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09-13416
KTC K-39723

Vol. 1481 Page 14960

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on August 19, 1987. The grantor is James L. and Margaret I. Lawson ("Borrower"). The trustee is James R. Uerlings ("Trustee"). The beneficiary is Robert D. Boivin and David C. Elliott, and whose address is 110 No. 6th St., Klamath Falls, Oregon 97601 ("Lender"). Borrower owes Lender the principal sum of Fifteen Thousand Dollars (U.S. \$15,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), due and payable on August 19, 1988. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Klamath Falls, Klamath County, Oregon:

Beginning at the Southeasterly corner of Lot 1 Block 15 of Original Town of Linkville, now City of Klamath Falls; thence Westerly and parallel with Main Street 45 feet to the point of beginning; thence from said point of beginning westerly and parallel with Main Street a distance of 40 feet; thence Northerly and at right angles to Main Street a distance of 105 feet; thence Easterly and parallel to Main Street a distance of 40 feet; thence Southerly and at right angles to Main Street a distance of 105 feet to said point of beginning, being a portion of Lots 1 and 2 in Block 15

DEED OF TRUST
Page 1BOIVIN & UERLINGS, P.C.
ATTORNEYS AT LAW
110 NORTH SIXTH STREET, SUITE 209
KLAMATH FALLS, OREGON 97601
(503) 884-8101

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of said Original Town, which has the address of 629 Main Street, Klamath Falls, Oregon ("Property Address");

THIS TRUST DEED is subordinate to a first Trust Deed dated August 19, 1987 made between 1st Federal Savings and Loan Association, beneficiary and James L. and Margaret I. Lawson, grantors, recorded in the office of County Clerk for Klamath County on August 19th, 1987 at Book M87, page 14955 of the mortgage records of said county. Grantors agree to comply with all of the terms of said first Trust Deed and a breach of said terms shall be considered a breach of this Trust Deed.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering

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3 real property.

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5 UNIFORM COVENANTS. Borrower and Lender covenant and agree as
6 follows:

7 1. **Payment of Principal and Interest; Prepayment and Late**
8 **Charges.** Borrower shall promptly pay when due the principal of
9 and interest on the debt evidenced by the Note and any prepayment
10 and late charges due under the Note.

11 2. **Charges; Liens.** Borrower shall pay all taxes,
12 assessments, charges, fines and impositions attributable to the
13 Property which may attain priority over this Security Instrument.
14 Borrower shall promptly furnish to Lender receipts evidencing the
15 payments.

16 Borrower shall promptly discharge any lien which has priority
17 over this Security Instrument unless Borrower: (a) agrees in
18 writing to the payment of the obligation secured by the lien in a
19 manner acceptable to Lender; (b) contests in good faith the lien
20 by, or defends against enforcement of the lien in, legal
21 proceedings which in the Lender's opinion operate to prevent the
22 enforcement of the lien or forfeiture of any part of the
23 Property; or (c) secures from the holder of the lien an agreement
24 satisfactory to Lender subordinating the lien to this Security
25 Instrument. If Lender determines that any part of the Property
26 is subject to a lien which may attain priority over this Security
27 Instrument, Lender may give Borrower a notice identifying the

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2 lien. Borrower shall satisfy the lien or take one or more of the
3 actions set forth above within 10 days of giving of notice.

4 3. **Hazard Insurance.** Borrower shall keep the improvements
5 now existing or hereafter erected on the Property insured against
6 loss by fire, hazards included within the term "extended
7 coverage" and any other hazards for which Lender requires
8 insurance. This insurance shall be maintained in the amounts and
9 for the periods that Lender requires. The insurance carrier
10 providing the insurance shall be chosen by Borrower subject to
11 Lender's approval which shall not be unreasonably withheld.

12 All insurance policies and renewals shall be acceptable to
13 Lender and shall include a standard mortgage clause. Lender
14 shall have the right to hold the policies and renewals. If
15 Lender requires, Borrower shall promptly give to Lender all
16 receipts of paid premiums and renewal notices. In the event of
17 loss, Borrower shall give prompt notice to the insurance carrier
18 and Lender. Lender may make proof of loss if not made promptly
19 by Borrower.

20 Unless Lender and Borrower otherwise agree in writing,
21 insurance proceeds shall be applied to restoration or repair of
22 the Property damaged, if the restoration or repair is
23 economically feasible and Lender's security is not lessened. If
24 the restoration or repair is not economically feasible or
25 Lender's security would be lessened, the insurance proceeds shall
26 be applied to the sums secured by this Security Instrument,
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whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

If under paragraph 13 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

4. Preservation and Maintenance of Property; Leaseholds.

Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

5. Protection of Lender's Rights in the Property; Mortgage Insurance.

If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may

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1 do and pay for whatever is necessary to protect the value of the
2 Property and Lender's rights in the Property. Lender's actions
3 may include paying any sums secured by a lien which has priority
4 over this Security Instrument, appearing in court, paying
5 reasonable attorneys' fees and entering on the Property to make
6 repairs. Although Lender may take action under this paragraph 5,
7 Lender does not have to do so.
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9 Any amounts disbursed by Lender under this paragraph 5 shall
10 become additional debt of Borrower secured by this Security
11 Instrument. Unless Borrower and Lender agree to other terms of
12 payment, these amounts shall bear interest from the date of
13 disbursement at the Note rate and shall be payable, with
14 interest, upon notice from Lender to Borrower requesting payment.
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16 **6. Inspection.** Lender or its agent may make reasonable
17 entries upon and inspections of the Property. Lender shall give
18 Borrower notice at the time of or prior to an inspection
19 specifying reasonable cause for the inspection.

20 **7. Condemnation.** The proceeds of any award or claim for
21 damages, direct or consequential, in connection with any
22 condemnation or other taking of any part of the Property, or for
23 conveyance in lieu of condemnation, are hereby assigned and shall
24 be paid to Lender.

25 In the event of a total taking of the Property, the proceeds
26 shall be applied to the sums secured by this Security Instrument,
27 whether or not then due, with any excess paid to Borrower. In
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the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 or change the amount of such payments.

8. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or

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3 refuse to extend time for payment or otherwise modify
4 amortization of the sums secured by this Security Instrument by
5 reason of any demand made by the original Borrower or Borrower's
6 successors in interest. Any forbearance by Lender in exercising
7 any right or remedy shall not be a waiver of or preclude the
8 exercise of any right or remedy.

9 **9. Successors and Assigns Bound; Joint and Several**
10 **Liability; Co-signers.**

11 The covenants and agreements of this
12 Security Instrument shall bind and benefit the successors and
13 assigns of Lender and Borrower, subject to the provisions of
14 paragraph 11. Borrower's covenants and agreements shall be joint
15 and several. Any Borrower who co-signs this Security Instrument
16 but does not execute the Note: (a) is co-signing this Security
17 Instrument only to mortgage, grant and convey that Borrower's
18 interest in the Property under the terms of this Security
19 Instrument; (b) is not personally obligated to pay the sums
20 secured by this Security Instrument; and (c) agrees that Lender
21 and any other Borrower may agree to extend, modify, forbear or
22 make any accommodations with regard to the terms of this Security
23 Instrument or the Note without that Borrower's consent.

24 **10. Notices.** Any notice to Borrower provided for in this
25 Security Instrument shall be given by delivering it or by mailing
26 it by first class mail unless applicable law requires use of
27 another method. The notice shall be directed to the Property
28 Address or any other address Borrower designates by notice to

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1 Lender. Any notice to Lender shall be given by first class mail
2 to Lender's address stated herein or any other address Lender
3 designates by notice to Borrower. Any notice provided for in
4 this Security Instrument shall be deemed to have been given to
5 Borrower or Lender when given as provided in this paragraph.
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7 **11. Transfer of the Property or a Beneficial Interest in**
8 **Borrower.** If all or any part of the Property or any interest in
9 it is sold or transferred (or if a beneficial interest in
10 Borrower is sold or transferred and Borrower is not a natural
11 person) without Lender's prior written consent, Lender may, at
12 its option, require immediate payment in full of all sums secured
13 by this Security Instrument. However, this option shall not be
14 exercised by Lender if exercise is prohibited by federal law as
15 of the date of this Security Instrument.
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17 If Lender exercises this option, Lender shall give Borrower
18 notice of acceleration. The notice shall provide a period of not
19 less than 30 days from the date the notice is delivered or mailed
20 within which Borrower must pay all sums secured by this Security
21 Instrument. If Borrower fails to pay these sums prior to the
22 expiration of this period, Lender may invoke any remedies
23 permitted by this Security Instrument without further notice or
24 demand on Borrower.

25 **12. Borrower's Right to Reinstate.** If Borrower meets certain
26 conditions, Borrower shall have the right to have enforcement of
27 this Security Instrument discontinued at any time prior to the
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1 earlier of: (a) 5 days (or such other period as applicable law
2 may specify for reinstatement) before sale of the Property
3 pursuant to any power of sale contained in this Security
4 Instrument; or (b) entry of a judgment enforcing this Security
5 Instrument. Those conditions are that Borrower: (a) pays Lender
6 all sums which then would be due under this Security Instrument
7 and the Note had no acceleration occurred; (b) cures any default
8 of any other covenants or agreements; (c) pays all expenses
9 incurred in enforcing this Security Instrument, including, but
10 not limited to, reasonable attorney's fees; and (d) takes such
11 action as Lender may reasonably require to assure that the lien
12 of this Security Instrument shall continue unchanged. Upon
13 reinstatement by Borrower, this Security Instrument and the
14 obligations secured hereby shall remain fully effective as if no
15 acceleration had occurred. However, this right to reinstate
16 shall not apply in the case of acceleration under paragraph 11.

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20 NON-UNIFORM COVENANTS. Borrower and Lender further covenant
21 and agree as follows:

22 **13. Acceleration; Remedies.** Lender shall give notice to
23 Borrower prior to acceleration following Borrower's breach of any
24 covenant or agreement in this Security Instrument (but not prior
25 to acceleration under paragraph 11 unless applicable law provides
26 otherwise). The notice shall specify: (a) the default; (b) the
27 action required to cure the default; (c) a date, not less than 30

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1 days from the date the notice is given to Borrower, by which the
2 default must be cured; and (d) that failure to cure the default
3 on or before the date specified in the notice may result in
4 acceleration of the sums secured by this Security Instrument and
5 sale of the Property. The notice shall further inform Borrower
6 of the right to reinstate after acceleration and the right to
7 bring a court action to assert the non-existence of a default or
8 any other defense of Borrower to acceleration and sale. If the
9 default is not cured on or before the date specified in the
10 notice, Lender at its option may require immediate payment in
11 full of all sums secured by this Security Instrument without
12 further demand and may invoke the power of sale and any other
13 remedies permitted by applicable law. Lender shall be entitled
14 to collect all expenses incurred in pursuing the remedies
15 provided in this paragraph 13, including, but not limited to,
16 reasonable attorneys' fees and costs of title evidence.

17 If Lender invokes the power of sale, Lender shall execute or
18 cause Trustee to execute a written notice of the occurrence of an
19 event of default and of Lender's election to cause the Property
20 to be sold and shall cause such notice to be recorded in each
21 county in which any part of the Property is located. Lender or
22 Trustee shall give notice of sale in the manner prescribed by
23 applicable law to Borrower and to other persons prescribed by
24 applicable law. After the time required by applicable law,
25 Trustee, without demand on Borrower, shall sell the Property at

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1 public auction to the highest bidder at the time and place and
2 under the terms designated in the notice of sale in one or more
3 parcels and in any order Trustee determines. Trustee may
4 postpone sale of all or any parcel of the Property by public
5 announcement at the time and place of any previously scheduled
6 sale. Lender or its designee may purchase the Property at any
7 sale.

8 Trustee shall deliver to the purchaser Trustee's deed
9 conveying the Property without any covenant or warranty,
10 expressed or implied. The recitals in the Trustee's deed shall
11 be prima facie evidence of the truth of the statements made
12 therein. Trustee shall apply the proceeds of the sale in the
13 following order: (a) to all expenses of the sale, including, but
14 not limited to, reasonable Trustee's and attorneys' fees; (b) to
15 all sums secured by this Security Instrument; and (c) any excess
16 to the person or persons legally entitled to it.

17 14. Lender in Possession. Upon acceleration under paragraph
18 13 or abandonment of the Property, Lender (in person, by agent or
19 by judicially appointed receiver) shall be entitled to enter
20 upon, take possession of and manage the Property and to collect
21 the rents of the Property including those past due. Any rents
22 collected by Lender or the receiver shall be applied first to
23 payment of the costs of management of the Property and collection
24 of rents, including, but not limited to, receiver's fees,
25 premiums on receiver's bonds and reasonable attorneys' fees, and
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1 then to the sums secured by this Security Instrument.

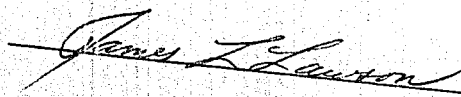
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4 **15. Reconveyance.** Upon payment of all sums secured by this
5 Security Instrument, Lender shall request Trustee to reconvey the
6 Property and shall surrender this Security Instrument and all
7 notes evidencing debt secured by this Security Instrument to
8 Trustee. Trustee shall reconvey the Property without warranty
9 and without charge to the person or persons legally entitled to
10 it. Such person or persons shall pay any recordation costs.

11 **16. Substitute Trustee.** Lender may from time to time remove
12 Trustee and appoint a successor trustee to any Trustee appointed
13 hereunder. Without conveyance of the Property, the successor
14 trustee shall succeed to all the title, power and duties
15 conferred upon Trustee herein and by applicable law.

16 **17. Use of Property.** The Property is not currently used for
17 agricultural, timber or grazing purposes.

18 **18. Attorneys' Fees.** As used in this Security Instrument and
19 in the Note, "attorneys' fees" shall include any attorneys' fees
20 awarded by an appellate court.

21
22 BY SIGNING BELOW, Borrower accepts and agrees to the terms and
23 covenants contained in this Security Instrument and in any
24 rider(s) executed by Borrower and recorded with it.

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26
27  (Seal)
28 -Borrower

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BOIVIN & UERLINGS, P.C.
ATTORNEYS AT LAW
110 NORTH SIXTH STREET, SUITE 209
KLAMATH FALLS, OREGON 97601
(503) 884-8101

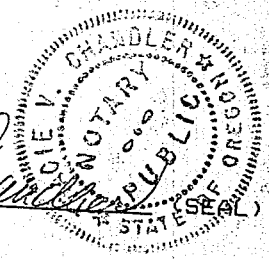
Margaret J. Lawson (Seal)
-Borrower

STATE OF OREGON)
COUNTY OF KLAMATH) SS.

The foregoing instrument was acknowledged before me this 19th
Day of August, 1987 by TRACIE V CHANDLER
(person(s) acknowledging)

My Commission expires: 7-6-90

Tracie V Chandler
Notary Public



*After recording return to:
Klamath First Federal S&C
540 Main St
Klamath Falls OR 97601*

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BOIVIN & UERLINGS, P.C.
ATTORNEYS AT LAW
110 NORTH SIXTH STREET, SUITE 209
KLAMATH FALLS, OREGON 97601
(503) 884-8101

STATE OF OREGON: COUNTY OF KLAMATH: SS.
Filed for record at request of Klamath County Title Company the 19th day
of August A.D., 19 87 at 3:23 o'clock P M., and duly recorded in Vol. M87,
of Mortgages on Page 14960.
FEE \$57.00
Evelyn Biehn, County Clerk
By Sam Smith