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~~K-38727~~

STEVENS-NESS LAW PUB. CO., PORTLAND, OR. 5700

TRUST DEED

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AND BENT

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THIS TRUST DEED, made this 25th day of November, 1986, between Gladys Shelton, Individually and as Conservator and Guardian for Bettina Mary O'Leary and as Personal Representative for Mike Petroff, as Grantor, William P. Brandsness, South Valley State Bank, as Beneficiary, as Trustee, and

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

See attached Exhibit "A" By this reference and made a part hereof.

73 1 Hd

7 JAN 1971

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 lease of a sum of Fifteen Thousand and No/100

note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, is not sooner paid, to be due and payable December 15, 1991.

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

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 admit or permit any waste of said property.

2. To complete or restore promptly 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 so 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 filing officers or searching agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain and repair the property now or hereafter owned by the beneficiary in good condition.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the beneficiary may deem desirable by the amount not less than \$_____. The beneficiary shall pay the premium on such policies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; the grantor shall fail for any reason to procure any such insurance and to deliver said policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, may procure the same at grantor's expense. The amount of insurance upon any indebtedness secured hereby, may be applied by beneficiary upon any indebtedness secured hereby, and in such order as beneficiary may determine, or at the option of beneficiary the entire amount so collected, any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep said premises as may be deemed desirable by the

to be paid pursuant to such notice.

7. 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 beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens 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 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 arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the promisee hereinbefore 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.

8. 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.

9. To appear in and defend any suit or suits brought by or on behalf of the beneficiary.

7. 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 or proceeding in which the beneficiary or trustee; and in any suit or proceeding for the foreclosure of such mortgage, may appear, including evidence of title and the beneficiary's or trustee's attorney's fees mentioned in paragraph 6 of this deed, and in the event of an appeal from any judgment or decree of 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 adjudicate reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that the foregoing provisions of this deed shall

It is mutually agreed that:

It is mutually 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 both in the trial and appellate courts, necessarily paid and attorney's fees, secured hereby; and grantor agrees, at its own expense, to take such actions 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, beneficiary may request that the

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 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. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.00.

10. Upon any default by _____, the time without

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 security for the indebtedness hereby secured, enter upon and take possession of all real, personal and other property of grantor, including those past due and otherwise collect the rents, profits and expenses of operation and collection, and apply the proceeds thereof to the payment of the indebtedness hereby secured hereby, and in such order as beneficiary may determine.

11. The entering upon and collection of the rents, profits and expenses of operation and collection of the property hereby secured hereby, and in such order as beneficiary may determine, shall constitute a sufficient assignment of the property hereby secured hereby, and in such order as beneficiary may determine, for the purpose of this mortgage.

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and insurance policies or compensation or awards for any taking of fire and other 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.

12. Upon default by grantor in any of the foregoing, the mortgagee hereby or in his behalf may determine.

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. The beneficiary may event the beneficiary at his election 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 fix 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 86.735 to 86.795.

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 a failure to pay, when due, the entire amount due, the trust deed may be cured by paying the amount due, 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 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 a sale of the property in its present place designated in the deed.

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 for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed, form as required by law conveying the property so sold, but without any covenant or warranty, by law conveyed. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness hereof. Any person, excluding the trustee, by or on behalf of the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to a 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 real estate broker; (2) the obligations of the trust due to the beneficiaries having priority over the claims of the trust; (3) the charge by trustee, if any, for the services rendered subsequent to the date of sale; and (4) the surplus, if any, of the interest of the trust to all persons entitled to the interest of the trust in the order of their priority and (5) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. Beneficiary may from time to time assign to any beneficiary

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 recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of the 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 896.505 to 896.585.

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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 or household purposes (see Important Notice below) ~~or for business or commercial 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 use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

Gladys Shelton, Individually and as Conservator
for Bettina Mary O'Leary and as Personal
Representative for Mike Petroff

Gladys Shelton

(If the signer of the above is a corporation,
use the form of acknowledgement opposite.)

STATE OF OREGON,

County of Klamath

This instrument was acknowledged before me on
Nov 25, 1986, by

Gladys Shelton

(SEAL)

My commission expires:

3-14-87

Gladys Shelton
Notary Public for Oregon

STATE OF OREGON,

County of _____

This instrument was acknowledged before me on _____

19____, by _____

as _____

of _____

Notary Public for Oregon

My commission expires: _____

(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: _____, 19____.

Beneficiary

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.

TRUST DEED

(FORM No. 881)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Grantor

Beneficiary

AFTER RECORDING RETURN TO
SOUTH VALLEY STATE BANK
5215 SOUTH SIXTH STREET
KLAMATH FALLS, OR 97603

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,

County of _____

I certify that the within instrument
was received for record on the _____ day
of _____, 19____,
at _____ o'clock _____ M., and recorded
in book/reel/volume No. _____ on
page _____ or as fee/file/instru-
ment/microfilm/reception No. _____,
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

NAME

By _____

TITLE

Gladys Shelton

EXHIBIT "A"Parcel 1:

The Easterly Half of Lot 51, Lot 52 and Lot 53, Block 18, Industrial Addition to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 2:

Lot 54, 55 and the Northwesternly 5 feet of Lot 56, Block 18, Industrial Addition to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 3:

Beginning at the Northeasterly corner of Lot 58, Block 18, Industrial Addition to Klamath Falls, Oregon, being the corner of Stukel and Martin Streets, thence Westerly along the Southerly line of Martin Street 70 feet; thence Southerly at right angles to Martin Street, 37 feet; thence Easterly parallel with Martin Street 70 feet to the West line of Stukel Street; thence Northerly along the Westerly line of Stukel Street 37 feet to the point of beginning, being a part of Lots 56, 57 and 58 of said Block 18 of Industrial Addition to Klamath Falls, Oregon.

Parcel 5:

All that portion of Lots 56, 57 and 58 in Block 18, Industrial Addition to the City of Klamath Falls, Oregon: Beginning on the Northwesternly side of Stukel Street at a point thereon distant 77 feet from the Southerly line of Martin Street, thence Southerly along Stukel Street 38 feet to the Northerly line of alley through said Block; thence Westerly along line of the alley, 70 feet, thence Northerly and parallel with Stukel Street 38 feet, thence Easterly and parallel with Martin Street 70 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ day
of January A.D., 19 87 at 1:37 o'clock PM, and duly recorded in Vol. M87
on Page 267
By Evelyn Biehn County Clerk

FEE \$13.00