to void your contract or agreement by notice to the seller if you did not receive a Property Report prepared pursuant to the Rules and Regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development, in advance of, or at the time of your signing the contract or agreement. If you received the Property Report less than 48 hours prior to signing the contract or agreement you have the right to revoke the contract or agreement by notice to the seller until midnight of the third business day following the consummation of the transaction. A business day is any calendar day except Sunday, and the following business holidays: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving and Christmas.

* 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. 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.)

Robert P. Zachman
Yvonne H. Zachman

WITNESSED By Robert R. Cloutier

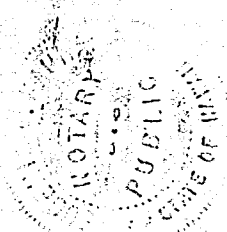
STATE OF HAWAII,
COUNTY OF Honolulu } SS.

On January 23, 1979 before me,
the undersigned, a Notary Public in and for said County and State,
personally appeared Robert R. Cloutier
known to me to be the person whose name is subscribed to the
within instrument as a witness thereto, who being by me duly
sworn, deposed and said: That he resides at
94-498 Ala Poai St, Mililani, HI
he was present and saw Robert P. Zachman and
Yvonne H. Zachman

personally known to him to be the person described
in, and whose name is subscribed to the within and annexed
instrument, execute the same; and that affiant subscribed their
name thereto as a witness to said execution.

Signature Eugene C. Carbone

FOR NOTARY SEAL OR STAMP



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

Grantor

Beneficiary

AFTER RECORDING RETURN TO
Wells Fargo Realty Services Inc.
572 E. Green Street
Pasadena, CA 91101

KAREN STARK
Trust Services

STATE OF OREGON

County of Klamath } SS.

I certify that the within instru-
ment was received for record on the
____th day of March, 19____, 19____,
at 10:49 o'clock A.M., and recorded
in book M79 on page 5169
or as file/reel number 63591
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

Wm. D. Milne

County Clerk

Title

By Bernetha Shish Deputy

Fee \$6.00