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WITNESSETH:

Lot 11, Block 6, Mountain Lakes Homesites, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of THREE THOUSAND and No/100s Dollars, with interest

The date of maturity of the debt secured by this instrument is the date, stated above, on which the initial installment becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is 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.

(c) consent to the making of any map or plat of said property; (d) join in any granting any easement or creating any restriction thereon; (e) join in any subordination or other agreement affecting in any way the debt or the lien or charge thereon; (f) join in any release or satisfaction of any part of the property. The grantee in this conveyance may be described as the "person or persons" who are the "beneficiaries" of the trust, and the recitals therein of any matters or facts shall be considered as proof of the truthfulness thereof. Trustee's fees for any of the foregoing services contemplated in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, and notwithstanding any notice without notice, either in person, by advertisement, or by a receiver to be appointed by a court, the lender may, at its option, and without notice, enter upon and take possession of said property and all real property or any part thereof, in its own name sue for or defend, and apply the same to the payment of the principal and interest on the loan, and to the payment of all costs and expenses incurred in the operation and collection, including reasonable attorney's fees, and to the satisfaction of any indebtedness secured hereby, and in such order as the lender 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 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 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 by instituting a mortgage in the manner provided by law for agricultural foreclosures. However if said real property is not so currently used, the beneficiary at his election may proceed to foreclose this trust deed by advertisement or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary, the trustee shall execute 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 trustee 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 86.795.

[illegible]

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. The property so sold, but without any covenant or warranty expressed or implied. The recitals in the deed of any matters not including the trustee, but including the truthfulness thereof. Any person, excluding the trustee, at the sale.

of the truthfulness thereof, may purchase at the sale. When the grantor and beneficiary may purchase at the sale, the trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable fee to the attorney, (2) to the obligation secured by the mortgage, (3) to all persons claiming the compensation of the trustee in the order of their priority and (4) the balance to the grantor or to his successor in interest entitled to such surplus, if any, to 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 or to any successor trustee named herein. Upon such appointment, and in the absence of conveyance to the successor trustee, the latter shall have all the 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 reference to this trust and its instrument of creation, and shall be filed for record in the County Clerk's office 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 constitute notice to all persons and shall constitute the successor trustee.

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);
(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.

* 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,

County of Klamath

November 30, 1979

Personally appeared the above named

Rita L. Backa

and acknowledged the foregoing instrument to be her voluntary act and deed.

(OFFICIAL SEAL)

Notary Public for Oregon

My commission expires: 7/19/82

(ORS 93.490)

STATE OF OREGON, County of

19

Personally appeared

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.

Notary Public for Oregon

My commission expires:

(OFFICIAL SEAL)

FORM No. 159—ACKNOWLEDGMENT BY ATTORNEY-IN-FACT.

STATE OF OREGON,

County of Klamath

On this the 6th day of February

Rita L. Backa

1980 personally appeared

who, being duly sworn (or affirmed), did say that she is the attorney in fact for Jon Eugene Backa and that he executed the foregoing instrument by authority of and in behalf of said principal; and he acknowledged said instrument to be the act and deed of said principal.

(Official Seal)

Before me:

(Signature)

Notary Public of Oregon

My Commission expires: 7/19/82

TRUST DEED

(FORM No. 881)

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

Grantor

Beneficiary

AFTER RECORDING RETURN TO

SPACE RESERVED

FOR

RECORDER'S USE

STATE OF OREGON

County of Klamath

I certify that the within instrument was received for record on the 7th day of February, 1980, at 2:51 o'clock p.m., and recorded in book M80 on page 2513 or as file/reel number 80410.

Record of Mortgages of said County. Witness my hand and seal of County affixed.

Wm. D. Milne

County Clerk

Title

By Deputy

Fee \$7.00