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ATE 86192
TRUST DEED

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After recording return to: BENEFICIARY: Mellon Financial Services Corporation

Branch Office 2603 Crosby Ave.

address

Klamath Falls, Or. 97603

Grantors (Borrowers) Robert E. and Linda S. Reel, Husband and Wife

name

4501 Meadows Dr.

address

Klamath Falls, Or. 97603

The Grantors above named are indebted upon their promissory note dated 05/01/87 in the principal amount of \$5208.95 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, Aspen Title and Escrow, Inc. in trust with power of sale the following described property:

Section 12, Block 13, THE MEADOWS SECOND ADDITION, in the County of Klamath, in the State of Oregon.

The Grantors covenant to the Beneficiary that they are the owner of said property free of all encumbrances except

Oregon Department of Veteran's Affairs

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.

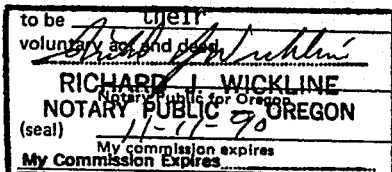
Upon default by the Grantor hereunder, it is agreed Beneficiary may at any time enter upon and take possession of said property and may either proceed to foreclose this trust deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or direct the Trustee to foreclose this trust 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)

Robert E. and Linda S. Reel, Husband and Wife
and acknowledged the foregoing instrument



Grantor

Grantor

Request for Full Reconveyance
To be used only when obligations have been paid.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Company the 4th day
of May A.D., 19 87 at 1:58 o'clock P M., and duly recorded in Vol. M87
of Mortgages on Page 7533

FEE \$5.00

Evelyn Biehn, County Clerk
By [Signature]