

THIS TRUST DEED, made this 16th day of August  
GEORGE E. SMITH AND DARLYNE L. SMITH, husband and wife  
as grant

United States, as beneficiary;

The South half of Tract 4 of Block 8 of ALTAMONT ACRES, Klamath County, Oregon.

which said described real property is not currently used for agricultural, timber or grazing purposes,

This trust deed shall further secure the payment of such additional money, if any, as may be loaned hereafter by the beneficiary to the grantor or others having an interest in the above described property, as may be evidenced by a note or notes. In the indebtedness secured by this deed is evidenced by more than one note, the beneficiary may credit payments received by it upon any of said notes or part of any payment on one note and part on another, and the beneficiary may elect.

The grantor hereby covenants to and with the trustee and the beneficiary herein that the said premises and property conveyed by this trust deed are free and clear of all encumbrances and that the grantor will and his heirs, executors and administrators shall warrant and defend his said title thereto against the claims of all persons whomsoever.

[illegible]

That for the purpose of providing regularly for the prompt payment of all taxes, assessments, and governmental charges levied assessed against the above described property, and the interest on the indebtedness secured hereby in excess of 80% premium and insurance premium while the indebtedness is paid by the grantor at the time the loan of the lesser of the original purchase price plus the value of the property at the time the loan was made or the beneficiary's original appraisal value in addition to the monthly payments of the mortgage, grantor will pay to the beneficiary in addition to the obligation secured hereby principal and interest payable under the terms of the note of obligation secured hereby on the date installments on principal and interest are payable an amount equal to 1/12 of the taxes, assessments, and other charges due and payable with respect to said property within each succeeding 12 months and also 1/36 of the insurance premium payable with respect to said property within each succeeding three years while this Trust Deed is in effect as estimated and directed by the beneficiary, the beneficiary shall pay to the grantor interest on said amounts at a rate not less than the highest rate authorized to be paid by banks on their open passbook accounts minus 3/4 of 1%. If such rate is less than 4%, the rate of interest paid shall be 4%. Interest shall be computed on the average monthly balance in the account and shall be paid quarterly to the grantor by crediting to the escrow account the amount of the interest due.

While the grantor is to pay any and all taxes, assessments and other charges levied or assessed against said property, or any part thereof, before the same begin to bear interest and also to pay premiums on all insurance policies upon said property, such payments are to be made through the beneficiary, as aforesaid. The grantor hereby authorizes the beneficiary to pay any and all taxes, assessments and other charges levied or imposed upon said property, and to pay the amounts as shown by the statements thereof furnished by the beneficiary against said property in the amounts as shown by the statements thereon or their representatives and to withdraw the sums which may be required from the reserve account, collector of such taxes, assessments or other charges, and to pay the insurance carriers or their representatives and to use the amounts so withdrawn in no event to hold the beneficiary responsible for failure to have any insurance policy written or for any loss or damage sustained by the beneficiary, and the beneficiary hereby is authorized, in the event of a defect in any insurance policy, to settle with any insurance company, and to apply any such insurance receipts upon the obligations secured by this trust deed, in computing the amount of the indebtedness for payment and satisfaction in full or upon sale or other

acquisition of the property by the beneficiary after default, any balance remaining in the reserve account shall be credited to the Indebtedness. If any authorized reserve account shall be credited to the Indebtedness and other charges is not sufficient at any time for taxes, assessments, insurance premiums and other charges they become due, the grantor shall pay the time for the payment of such charges as they become due, within ten days after such demand, and if not paid within such time, the beneficiary upon demand, and if not paid within such time, the beneficiary may at its option add the amount of such deficit to the principal of the Indebtedness secured hereby.

Should the grantor fail to keep any of the foregoing covenants, then the beneficiary may at its option carry out the same, and all its expenditures therefor shall draw interest and shall be secured by the lien of this trust deed. In the event the grantor fails to make any such repairs to complete this connection, the beneficiary shall have the right in its discretion to complete such improvements made on said premises and also to make such repairs to said property as in its sole discretion it may deem necessary or advisable.

The grantor further agrees to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; to pay all costs, fees and expenses of the trustee incurred in search, as well as the other costs and expenses of the trustee's efforts to affect the secured party hereof or the rights or actions of proceeding pursuant to the deed, in any title encroaching or defendant of the beneficiary or trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a lawsuit, if fixed by the court, in any such suit or proceeding by the beneficiary or trustee may appear and any suit brought by the beneficiary to foreclose this deed, and all said sums shall be secured by this deed.

The beneficiary will furnish to the grantor on written request therefor an annual statement of account but shall not be obligated or required to furnish any further statements of account.

It is mutually agreed that:

It is mutually agreed that:

1. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the beneficiary shall have the right to commence, in its own name, appear in or defend any action or proceedings, to make any compromise or settlement in connection with such taking and, if it so elects, to require that all or any part of the amount recoverable as compensation for such taking, and attorney's fees necessarily paid by the grantor to pay all reasonable costs, expenses and attorneys' fees incurred by the grantor in any reasonable costs and expenses in such proceedings, shall be paid to the beneficiary and applied by it first upon any reasonable costs and expenses in such proceedings, and the fees necessarily paid incurred by the beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby, and the grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon the beneficiary's request.

[illegible]

3. As additional security, grantor hereby assigns to beneficiary during the continuance of these trusts all rents, issues, royalties and profits of the property affected by this deed and of any personal property located thereon. Until grantor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, grantor shall have the right to collect all such rents, issues, royalties and profits earned prior to such default. Upon any default by the grantor, hereunder, the beneficiary may at any time without notice, either in regard to the adequacy of any security or if the indebtedness hereby secured shall enter upon and take possession of said property, or any part thereof, in its own name sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as the beneficiary may determine.

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4. 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.

5. The grantor shall notify beneficiary in writing of any sale or contract for sale of the above described property and furnish beneficiary on a form supplied it with such personal information concerning the purchaser as would ordinarily be required of a new loan applicant and shall pay beneficiary a service charge.

6. Time is of the essence of this instrument and upon default by the grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable by delivery to the trustee of written notice of default and election to sell the trust property, which notice trustee shall cause to be duly filed for record. Upon delivery of said notice of default and election to sell, the beneficiary shall deposit with the trustee this trust deed and all promissory notes and documents evidencing expenditures secured hereby, whereupon the trustees shall fix the time and place of sale and give notice thereof as then required by law.

7. After default and any time prior to five days before the date set by the Trustee for the Trustee's sale, the grantor or other person so privileged may pay the entire amount then due under this trust deed and the obligations secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding ~~three~~ <sup>the amount provided by law</sup> other than such portion of the principal as would not then be due had no default occurred and thereby cure the default.

8. After the lapse of such time as may then be required by law following the recording of said notice of default and giving of said notice of sale, the trustee shall sell said property at the time and place fixed by him in said notice of sale, either as a whole or in separate parcels, and in such order as he may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at the time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale and from time to time thereafter may postpone the sale by public announcement.

9. When the Trustee sells pursuant to the powers provided herein, the trustee shall apply the proceeds of the trustee's sale as follows: (1) To the expenses of the sale including the compensation of the trustee, and a reasonable charge by the attorney. (2) To the obligation secured by the trust deed. (3) To all persons having recorded liens subsequent to the interests of the trustee in the trust deed as their interests appear in the order of their priority. (4) The surplus, if any, to the grantor of the trust deed or to his successor in interest entitled to such surplus.

10. For any reason permitted by law, the beneficiary may from time to time appoint a successor or successors to any trustee named herein, or to any successor trustee appointed hereunder. Upon such appointment and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution reference to this trust deed 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 be conclusive proof of proper appointment of the successor trustee.

11. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record, as provided by law. The trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which the grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by the trustee.

12. This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees devisees, administrators, executors, successors and assigns. The term "beneficiary" shall mean the holder and owner, including pledgee, of the note 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/or neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said grantor has hereunto set his hand and seal the day and year first above written.

George E. Smith

(SEAL)

Darlyne L. Smith

(SEAL)

STATE OF OREGON

County of Klamath ss

THIS IS TO CERTIFY that on this 16<sup>th</sup> day of August, 1985, before me, the undersigned, a

Notary Public in and for said county and state, personally appeared the within named George E. Smith and Darlyne L. Smith

to me personally known to be the identical individual S named in and who executed the foregoing instrument and acknowledged to me that they executed the same freely and voluntarily for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public for Oregon

My commission expires: 10-13-86

(SEAL)

Loan No. \_\_\_\_\_

## TRUST DEED

Grantor

TO

KLAMATH FIRST FEDERAL SAVINGS  
AND LOAN ASSOCIATION

Beneficiary

After Recording Return To:

KLAMATH FIRST FEDERAL SAVINGS  
AND LOAN ASSOCIATION

540 Main St  
KFO

(DON'T USE THIS  
SPACE: RESERVED  
FOR RECORDING  
LABEL IN COUN-  
TIES WHERE  
USED.)

STATE OF OREGON  
County of Klamath ss.

I certify that the within instrument was received for record on the 19<sup>th</sup> day of August, 1985, at 11:13 o'clock A. M., and recorded in book M85 on page 13046.  
Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

County Clerk

By Lam Smith

Deputy

Fee: \$9.00

### REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: William Sisemore, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same.

Klamath First Federal Savings & Loan Association, Beneficiary

by \_\_\_\_\_

DATED: \_\_\_\_\_

19. \_\_\_\_\_