

44096

REAL ESTATE DEED OF TRUST FOR OREGON
(Rural Housing)

THIS DEED OF TRUST is made and entered into by and between the undersigned _____

DANNY L. ARNOLD and RENAE D. ARNOLD, husband and wife

residing in Bonanza, Oregon Klamath County, Oregon, as grantor(s), herein called "Borrower," and the Farmers Home Administration, United States Department of Agriculture, acting through the State Director of the Farmers Home Administration for the State of Oregon whose post office address is 1220 SW Third

Avenue, Portland, Oregon 97204, as trustee, herein called "Trustee," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, as beneficiary, herein called the "Government," and:

WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory notes(s) or assumption agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
December 13, 1934	\$45,300.00	11 7/8%	December 13, 2017

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to Title V of the Housing Act of 1949 or any other statutes administered by the Farmers Home Administration:

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note, but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower.

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a.

NOW, THEREFORE, in consideration of the loan(s) Borrower hereby grants, bargains, sells, conveys, warrants and mortgages to Trustee the following described property situated in the State of Oregon, (counties) of

Klamath
which said described real property is not currently used for agricultural, timber or grazing purposes
The West 25 feet of Lot 8, and the East 37. feet of Lot 7, Block 48, GRANDVIEW
ADDITION TO BONANZA, in the County of Klamath, State of Oregon, according to the
official plat thereof on file in the office of the County Clerk of Klamath County,
Oregon.

RETURN:

FARMERS HOME ADMINISTRATION
2457 PATTERSON STREET
KLAMATH FALLS, OR 97603

20851

together with all rights, interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, or capreting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein all of which are herein called "the property".

TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees and assigns forever

IN TRUST, NEVERTHELESS, (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance endorsement by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in supplementary agreement, the provisions of which are hereby incorporated herein and made a part hereof.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS the property and the title thereto unto Trustee for the benefit of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be imposed by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges on the insured premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any cost and expense in the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate in use by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the first schedule of payments secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's obligation to pay such advances, with interest, shall be repaid from the first available collections received from Borrower. Other such advances shall be repaid by Borrower may be applied on the note or any indebtedness to the Government secured hereby, until the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(9) To maintain improvements in good repair and make repairs required by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government, and at property, or cause or permit waste, lessening or impairment of the security covered herein, and not to abandon the of the Government, cut, remove, or lease any timber, and to use the same for ordinary domestic purposes.

(11) To pay or reimburse the Government for expenses incurred in the performance of its duties and to the enforcement of its laws.

(12) Neither the property nor any portion thereof or interest therein shall be encumbered, voluntarily or otherwise, without the written consent of the lender, and exclusive rights of the lender shall be reserved to:

(12) Neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights, as beneficiary hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the books, records, accounts, contracts, leases, covenants and agreements contained herein or in any instrument, and shall have the right to require the insured to produce the same.

(14) The insured shall not be limited to costs of evidence of title and survey of the land and any supplemental and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of administration and conveying the property.

(14) The Government may (a) extend or ante-date maturity of, and (b) terminate or suspend, any debt instrument issued by the Government or its agencies, or any debt instrument issued by or on behalf of the Government or its agencies, if the maturity of, and terms of, such debt instrument are being performed, evidenced by the note or other instrument, and the debt instrument is not in default under the note or other instrument.

(14) The Government may (a) extend or alter the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (b) release any party who is liable under the note or for the debt from liability to the Government, (c) release portions of the property and subordinate its lien, and (d) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. **HOWEVER**, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be unable to pay the debt evidenced by the note, or if at any time it shall appear to the Government that Borrower may be unable to obtain cooperative or private credit source, at reasonable rates, for the purpose of obtaining the funds necessary to pay the debt, will, upon the Government's demand, assign to the Government all of its rights, interests, claims, and remedies in and to the property and assets of Borrower, and its subsidiaries, affiliates, and related entities, and its rights, interests, claims, and remedies in and to the property and assets of any other person or any benefits or advantages to which any such person may be entitled, and shall execute and deliver to the Government a deed of assignment of all of the foregoing to the Government.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower, will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate mortgage, deed of trust, promissory note, secured instrument held or insured by the Government, or any other security instrument, or any other loan made by the Government.

(17) SHOULD DEFAULT occur in the performance of any part of this instrument, or should the parties named as Borrower or Guarantor herein be named as Borrower or Guarantor in any other instrument, then the following shall constitute default hereunder:

[illegible]

(18) At the request of the Government, Trustee may foreclose this instrument by advertisement, at a sale of the property as provided by law, for cash or secured credit at the option of the Government, such sale may be conducted from time to time without other notice than oral proclamation at the time and place specified in the advertisement, and on the posted notices, and at such sale the Government, its agents, officers, or employees, or any one of them, may conduct such sale without being personally present, and the advertisement shall be made orally or in writing and Trustee's execution of a certificate of sale, or the advertisement, or the certificate of sale shall be conclusive evidence that the sale was conducted by Trustee hereunder, and that Trustee is duly authorized in accordance herewith.

(19) The proceeds of foreclosure sale shall be applied for the Government in the following order: (a) to pay incident to enforcing or complying with the provisions of this instrument, (b) to pay the Government's debt, or so paid, (c) the debt of the mortgagor, and (d) the balance to the mortgagor.

(19) The proceeds of foreclosure sale shall be applied in the following order: (a) the payment of the costs and expenses incident to enforcing or complying with the provisions hereof; (b) any payments required by law or a competent court to be so paid; (c) the debt evidenced by the note and all indebtedness to the Government secured hereby; (d) interest hereon as required by law or a competent court to be so paid; (e) any balance owing to or insured by the Government; and (f) any balance owing to or insured by the Government's option and other interests in Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government in the order prescribed above.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law. 20856

(21) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(22) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor any one authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, or national origin.

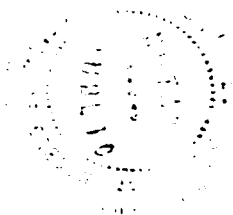
(23) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(24) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, United States Department of Agriculture, Portland, Oregon 97204 and in the case of Borrower at the post office address stated above.

(25) Upon the final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, the Government shall request trustee to execute and deliver to Borrower at Borrower's above post office address a deed of reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such deed of reconveyance.

(26) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

WITNESS the hand(s) of Borrower this 13th day of December, 19 64.



Danny L. Arnold
DANNY L. ARNOLD

Renee D. Arnold
RENEE D. ARNOLD

ACKNOWLEDGMENT FOR OREGON

STATE OF OREGON)

COUNTY OF Klamath) ss

On this 13th day of December, 19 64, personally appeared the above-

named DANNY L. ARNOLD and RENEE D. ARNOLD

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me

(NOTARIAL SEAL)

Heather L. Hadd
Notary Public

My Commission Expires 12/17

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for
record on the 14th day of December A.D., 19 64 at 1:15 o'clock P.M.,
and duly recorded in Vol. 11, of Notary Public on page 20856.

EVELYN BIEHN, COUNTY CLERK

by: Edna Smith, Deputy

Fee: \$ 11.00