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MTC 16810

TRUST DEED

Vol. 1186 Page 12833

After recording return to: BENEFICIARY: Mellon Financial Services Corporation

Branch Office 2603 Crosby Ave.

address

Klamath Falls, Or. 97603Grantors (Borrowers) Kenneth W. Stratton & Grace E. Stratton Husband & Wife

name

5645 Altamont Dr.

address

Klamath Falls, Or. 97603

The Grantors above named are indebted upon their promissory note dated 07/18/86 in the principal amount of \$ 20,600.00 to the Beneficiary named above at the above office and evidencing a loan made by said Beneficiary in the actual amount of the principal thereof. By the terms thereof default in making any payment shall, at the option of the holder of the note and without notice or demand, render the entire sum remaining unpaid thereon at once due and payable.

NOW THEREFORE, in consideration of said loan and to further secure the payment of said note, and any note or notes executed and delivered to Beneficiary by Grantors at any time before the entire indebtedness secured thereby shall be paid in full, evidencing either a future loan by Beneficiary or refinancing of an unpaid balance of the note above described or renewal thereof, or both such

future loan and refinancing, Grantors hereby convey to Trustee, Mountain Title Co. in trust with power of sale the following described property:

The North half of Tract No. 44 of ALTAMONT SMALL FARMS, according to the official plat thereof, on file in the office of the County Clerk of Klamath County, Oregon, EXCEPTING THEREFROM a strip of land 10 feet wide lying along the West end of said Lot 44, deeded to Klamath County, by Deed dated May 6, 1942, recorded September 11, 1944 in Volume 168 of Deeds, page 543, Klamath County, Oregon.

The Grantors covenant to the Beneficiary that they are the owner of said property free of all encumbrances except Trust Deed, dated 05/05/71, recorded 05/10/71, Volume M71, pg 4156 Microfilm Records Klamath County, Oregon, Beneficiary, Equitable Savings & Loan Assn.

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

Grantor warrants that the Real Property described herein is not used for agricultural, timber, or grazing purposes.

The Grantors agree: to maintain the property in good condition, not to remove or demolish any building; to provide insurance on the buildings now or hereafter erected in an amount of not less than the principal balance due upon this note or any note hereafter given for which this trust deed shall be security, said insurance to name the Beneficiary as the loss payee to the extent of an outstanding indebtedness, the policy to be delivered to the beneficiary; to keep the property free of all liens of any nature and to pay all taxes and assessments levied upon the property. In the event of the Grantors' failure to pay any taxes or liens, the Beneficiary may do so and add said sums to the Grantors' obligation at the rate of interest described thereon to be paid on the demand of the Beneficiary. In the event the right of eminent domain or condemnation is exercised in regard to said property any moneys received from said proceeding shall be applied to the above indebtedness until it is paid in full. If the Grantor sells or transfers the above described property such sale or transfer shall be an event of default.

Upon default by the Grantor hereunder, it is agreed Beneficiary may at any time enter upon and take possession of said property and may either proceed to foreclose this trust deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or direct the Trustee to foreclose this trust deed by advertisement and sale in the manner provided for foreclosing a trust deed in ORS 86.705 to 86.795. Upon the foreclosure the Trustee shall apply the proceeds of the sale first to expenses of the sale, including reasonable attorney fees and compensation of Trustee in the proceeding, then to the obligation secured by the trust deed, then to all recorded liens subsequent to the interest of the Trustee as they may appear in the order of their priority and the surplus, if any, to the Grantors, or to their successors and interests entitled to such surplus.

The Beneficiary may from time to time appoint a successor or successor trustees. The successor trustee upon such appointment shall be vested with all title, powers and duties of the Trustee herein named. Grantors agree to pay all filing fees as well as the costs and disbursements in any proceedings to enforce this obligation.

Receipt of an exact copy of this document is hereby acknowledged by the undersigned.

State of Oregon)

County of Klamath : ss:

Personally appeared the above named)

Kenneth W. & Grace E. Stratton

and acknowledged the foregoing instrument

to be their

voluntary act and deed.

Notary Public for Oregon

(seal)

My commission expires 7/19/87

Grantor

Grantor

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 22nd day of July A.D., 19 86 at 4:31 o'clock P.M., and duly recorded in Vol. M86 of Mortgages on Page 12833.

FEE \$5.00

Evelyn Biehn, County Clerk

By [Signature]

Beneficiary