

THIS TRUST DEED, made this 12th day of March 1986, between FRED J. JACOB and RUTH A. JACOB, husband and wife, as Grantor, H. CLAYTON LIVENGOOD, as Trustee, and SPIRIT MORTGAGE COMPANY, an Oregon corporation, as Beneficiary,

Witnesseth: Klamath County, Oregon, described as: Lots 1, 2 and 3, Block 18, First Addition to Bonanza, in the County of Klamath, State of Oregon.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of ELEVEN THOUSAND FIVE HUNDRED AND NO/100 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 and when paid, to be due and payable on or before March 12, 1991.

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 maturity of the debt is extended, postponed or otherwise by the grantor without first having obtained the written consent or approval of the beneficiary, herein, shall become immediately due and payable.

The above described real property is not lawfully used for agricultural, timber or grazing purposes. (a) consent to the making of any map or plat of said property; (b) join in any subdivision or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereon; (d) recovery, without warranty, all or any part of the property. The right to conclude, in whole or in part, the truthfulness thereof. Trustee's fees for any of the above shall not be less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person by 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 premises and profits, including those past due and unpaid, and apply the same, in whole or in part, to the payment of the principal and interest on the indebtedness hereby secured hereunder, and in such order as beneficiary may determine.

11. The entering upon and taking possession of said property, the insurance, taxes and profits, or the proceeds of sale, fire and other property, and the application or release thereof as aforesaid, shall not constitute any default or notice of default hereunder or invalidate any act 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 at any time, without notice, either in person by 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 premises and profits, including those past due and unpaid, and apply the same, in whole or in part, to the payment of the principal and interest on the indebtedness hereby secured hereunder, and in such order as beneficiary may determine.

13. Should the beneficiary elect to foreclose by advertisement and sale then after default at 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 by ORS 86.740, may pay to the beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not in excess of the amounts provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereupon the trust deed, in which event all foreclosure proceedings shall be dismissed by the trustee.

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 whole or in separate parcels and shall, sell the property in parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser a deed in form as required by law conveying said property as sold, but without any warranty or guarantee, express or implied, of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. Upon trustee's sale pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including advertising; (2) to the obligation secured by the trust deed; (3) to all persons having claims against the property or the proceeds of the sale in the order of their priority and (4) the balance, if any, to the grantor or to his successor in interest and to such other persons as may be entitled to the balance of the proceeds of the sale.

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 land conveyed 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 occupation, 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 pledgees, of the contract secured hereby, whether or not stated as a beneficiary herein. In construing this deed and whenever the context so requires, the singular number includes the plural.

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

FRED J. JACOB
PATRICIA A. JACOB

NOTARIAL PUBLIC, being duly sworn, do hereby certify that the foregoing instrument is a true and correct copy of the original as the same appears to me, and that the signers of the same are the persons whose names are subscribed to the same, and that they are duly qualified to execute the same.

STATE OF OREGON,)
County of) ss.
Klamath)
March 12, 1986)

Personally appeared the above named
Fred J. Jacob and Patricia A. Jacob
husband and wife

STATE OF OREGON, County of)
Klamath) ss.
March 12, 1986)

Personally appeared _____, who, each being first

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
mailed 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)

WITNESS FOR FULL RECONVANCE

Trustee

The undersigned in the legal tender and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said
trust deed have been fully paid and satisfied. The parties are directed, on payment to you of any sums owing to you under the terms of
said trust deed or sums due to them, to deliver to you all evidence of such indebtedness secured by said trust deed (which are delivered to you
together with said trust deed) and to release, without warranty, to the parties designated by the terms of said trust deed the
same and hold subject to the same all and sundry.

Beneficiary

Both may be delivered to the trustee for cancellation before reconveyance will be made.

TRUST DEED

Fred J. Jacob and Patricia
Jacob, husband and wife

Respire Mortgage Company,
a Oregon corporation

Respire Mortgage Company
P. O. Box 13909
Salem, OR 97309

STATE OF OREGON,
County of Klamath } ss.

I certify that the within instrument
was received for record on the 18th day
of March, 1986
at 3:27 o'clock P. M., and recorded
in book/reel/volume No. M86 on
page 4533 or as fee/file/instru-
ment/microfilm/reception No. 59313.
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

Evelyn Blum, County Clerk
By *Evelyn Blum* Deputy

Fee \$9.00