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SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

THIS DEED OF TRUST is made this 9th
IZT. AUDOR TREATURE CONT. IX. PROPERSON DARRANTO DEMORPORAL.
ALEX CAMAILE William L. Sisemore KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION
William L. Sisempre (herein "Trustee") and the Reconsistent
540 Main Street, Klamath Falls, Oregon 97601 (herein "Lender")

Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:

A tract of land situate in the NE 1/4 NE 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at an iron pin which lies North 89° 40' East along the 40 line a distance of 780.0 feet and North 1° 02' West a distance of 707.2 feet from the iron pin which marks the intersection of 4th Avenue and 4th Street of Altamont Acres, which point of intersection is also the Southwest corner of the NE 1/4 NE 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, and running thence North 89° 41' 13" East a distance of 154.90 feet to an iron pin which lies on the Westerly right of way line of the U.S.R.S. Drain Ditch; thence North 30° 36' 47" West along said Westerly right of way line of the U.S.R.S. Drain and the Southerly line of a 60 foot road; thence South 89° 41' 13" West along the Southerly right of way line of the 60 foot road a distance of 16.90 feet to an iron pin which lies on the Easterly right of way line of Derby Street; thence South 01° 03' 56" East along the Easterly right of way line of Derby Street; a distance of 241.60 feet, more or less, to the point of beginning, said tract being in the NE 1/4 NE 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, with bearings based on Minor Land Partition No. 81-6.

TOCETHER WITH: Well Agreement dated May 20, 1981 between Roy D. Clark and Gale L. Clark and Gary R. Peterson and Darlean D. Peterson, recorded in book M-81, page 10174 on June 8, 1981 in Records of Klamath County, Oregon.

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by this Deed of Trust.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or insurance premiums and ground rents. Lender may not charge for so holding and apply the Funds to pay said taxes, assessments or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this requires such interest to be paid. Lender shall not be required to pay Borrower nay interest or earnings on the Funds. Lender by this Deed of Trust.

If the amount of the Funds was made. The Funds are pledged as additional security for the sums secured if the amount of the Funds held by I ender. together with the future monthly installments of Funds payable prior to

sum give to Borrower. ithout charge, an annual accounting of the Funds showing creditis and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents, as they fall due, such excess shall be, at Borrower's option, either held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, but he promoter shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed. Upon payment full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 18 hereof the Property is sold or the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraph 2 hereof, then to interest payable on the Note, then to the principal on any Future Advances.

4. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to make payable to provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly borrower shall promptly direnish to Lender all notices of amounts due under this paragraph, and in the required to discharge any such his hoperate to prevent the enforcement of such lien in the payee thereof. Borrower shall promptly

insurance carrier.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, by Rorrower

by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would to be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of in and to any insurance policies and in and to the proceeds the Property is acquired by Lender, all right, title and interest of Borrower acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration condominium or planned unit development, and constituent documents. If a condominium or planned unit development is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of such rider were a part hereof.

rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider Nere a part hereof.

7. Profection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disburse such reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such Lender's written agreement or applicable law. Borrower shall pay the premiums required to maintain such manner provided under paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional amounts shall be payable upon notice from Lender to Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take

any action nereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's

Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any anation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned 9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned in the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Dood of Translation.

and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion which the amount of the sums secured by this Deed of Trust such proportion of the proceeds paid to Borrower.

paid to Borrower.

If the Property is abandoned by Borrower or if, after notice by Lender to Borrower that the condemnor offers to make award or settle a claim for damages. Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend such installments.

or postpone the due date of the monthly instalments referred to in paragraphs 1 and 2 nereor or change the amount of such installments.

10. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

11. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder of the sums afforded by applicable law, shall not be a waiver of or preclude the exercise of any successors in interest. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's 12. Remedies Cumulative. All remedies provided in this Deed of Trust.

12. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right successively.

13. Supplement of the sum payment of the sum o

12. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or accessively.

13. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of Lender and Borrower subject to the provisions of paragraph 17 hereot. All covenants and agreements of Borrower and assigns of Lender and Borrower at the provisions of the paragraphs of this Deed of Trust are for convenience only and are not to be used to the provisions hereof.

14. Notice. Except for any notice required under applicable law to be given in another manner. (a) any notice to the property Address or at such other address as Borrower may designate the object of the property Address or at such other address as Borrower may designate the object to Lender and adversed to Borrower at the property Address of the property Address of the property o

all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within Lender may, without further notice or demand on Borrower fails to pay such sums prior to the expiration of such period.

Borrower, invoke any remedies permitted by paragraph 18 hereof. Non-Uniform Covenants. Borrower and Lender further covenant and agree as follows:

Non-Uniform Covenants. Borrower and Lender further covenant and agree as follows:

18. Acceleration; Remedies. Except as provided in paragraph 17 hereof, upon Borrower's breach of any covenant or Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to notice may result in acceleration of the sums secured by this Deed of Trust in less than 30 days from the date specified in the action of the sums secured by this Deed of Trust of the sums secured by this Deed of Trust of the specified in the notice. Lender at Lender's option may declare all of the sums and sale of the Property. The notice shall further due and payable without further demand and may invoke the power of sale and any other remedies permitted to collect all reasonable costs and expenses incurred in pursuing the remedies permitted by applicable and event of default and of Lender's election to cause the Property to be sold, and shall cause such notice of the occurrence such time as may be required by applicable law to Borrower and to the other persons prescribed by applicable law. After the lapse of public announcement at the time and place and under the terms designated in the notice of sale in the purch of the highest bidder at the time and place and under the terms designated in the notice of sale in the purch of the highest bidder at the time and place and under the terms designated in the notice of sale in the purch of the highest bidder at the time and place and under the terms designated in the notice of sale in the purch of the highest bidder at the time and place and under the terms designated in the notice of sale in the purch of the purch of the purch of the purchase of the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Prop

parcels and in such order as Trustee may determine. Trustee may postpone saie of an or any parcel of the public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: all to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence: (b) to all sums secured 19. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, and (c) the excess, if any, to the person or person

secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

20. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 18 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

21. Future Advances. Upon request of Borrower, Lender, at Lender's option prior to full reconveyance of the Property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

22. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if an

friently used for agricultural, timber or grazing purposes. f Trust and in the Note, "attorney's fees" shall include attorney's fees, if
uted this Deed of Trust.
Gary R: Peterson —Borrower X Darlean D Peterson —Borrower
amath
.June
Beforeme: Ber Hemilton Notary Public for Oregon
or notes secured by this Deed of Trust. Said note or notes, together of Trust, have been paid in full. You are hereby directed to cancel nich are delivered hereby, and to reconvey, without warranty, all the last to the person or persons legally entitled thereto.
v This Line Reserved For Lender and Recorder)