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as Grantor, Aspen Title & Escrow, Inc., as Trustee, and
George M. Steinmetz and Beverly J. Steinmetz, husband and wife, as tenants by the entirety

WITNESSETH:

Lot 16, Block 20, Tract 1113 , OREGON SHORES UNIT 2, in the County of Klamath,
State of Oregon.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of NINE THOUSAND and NO/100--

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.

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; not to commit or permit any waste of said property; not to deed or encumber the

not to commit or permit any waste of said property.

2. To complete the work of the said officers in good and workmanlike manner, and to make any repairs 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 of the said city, and to answer to the city all requests, to file, 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 costs of all lien searches made by the filing officers or searching agencies as may be deemed desirable by the beneficiary.

6. To provide and continuously maintain insurance on the buildings new or hereafter erected on said premises against loss or damage by fire and such other perils as the beneficiary may from time to time require, in an amount not less than \$1,500.00 written in an amount acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance policy, he shall deliver said policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance then hereafter placed on said buildings; the beneficiary may procure the same at grantor's expense. The amounts collected under any life or other insurance policy may be applied by the beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire proceeds of any such policy, part thereof, or waiving of default or notice of default herunder or invalidate any part thereof, may be paid to the beneficiary upon application or release shall not constitute a waiver of default or notice of default herunder or invalidate any part hereof pursuant to such notice.

5. To keep said premises free from construction liens and to pay all taxes, assessments and charges that may be levied or assessed upon or against said premises before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, then the beneficiary shall have the right to cause payment to be made with which by direct payment or by providing benefit to the beneficiary, make payment thereof, and the amount so 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 to and become a part of the debt secured by this trust deed, without waiver of any rights or remedies of the beneficiary under the covenants hereof and shall be secured by the property described in the covenants hereof, 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 render all sums secured by 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 or in enforcing this obligation and trustee's and attorney's fees actually incurred.

lees actually incurred.

10. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay or reimburse the beneficiary or trustee's attorney's fees; the including evidence of the attorney's fees mentioned in this paragraph 7 in all cases shall be filed 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 the attorney's appellate costs that shall adjust to be reasonable as the beneficiary's or trustee's attorney's fees on any appeal.

It is mutually agreed that:

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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 receive, or any portion of the monies payable to the condemnor 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, as applied by it first upon any reasonable costs, expenses and Attorney's fees, both in the instant and in any other proceedings, 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 actions and execute such instruments as shall be necessary in obtaining such com-

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for 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 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 debtor or guarantor, creditor may at any time and at its option, assign, convey, or transfer, or cause to be assigned, conveyed, or transferred, all or any part of the indebtedness hereby secured, to any person, 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 sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same to the payment of the indebtedness hereby secured, and pay the balance, if any, to the debtor, less costs and expenses of operation and collection, and attorney's fees and other expenses incurred by creditor in connection with the enforcement of the indebtedness hereby 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 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.

pursuant to such notice, the grantor shall, 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 at his election may direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall have and use the same powers as a mortgagee in possession and shall have the advantage and cause to be recorded and written on his deed of sale that he is selling thereon the said obligation secured hereby and shall have the right to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by ORS 86.735 to 86.795, and the trustee shall have the right to foreclose this trust deed by advertisement and sale.

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 so privileged by ORS 86.753, may cure the default or defaults. If the default consists of one or more late payments, the sum of the late payments may be cured by paying the entire amount 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 paying the sum of the amount due at the time of the cure or the sum due at the time of the default, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust 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 to 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 at auction to the highest bidder. The trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of the trustee shall be conclusive proof of the validity of the sale and of the authority of the trustee, but including no defense or denial, or rescission, or any purchase at the sale.

15. When trustee sells pursuant to the powers 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 the trustee to the grantor or his successor in interest for the services of the trustee's attorney, (2) to the obligations secured by the trust, (3) to all persons having recorded liens or claims against the trust property, (4) to the trustee for the 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 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 shall be made by written instrument executed by beneficiary, which, when filed 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 is 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, 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, its subsidiaries, 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 lawfully 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),
 (b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, 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 as 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 FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, or is not to finance the purchase of a dwelling use Stevens-Ness Form No. 1306, 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 oppositely.)

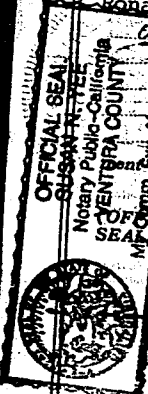
E.
 Ronald E. Reutter
 Harriet H. Salas

STATE OF OREGON,)
 County of Ventura) ss.
January 7, 1986
 Personally appeared the above named
Ronald E. Reutter and Harriet H. Salas

STATE OF OREGON, County of _____) ss.
 Personally appeared _____ and _____
 who, each being first
 duly sworn, did say that the former is the
 president and that the latter is the
 secretary of _____

and acknowledged the foregoing instru-
 ment to be _____ voluntary act and deed.
 Before me: Susan N. Yee
Susan N. Yee
 Notary Public for Oregon CALIFORNIA
 My commission expires: Nov. 20, 1989

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: _____, 1986

Do not lose 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.

Beneficiary

TRUST DEED

(FORM No. 881)
 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Mr. Ronald E. Reutter,
 and Mrs. Harriet H. Salas
 2160 Snow Avenue
 Oxnard, CA 93030
 (trustor)

Mr. and Mrs. George M. Steinmetz
 c/o Eli Property Co.
 18840 Ventura Blvd., Ste. 218
 Tarzana, CA 91356
 (Beneficiary)

AFTER RECORDING RETURN TO:
 Mr. and Mrs. George M. Steinmetz
 c/o Eli Property Co.
 18840 Ventura Blvd., Ste. 218
 Tarzana, CA 91356

STATE OF OREGON,
 County of Klamath) ss.
 I certify that the within instrument
 was received for record on the 7th day
 of February, 1986,
 at 10:15... o'clock A.M., and recorded
 in book/reel/volume No. M86 on
 page 2387 or as fee/tile/instru-
 ment/microfilm/reception No M58068,
 Record of Mortgages of said County.
 Witness my hand and seal of
 County affixed.

Evelyn Biehn, County Clerk
 By Bernetha A. Detrich Deputy