

# Deed of Trust

FAIR

Loan No. 55-85670 ECKERSLEY

THIS TRUST DEED made this 12TH day of OCTOBER, 19 82, between HAROLD F. THOMPSON and DELLA I. THOMPSON HUSBAND & WIFE

as Grantor, Henry L. Bauer, as Trustee, and FAR WEST FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized and existing under the laws of the United States of America, whose address is 421 S.W. Sixth Avenue, Portland, Oregon 97204, as Beneficiary;

WITNESSETH:

THE GRANTOR IN CONSIDERATION of the indebtedness herein recited and the trust herein created irrevocably grants, bargains, sells, conveys and assigns to the Trustee, in trust, with power of sale, the property in Klamath County, Oregon, described as:

LOT 6 IN BLOCK 1 JACK PINE VILLAGE, ACCORDING TO THE OFFICIAL PLAT, THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

Commonly known and designated as:

STAR ROUTE

GILCHRIST OR 97737

which real property is not currently used for agricultural, timber or grazing purposes, together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water rights, water stock, royalties, mineral, oil and gas rights and profits, buildings, structures, improvements, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, all floor covering in place such as wall-to-wall carpeting and linoleum, built-in ranges, dishwashers and other built-in appliances now or hereafter installed in or used in connection with the above described premises, including all interest therein which the Grantor has or may hereafter acquire, which fixtures and chattels shall as between the parties be regarded as a part of the real estate, all claims, demands or causes of actions of every kind (including proceeds of settlements of any such claim, demand or cause of action of any kind) which Grantor now has or may hereafter acquire arising out of acquisition or ownership of the property, including any award of damages or compensation for injury to or in connection with any condemnation for public use of the property or any part thereof (whether or not eminent domain proceedings have been instituted), subject however to the right, power and authority given to and conferred upon Beneficiary by paragraph 6 below, incorporated herein by reference, and Trustee shall have no duty to prosecute any such claim, demand or cause of action.

THIS DEED IS FOR THE PURPOSE OF SECURING: 1. Payment of the sum of \$ 34,100.00

with interest thereon, according to the terms of a promissory note or notes of even date herewith, made by Grantor payable to the Beneficiary or order and any extensions or renewals thereof. 2. Payment of any further sums and advancements with interest thereon as may be hereafter borrowed from the Beneficiary by the Grantor, or his successors or assigns, when secured by the above described property and when evidenced by another promissory note or notes or by an Application for Advancement and Modification of Payments executed by Grantor, or his successors or assigns, and consented to by Beneficiary. 3. Performance of each and every obligation, covenant and agreement of Grantor contained herein and in any and all construction loan agreements, supplemental agreements, assignments of Lessor's interest in leases, or other instruments of security executed by Grantor as of even date herewith or at any time subsequent to the date hereof for the purpose of further securing any indebtedness hereby secured.

The final payment of principal and interest thereof, if not sooner paid, is to be due and payable on the first day of MARCH in the year 2003

The Note for which this Deed of Trust is security provides for adjustments in the interest rate and under certain circumstances, an increase in the monthly installment, an increase in the outstanding principal balance, or an extension of the loan term.

The Grantor hereby covenants to and with the Trustee and the Beneficiary herein that he is the owner of the interest herein described in the said premises and property conveyed by this Deed of Trust and that the said premises and property, including fixtures and chattels covered by this instrument, are free and clear of all encumbrances and that the Grantor will and his heirs, executors, administrators, successors, and assigns shall warrant and defend his said title thereto against the claims of all parties whomsoever.

#### TO PROTECT THE SECURITY OF THIS DEED OF TRUST GRANTOR AGREES:

1. **CONSTRUCTION.** To complete within twelve (12) months from the date hereof in good and workmanlike manner any building or improvement or any addition to any building or improvement which may be begun on said property, and to pay when due all costs and liabilities incurred therefor, and, if the loan secured hereby or any part thereof, or any advance or advances which may be made hereunder, are made for the purpose of construction of buildings or improvements on said property, Grantor also agrees, anything in this Deed of Trust to the contrary notwithstanding, (a) to commence work within a reasonable time after the recording of this Deed of Trust and to complete the proposed improvements promptly, and in any event not later than the time specified in the contract for the construction loan; (b) to complete same in accordance with plans and specifications satisfactory to Beneficiary; (c) to allow Beneficiary to inspect said property at all times during construction; (d) to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to Grantor by registered mail, sent his last known address or by personal service of the same; and (e) that work shall not cease on the construction of such improvements for any reason whatsoever for fifteen (15) calendar days. (f) If Grantor or a contractor employed by Grantor and the connection with any construction referred to in this paragraph, and if there is any conflict between any provision of this paragraph and any provision of said construction loan agreement, the provision in the construction loan agreement shall prevail. (g) Grantor understands and agrees that any inspections of the construction by the Beneficiary are made for the sole benefit of the Beneficiary and are not intended to create any guaranty or warranty as to the quality or the fitness of the work so inspected.

2. **REPAIR AND MAINTENANCE OF PROPERTY.** To keep such property in good condition and repair; not to substantially alter, remove or demolish any buildings thereon; to restore promptly and in good workmanlike manner any buildings which may be damaged or destroyed, to pay when due all claims for labor performed and materials furnished in connection with such property and not to permit any construction liens against such property; to comply with all laws affecting such property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereon; and to do all other acts that from the character or use of such property may be reasonably necessary to keep such property in as good or better condition (reasonable wear and tear excepted) as at the date of this Deed of Trust.

3. **INSURANCE. PAYMENT OF PREMIUMS. DISPOSITION OF INSURANCE PROCEEDS.** To keep said property insured against loss or damage by fire, flood and other risk or risks which, in the opinion of Beneficiary, should be insured against, by means of policies of insurance payable to Beneficiary (by means of the standard mortgage clause) such insurance protection shall, at all times, be in an amount at least equal to the Replacement Value of the structures or the unpaid balance of Grantor's indebtedness secured hereby, whichever is less, and if requested by the Beneficiary to deliver the policy or policies to the Beneficiary together with written evidence showing payment of the premium therefor. At least fifteen (15) days prior to the expiration of any insurance policy, as required by the Beneficiary either (a) furnish to Beneficiary a policy or policies renewing or extending such expiring insurance or (b) provide written evidence showing payment of the premium therefor. In the event any such insurance policy or evidence of the payment of the premium therefor are not so delivered to Beneficiary, Grantor by executing agrees that Beneficiary shall have the right, but without obligation to do so, and without notice or demand upon Grantor and without releasing Grantor from any obligation hereof, to obtain such insurance through or from any insurance company or agency acceptable to it, pay the premium therefor, and add the amount thereof to the indebtedness secured hereby, and said amount shall earn the then effective rate of interest of the note secured hereby. Neither Trustee or Beneficiary shall be responsible for such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter. Any and all unexpired insurance shall inure to the benefit of, and pass to the purchaser of, the property conveyed at any Trustee's Sale held hereunder. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon an indebtedness or obligation secured hereby, and in such order as Beneficiary may determine, or at option of Beneficiary, any part or all of such amount may, without reducing the indebtedness or obligation secured hereby, either be used to replace, restore, or reconstruct the property covered by this Deed of Trust to a condition satisfactory to Beneficiary, or be released to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder, nor invalidate any act done pursuant to such notice. Beneficiary from time to time may furnish to any insurance agent or company, or any other person, any information contained in or extracted from any insurance theretofore delivered to Beneficiary pursuant thereto, and any information concerning the loan secured hereby.

If the property is abandoned by Grantor or if Grantor fails to respond to Beneficiary within thirty (30) days after notice by Beneficiary to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option of Trust, and for such purpose the Grantor hereby authorizes the Beneficiary to apply Grantor's endorsement to any check or draft on payment of any such claim.

4. **TAXES, LIENS, AND OTHER SUMS DUE.** To pay, satisfy and discharge: (a) before delinquency, all general and special city and county taxes, and all assessments on water stock, affecting such property; (b) when due, all special assessments for public improvements on such property, without permitting any improvement bond to issue for any special assessment; (c) on demand of Beneficiary but in no event later than the date such amounts become due, (1) all encumbrances, charges and liens (including, without limitation, income tax liens of a similar character, to be impressed or levied by the United States Government, the State of Oregon, any municipality or county, or an agency of any of them), with interest, on such property, or any part thereof, which are, or appear to Beneficiary to be, prior to or superior hereto; (2) all costs, fees and expenses of this trust whether or not described herein; (3) fees or charges for any statement regarding the obligation secured hereby in any amount demanded by Beneficiary not to exceed the maximum amount allowed by law therefor at the time when such request is made; (4) Beneficiary's and Trustee's fees; charges and expenses for any other statement, information or services furnished by Beneficiary or Trustee in connection with the obligations secured hereby (said services may include, but shall not be limited to, the processing by Beneficiary or Trustee, or both, of assumptions, substitutions, modifications, extensions, renewals, subordinations, rescissions, changes of owners, recordation of map, plat or record of survey, grants of easements, and full and partial reconveyances,

and all obtaining by Beneficiary of any policies of insurance pursuant to any of the provisions contained in this Deed of Trust); (5) if such property includes a leasehold estate, all payments and obligations required of the Grantor or his successor in interest under the terms of the instrument or instruments creating such property under any Declaration of Covenants, Conditions and Restrictions vanced or paid by Beneficiary or Trustee under any clause or provision of this Deed of Trust. Should Grantor fail to make any such payment, Beneficiary, without contesting the validity or amount, may elect to make or advance such payment together with any costs, expenses, fees, or charges relating thereto, including employing attorneys and paying their reasonable fees. Any such sum, until so repaid, shall be secured hereby and bear interest from the date it was advanced or paid at the same rate as the promissory note and shall be secured by this Deed of Trust.

5. **DEFENSE OF TRUST.** To defend this trust in any action or proceeding purporting to affect said property, the title thereto or the rents, issues and profits thereof, and to file and prosecute all necessary claims and actions to prevent or recover for any damage to or destruction of said property. Either Trustee or Beneficiary, at any time during the continuation of this trust, is hereby authorized, without obligation to do so, to commence, appear in or defend any such claim or action. Trustee or Beneficiary may appear or intervene in any claim, action or proceeding, and retain counsel therein and take such action therein, as either may be advised to do, and may settle, compromise or pay the same and on behalf and for any of said purposes, may expend and advance such sums of money as either may deem necessary. Grantor will pay to Trustee or Beneficiary, as the case may be, upon demand, all amounts which they or either of them may incur in defending this trust either in exercising any right, privilege or remedy hereunder together with interest thereon at the rate provided in the promissory note secured hereby, or Beneficiary may, at its option, elect to add the then effective rate of interest of the note secured hereby. The repayment of the amounts which may be incurred by the Beneficiary or Trustee pursuant to the provisions of the preceding sentence is secured by this Deed of Trust.

6. **RESERVES FOR TAXES, ASSESSMENTS AND INSURANCE.** To pay to Beneficiary, if Beneficiary shall so request, in addition to any other payments required hereunder, monthly advance installments, as estimated by Beneficiary from time to time, for the purpose of payment by Beneficiary when they are due, or before delinquency, of any or all of the insurance premiums, taxes, and assessments referred to in Paragraphs 3, 4 and 5 above, to the extent that Grantor has made the payments as provided herein. If at any time any of said taxes, assessments and insurance premiums become due, the amounts paid by Beneficiary are insufficient to discharge the obligation of Grantor to pay such taxes, assessments, and insurance premiums, Grantor shall pay to Beneficiary, upon its demand, such additional sum necessary to discharge Grantor's obligation to pay such taxes, assessments and insurance premiums. All moneys paid to Beneficiary pursuant to this paragraph unless otherwise required by law shall be non-interest bearing and may be held by Beneficiary in any account or form Beneficiary may select or designate, may be commingled with other funds of property of Beneficiary. There shall be no duty or obligation for the Beneficiary to account to Grantor for any earnings or profits that may be derived from the use of said reserve funds. Any amounts paid to Beneficiary pursuant to this paragraph which in the opinion of the Beneficiary are not needed for the payment of taxes, assessments, or insurance premiums when due or before delinquency may, at Beneficiary's option, be credited to interest due and/or unpaid principal of the note secured hereby or refunded to the Grantor. For purposes of such refund the payment to any one Grantor, if there be more than one, shall constitute payment to all. If Grantor shall fail to pay any installment provided for in this paragraph, such failure shall constitute default under this Deed of Trust. In the event of default in the payment of any of the moneys to be paid under the terms of any note secured hereby or under this Deed of Trust, or default in the performance of any of the covenants and obligations of this Deed of Trust, then any interest in the possession of Beneficiary under the provisions of this paragraph may, at the option of Beneficiary, be applied to the payment of principal and/or interest upon the obligation secured hereby in lieu of being applied to any of the purposes for which the fund in this paragraph is established.

Grantor and Beneficiary further covenant and agree as follows:

7. **DEFAULT.** Beneficiary's Right to Accelerate: Default shall occur if: (a) payment or performance of any note, indebtedness, liability or obligation secured hereby or of any interest thereon be not made at the time or in the manner agreed; or Grantor (b) changes or permits to be changed the character or use of the property, including, without limitations mining, drilling, or extracting oil, gas, or other hydrocarbon substances, or any mineral of any kind or character; or (c) if suit be commenced to condemn the property as being unfit for human use and occupancy or to abate as a nuisance activities or conditions found thereon or for the partition or sale of said property; or (d) has made any oral or written material misrepresentation or failed to disclose any material fact, in order to induce Beneficiary to enter into the transaction evidenced by the promissory note or notes or agreements which this Deed of Trust secures. If any of the events enumerated in the preceding subparagraphs (a) to (d), inclusive, occur and if Beneficiary consents to the same or fails to exercise its rights to declare all sums secured hereby due and payable, such consent or failure shall not be deemed or construed as a waiver, and the consent of Beneficiary shall be required on all successive occurrences.

8. **REMEDIES UPON DEFAULT.** Upon the happening of any such default, Beneficiary or Trustee, or both, may, without the necessity of any notice to or demand upon Grantor or any other party liable for the said indebtedness or obligation secured hereby immediately due and payable; (a) declare all and operate said property and any personal property thereon used in the operation of said property and any business conducted thereon without liability or obligation on its part, and do all such acts affecting said property as Beneficiary or Trustee may deem necessary or desirable to conserve the value thereof; (b) to the extent permitted by law, bring an action to enforce the payment of any note or indebtedness secured hereby without the necessity of exercising any remedy hereunder; or the prior sale of said property and without thereby waiving any other right or remedy; (c) perform any of the foregoing acts with or without bringing any action or proceeding, or through a receiver appointed by a court, and in any case without necessity of having given or recorded any notice of default or election to sell and without regard to the adequacy of security; (d) bring an action in any court of competent jurisdiction to foreclose this Deed of presentation to it of an instrument signed by Beneficiary setting forth facts true and conclusive all facts and statements therein, and to act thereon hereunder; (e) In the event any note secured hereby is placed in the hands of an attorney or agent for collection the Grantor agrees to pay the reasonable fees and expenses of such attorney or agent even though no suit or action to foreclose is instituted. Beneficiary may, at its option elect to add such amounts to the indebtedness secured hereby and such amount shall earn the then effective rate of interest of the note secured hereby.





