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TRUST DEED

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THIS TRUST DEED, made this 14 day of July 19 29, between Gloria E. Forreller, an unmarried woman and Deborah A. Sage, an unmarried woman, as tenants in common, a CALIFORNIA CORPORATION, TRUSTEE, and WELLS FARGO REALTY COMPANY, as Grantor, irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

Lot 11 in Block 34 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.

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 Five thousand 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 grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable August 5, 1990.

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

1. 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 or 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 join in executing any financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office as the beneficiary may deem desirable by the beneficiary or by filing officers or searching agencies as hereafter provided.

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 the full replacement value of the buildings, written in companies acceptable to the 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 within fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by the 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.

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 past due or delinquent and promptly deliver receipts therefor to the 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 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 6 and 7 of this trust deed shall be added to and become a part of the debt hereinbefore described, as well as the payments, with interest as aforesaid, of any of them 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.

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 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 for the foreclosure of this deed, to pay all costs and expenses, including any suit for the beneficiary's or trustee's attorney's fees provided, however, in case the suit is between the grantor and the beneficiary or the trustee then the prevailing party shall be entitled to the attorney's fees 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 the appellate court if an appeal is taken.

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, if it so such taking, which is in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable expense, to take such actions and execute such instruments as shall 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 for endorsement (in 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 any easement or creating any

restriction thereon; (c) join in any subordination or other agreement affecting 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 grantor hereunder, beneficiary may at any time with or without notice, either in person, by agent or by a receiver, to be appointed by a court, and enter upon and take possession of said property or any part thereof, if in its own name unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, subject to paragraph 7 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 release thereof, or any taking or damage of the property, and the application or release thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. In his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event and if the above described real property is currently used for agricultural, timber or grazing purposes, the beneficiary may proceed to foreclose this trust deed in equity, as a mortgagee in trust, and in the latter event the beneficiary or the trustee shall execute the mortgage in trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligations secured hereby, whereupon the law and proceed to foreclose this trust deed in the manner provided in ORS 86.740.

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 sale, the grantor or other person so privileged by ORS 86.760, may pay to the trustee the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation) and trustee's fees not then due had no default occurred, and thereby cure the 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 separate 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 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 matter of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

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 obligation secured by the trust deed; (2) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interest may appear in the order of their priority; and (4) the surplus, if any, to the grantor or to his successor or successors.

16. For any reason permitted by law beneficiary may from time to time appoint a successor trustee, the latter such appointment, and without conveyance to the grantor, shall be made by written instrument hereunder. Each such appointment and reference to the 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.

17. Trustee accepts this trust when this deed is duly executed and acknowledged by hereto, public record as provided by law. Trustee is not obligated to notify any 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 title 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.

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