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USDA-FmHA

Form FmHA 427-7 OR (Rev. 4-21-81)

ATC-8-28867

Position 5

REAL ESTATE DEED OF TRUST FOR OREGON
(Rural Housing)

Vol. 185 Page 10262

THIS DEED OF TRUST is made and entered into by and between the undersigned
GREGORY H. MATTHEWS and RONNELL K. MATTHEWS, husband and wife

residing in 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 P.O. Box 1328
Klamath Falls, Oregon 97601, as trustee, herein called "Trustee," and the UnitedStates of America, acting through the Farmers Home Administration, United States Department of Agriculture, as bene-
ficiary, herein called the "Government," and:
WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory note(s) or assumption
agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the Government, author-
izes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described
as follows:

Date of Instrument

July 3, 1985

Principal Amount

\$24,750.00

Annual Rate

of Interest
13.0%Due Date of Final
Installment

July 3, 2000

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the pay-
ment 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, sell, conveys, warrants and
mortgages to Trustee the following described property situated in the State of Oregon, County(ies) of
which said described real property is not currently used for agricultural, timber or grazing purposes:
Lot 1, Block 24, ORIGINAL TOWN OF MERRILL, in the County of Klamath, State of
Oregon.

together with all rights, interests, easements, hereditaments and profits thereof and revenues.

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 Govern-
ment 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 expendi-
tures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agree-
ment 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 and assigns of the property and the title thereto, covenants and agrees that the property and the title thereto shall be sold by value of any sale, lease, transfer, conveyance, or condemnation
TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees and assigns forever;

(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. And all times when the note is held by an insured holder, Borrower shall continue to make payments of principal and interest on the note, as collection agent for the holder.

(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 upon the mortgaged premises.

(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 latest note and shall be secured here- by. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Such advances with interest, shall be repaid from the first available collections received from Borrower. Otherwise, such advances, Borrower may be applied on the note or any indebtedness to the Government.

use the loan evidenced by the note solely for purposes authorized by the Government.

THIS INSTRUMENT IS NOT TO BE RECORDED IN THE PUBLIC RECORDS OF THE STATE OF OREGON. COOKMIA OF KIVIMUN

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(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.

(8) To keep the property insured as required by and under insurance policies approved 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 not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(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 property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) extend or defer 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 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, or under any personal property or other secured instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared a bankrupt or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.

(18) At the request of the Government, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of the Government; such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale and correction made on the posted notices; and at such sale the Government and its agents may bid and purchase as a stranger; Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

(19) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens 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) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government; and (f) any balance to 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.

(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 anyone 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 3rd day of July, 19 85.

Gregory H. Matthews

Ronnell K. Matthews

ACKNOWLEDGMENT FOR OREGON

STATE OF OREGON

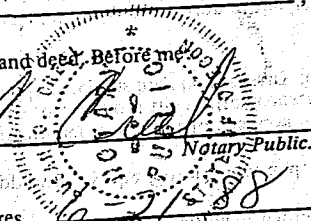
COUNTY OF Klamath

On this 3rd day of July, 19 85, personally appeared the above-

named Gregory H. Matthews and Ronnell K. Matthews

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

Susan



[NOTARIAL SEAL]

My Commission expires 2/1/88

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for
record on the 3rd day of July A.D.; 19 85 at 10:45 o'clock A.M.,
and duly recorded in Vol. M85 of Mortgages on page 10262

EVELYN BIEHN, COUNTY CLERK

by: Ron Smith, Deputy

Fee: \$ 17.00