

in whole or in part, on any installment due date.

(a) A sum, as estimated by the Beneficiary, equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered by this Deed of Trust, plus the premiums that will next become due and payable on policies of fire and other hazard insurance on the premises covered hereby as may be required by Beneficiary in amounts and in a company or companies satisfactory to Beneficiary, Grantor agreeing to deliver promptly to Beneficiary all bills and notices therefor, less all sums already paid therefor divided by the number of months to elapse before 1 month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by the Beneficiary in trust to pay said ground rents, premiums, taxes and special assessments, before the same become delinquent; and

(i) ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums;

(ii) interest on the note secured hereby; and

(iii) amortization of the principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good prior to the due date of the next such payment, constitute an event of default under this Deed of Trust.

To Protect the Security of This Deed of Trust, Grantor Agrees:

5. To keep said property in as good order and condition as they now are and not to commit or permit any waste thereof, reasonable wear and tear excepted.

6. To complete or restore promptly and in good workmanlike manner any building or improvement which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Grantor further agrees:

(a) to commence

(a) to commence construction promptly and in any event within 30 days from the date of the commitment of the Department of Housing and Urban Development, and complete same in accordance with plans and specifications satisfactory to Beneficiary,

(b) to allow Beneficiary to inspect said property at all times during construction,

(c) to replace any work or materials unsatisfactory to Beneficiary, within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to the Grantor by registered mail, sent to his last known address, or by personal service of the same.

(d) that work shall not cease on the construction of such improvements for any reason whatsoever for a period of fifteen (15) calendar days.

The Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Grantor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

7. Not to remove or demolish any building or improvement thereon.

8. To comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting said property.

9. To provide and maintain insurance against loss by fire and other hazards, casualties, and contingencies including war damage as may be required from time to time by the Beneficiary in such amounts and for such periods as may be required by the Beneficiary, with loss payable to the Beneficiary and Grantor, as their interests may appear, and to deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums.

10. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

11. To pay at least 10 days before delinquency all assessments upon water company stock, and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Deed of Trust.

12. To pay immediately and without demand all sums expended hereunder by Beneficiary of Trustee, with interest from date of expenditure at the rate provided on the principal debt, and the repayment thereof shall be secured hereby.

13. To do all acts and make all payments required of Grantor and of the owner of the property to make said note and this Deed

4. If the total of the payments made by Grantor under (a) of paragraph 2 preceding shall exceed the amount of payments actually made by Beneficiary for ground rents, taxes or assessments, or insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Grantor, shall be credited on subsequent payments to be made by Grantor, or refunded to the Grantor. If, however, the monthly payments made under (a) of paragraph 2 preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then Grantor shall pay to Beneficiary any amount necessary to make up the deficiency on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time Grantor shall tender to Beneficiary, in accordance with the provisions hereof, full payment of the entire indebtedness secured hereby, Beneficiary shall, in computing the amount of indebtedness, credit to the account of Grantor any balance remaining in the funds accumulated under the provisions of (a) of paragraph 2 hereof. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the premises in accordance with the provisions hereof, or the Beneficiary acquires the property otherwise after default, Beneficiary shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (a) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note.

of Trust eligible for insurance by Beneficiary under the provisions of the National Housing Act and amendments thereto, and agrees not to do, or cause or suffer to be done, any act which will void such insurance during the existence of this Deed of Trust.

It is Mutually Agreed that:

14. Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including costs of evidence of title, employ counsel, and pay his reasonable fees.

15. Should the property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled to its option to commence, appear in, and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may after deducting therefrom all its expenses, including attorney's fees, release any moneys so received by it or apply the same on any indebtedness secured hereby. Grantor agrees to execute such further assignments of any compensation, award, damage, and rights of action and proceeds as Beneficiary or Trustee may require.

16. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.

17. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Deed of Trust and the note for endorsement (in case of full reconveyance, for cancellation and retention), 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 of Trust or the lien or charge thereof; (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.

18. 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 of Trust 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 default as they become due and payable.

19. Upon any default, 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 any take possession of said property or any part thereof, in his own name sue for or otherwise collect such 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. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

20. Upon default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, or should this Deed and said note not be eligible for insurance under the National Housing Act within _____ months from the date hereof (written statement of any officer of the Department of Housing and Urban Development or authorized agent of the Secretary of Housing and Urban Development dated subsequent to _____ months' time from the date of this Deed of Trust, declining to insure said note and this Deed of Trust, being deemed conclusive proof of such ineligibility), or should the commitment of the Department of Housing and Urban Development to insure this loan cease to be in full force and effect for any reason whatsoever, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record. Beneficiary shall also deposit with Trustee this Deed of Trust, the note and all documents evidencing expenditures secured hereby. Notwithstanding the foregoing, this option may not be exercised by the Beneficiary when the ineligibility for insurance under the National Housing Act is due to the Beneficiary's failure to remit the mortgage insurance premium to the Department of Housing and Urban Development.

21. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Grantor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Grantor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder for cash in lawful money of the United States, payable at 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 at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in this Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Grantor, or Beneficiary, may purchase at the sale. After deducting all costs, fees, and expenses of Trustee and of this trust, including cost of title evidence and reasonable attorney's fees, in connection with sale, Trustee shall apply the proceeds of sale to the payment of all sums expended under the terms hereof not then repaid, with accrued interest at the rate provided on the principal debt; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

22. Beneficiary may, from time to time, as provided by statute, appoint another Trustee in place and instead of Trustee herein

named, and thereupon the Trustee herein named shall be discharged and Trustee so appointed shall be substituted as Trustee hereunder with the same effect as if originally named Trustee herein.

23. This Deed of Trust shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors, and assigns of the parties hereto. All obligations of Grantor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein.

24. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made 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 brought by Trustee.

25. The term "Deed of Trust," as used herein, shall mean the same as, and be synonymous with, the term "Trust Deed," as used in the laws of Oregon relating to Deeds of Trust and Trust Deeds. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. As used in this Deed of Trust and in the note, "attorney's fees" shall include attorney's fees, if any, which shall be awarded by an Appellate Court.

Michael B. Wilson
MICHAEL B. WILSON

State of Oregon

County of Klamath

ss: KLAMATH

Signature of Grantor

Dana L. Wilson
DANA L. WILSON

Signature of Grantor

Randel R. Castleberry
RANDEL R. CASTLEBERRY BY
LARRY B. CASTLEBERRY his attorney in fact

Jill T. Castleberry
JILL T. CASTLEBERRY BY LARRY B. CASTLEBERRY her attorney in fact

I, the undersigned,

17th day of

October

and Dana L. Wilson, husband and wife

known to be the individual described in and who executed the within instrument, and acknowledged that they signed and sealed the same as their

19 86, personally appeared before me Michael B. Wilson hereby certify that on this

free and voluntary act and deed, for the uses and purposes

Given under my hand and official seal the day and year last above written.

Sandra Handwerker
Notary Public in and for the State of Oregon.

My commission expires

7/23/89

Request for Full Reconveyance

Do not record. To be used only when note has been paid.

To: Trustee:

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated

19

Mail reconveyance to

State of Oregon

County of

ss:

I hereby certify that this within Deed of Trust was filed in this office for Record on the _____ day of _____, A.D. 19 _____, at _____ o'clock M., and was duly recorded in Book _____ of Record of Mortgages of _____

County, State of Oregon, on

By

Recorder.

Deputy.

19418

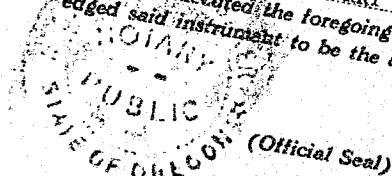
FORM No. 159—ACKNOWLEDGMENT BY ATTORNEY-IN-FACT.

STATE OF OREGON,

County of Klamath } ss.

On this the 17th day of October, 19 86

who, being duly sworn (or affirmed), did say that he is the attorney in fact for LANDEL R. CASTLEBERRY and JIL T. CASTLEBERRY personally appeared that he executed the foregoing instrument by authority of and in behalf of said principal; and he acknowledged said instrument to be the act and deed of said principal.



Before me:

Andrea Handesher
Notary Public for Oregon
My Commission Expires: 7/23/89
(Signature)
(Title of Officer)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of October of 1986

FEE \$21.00

at 9:33 o'clock A

Mortgages

the 27th day

M., and duly recorded in Vol. M86

on Page 19414

By Evelyn Biehn, County Clerk

Don Smith