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TRUST DEED

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THIS TRUST DEED, made this 19th day of December, 1985, between

Donald L. Cabitto, Sr. and Donald L. Cabitto, Jr., tenants in common
as Grantor, Jeff D. Ball, City Attorney as Trustee, and

City of Klamath Falls, a municipal corporation
as Beneficiary.

WITNESSETH

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

Lot 768, Block 106, Mills Addition, in the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Twenty Three Thousand Five Hundred and 00/100ths

Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable November 14, 2005

The date of maturity of the debt secured by this instrument is the date, stated above on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument irrespective of the maturity dates expressed therein or herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

To protect the security of this trust deed grantor agrees:

1. To protect preserve and maintain said property in good condition and repair not to remove or demolish any building or improvement thereon, nor to convert or permit any waste of said property.

2. To complete or cause promptly and in good and workmanlike manner, any building or improvement which may be constructed damaged or destroyed thereon and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property if the beneficiary in requests to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices as well as the cost of all lien searches made by title insurers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than full insurable value.

5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to the beneficiary. If the grantor fails to make payment of any taxes, assessments, insurance premiums, loans or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereon and the amount in paid with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added in and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments with interest as aforesaid, the property hereunder described as well as the grantor shall be bound to the same extent that they are bound for the payment of the obligation herein described and all such payments shall be immediately due and payable without notice and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with enforcing the obligation and trustee's and attorney's fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary as trustee and in any suit action or proceeding in which the beneficiary or trustee may appear including any suit for the enforcement of this deed to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is expressly agreed that:

8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings and the balance applied upon the indebtedness secured hereby, and grantor agrees, at its own expense, to take such action and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary payment of its loan and prepayment of this deed and the note for enforcement in case of full recoveries by cancellation without affecting the liability of any person for the payment of the indebtedness, trustee may

(a) consent to the making of any map or plat of said property (b) join in granting any easement or creating any restriction thereon (c) join in any subordination or other agreement affecting this deed or the lien or charge thereon (d) reconvey without warranty all or any part of the property. The grantee in any reconveyance may be described as the person or persons legally entitled thereto and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice either in person by its agent or by a receiver to be appointed by a court and without regard to the adequacy of any security for the indebtedness hereby secured enter upon and take possession of said property or any part thereof in its own name use 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 beneficiary may determine.

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits or the proceeds of sale and other insurance policies or compensation or awards for any taking of 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 action done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary or its attorney may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligation secured hereby whereupon the trustee shall to the time and place of sale give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.715 to 86.794.

13. After the trustee has commenced foreclosure by advertisement and sale and at any time prior to 5 days before the date the trustee conducts the sale the grantor or any other person as provided by ORS 86.751 may cure the default or defaults. If the default consists of a failure to pay when due sums secured by the trust deed the default may be cured by paying the sums amounting due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case in addition to curing the default or defaults the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise the sale shall be held on the date and at the time and place designated in the notice of sale or the time in which said sale may be postponed as provided by law. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels if at auction to the highest bidder for cash payable at the time of sale. Trustee shall deliver to the purchaser as deed in lieu as required by law conveying the property so sold but without any covenant or warranty express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person purchasing the trust deed including the grantor and beneficiary may purchase at the sale.

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

16. Beneficiary may from time to time appoint a successor or successors in any trustee named herein or in any successor trustee appointed hereunder. Upon such appointment and without reconveyance 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 shall be made by written instrument executed by beneficiary which when recorded in the mortgage records of the county or counties in which the property is situated shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed duly executed and acknowledged in made a public record as provided by law. 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 grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney who is an active member of the Oregon State Bar or a bank trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state or substantial affiliates, agents or branches, the United States or any agency thereof or an escrow agent licensed under ORS 696.505 to 696.585.

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The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is law-
fully seized in fee simple of said described real property and has a valid, unencumbered title thereto

and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are
(a) primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below).

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, execu-
tors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the
contract 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 the neuter, and the singular number includes the plural.

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

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is
not applicable; if warranty (a) is applicable and the beneficiary is a creditor
on such word is defined in the Truth-in-Lending Act and Regulation Z, the
beneficiary MUST comply with the Act and Regulation by making required
disclosures; for this purpose, if this instrument is to be a FRET loan to finance
the purchase of a dwelling, use Stevens-Moss Form No. 1203 or equivalent;
if this instrument is NOT to be a first lien, or is not to finance the purchase
of a dwelling use Stevens-Moss Form No. 1204, or equivalent. If compliance
with the Act is not required, disregard this notice.

If the signer of the above is a corporation,
use the form of acknowledgment opposite.

STATE OF OREGON,

County of Klamath

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Personally appeared the above named
Donald L. Cabbitto, Sr. and
Donald L. Cabbitto, Jr., tenants
in common

and acknowledged the foregoing instru-
ment to be their voluntary act and deed

Before me:

Notary Public for Oregon

My commission expires: 4 24 87

STATE OF OREGON, County of

Personally appeared

duly sworn, did say that the former is the
president and that the latter is the
secretary of

a corporation, and that the seal affixed to the foregoing instrument is the
corporate seal of said corporation and that the instrument was signed and
sealed in behalf of said corporation by authority of its board of directors,
and each of them acknowledged said instrument to be its voluntary act
and deed.

Before me:

Notary Public for Oregon

My commission expires:

(OFFICIAL
SEAL)

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid

TO:

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. Mail reconveyance and documents to

DATED:

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Beneficiary

Do not loan or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

TRUST DEED

(FORM No. 881)
STEVENS-MOSS LAW FIRM CO. PORTLAND ORE

Donald L. Cabbitto, Sr. and
Donald L. Cabbitto, Jr.,
tenants in common

Grantor

City of Klamath Falls

Beneficiary

AFTER RECORDING RETURN TO

City Planning Department
P.O. Box 237
Klamath Falls, Oregon 97601

SPACE RESERVED
FOR
RECORDER'S USE

Fee: \$9.00

STATE OF OREGON,

County of Klamath

I certify that the within instrument
was received for record on the 2nd day
of JANUARY, 19 86
at 2:05 o'clock P.M., and recorded
in book/reel/volume No. MB5 on
page 253 or as fee/file/instru-
ment/microfilm/reception No. 56932
Record of Mortgages of said County.

Witness my hand and seal of
County affixed.

Evelyn Biehn, County Clerk
By *[Signature]* Deputy