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TRUST DEED

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THIS TRUST DEED, made this 16th day of

September

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RICHARD L. GARBUTT AND PATRICIA L. GARBUTT, HUSBAND AND WIFE

as grantor, William Sisemore, as trustee, and United States, as beneficiary;

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

LOT 3 IN BLOCK 5 OF SECOND ADDITION TO MOYNA, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

Grantor's performance under this trust deed and the note it secures may not be assigned to or be assumed by another party. In the event of an attempted assignment or assumption, the entire unpaid balance shall become immediately due and payable. which said described real property is not currently used for agricultural, timber or grazing purposes,

together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water rights, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, and all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as wall-to-wall carpeting and linoleum, shades, and built-in appliances now or hereafter installed in or used in connection with the above described premises, including all interest therein which the grantor has or may hereafter acquire, for the purpose of securing performance of each agreement of the grantor herein contained and the payment of the sum of One thousand two hundred and seventy (\$1,275.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to the beneficiary of order and made by the grantor, principal and interest being payable in monthly installments of \$53.26 commencing October 15, 19 87.

This trust deed shall further secure the payment of such additional money, interest or taxes, assessments and other charges levied against the property described by this trust deed as may be evidenced by a copy of said notes or part of any payment on one note and part on another, as the beneficiary may elect.

The grantor hereby covenants to and with the trustee and the beneficiary hereinafter that the said premises and property conveyed by this trust deed are free and clear of all encumbrances and that the grantor will and his heirs, executors and administrators shall warrant and defend his said title thereto against the claims of all persons whomsoever.

The grantor covenants and agrees to pay said note according to the terms thereof and when due, all taxes, assessments and other charges levied against said property to keep said property free from all encumbrances having precedence over this trust deed to complete all buildings in course of construction or hereafter constructed on said premises within six months from the date of completion of the date construction is hereafter commenced; to repair and restore promptly and in good workmanlike manner any building or improvement on said property which may be damaged or destroyed or improved on times incurred therefor; to allow beneficiary to inspect and pay, when due, all taxes, assessments and other charges levied against said property at all fact; not to remove or destroy any building or improvements now or hereafter constructed on said premises; to keep all buildings and improvements now or hereafter erected upon said premises in good repair and to commit or suffer by fire or such other hazards as the beneficiary continuously insured against loss secured by this trust deed, in a company or companies acceptable to the beneficiary, and to deliver the original policy of insurance in correct form and with premium paid, to the principal place of business of the beneficiary, and with fifteen days prior to the effective date of any such policy of insurance, said policy of insurance is not to be tendered, the beneficiary may in its own discretion obtain insurance for the benefit of the beneficiary, which insurance shall be non-cancellable by the grantor during the full term of the policy thus obtained.

In order to provide regularly for the prompt payment of said taxes, assessments or other charges and insurance premiums, the grantor agrees to pay to the beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the note or obligation secured hereby, an amount equal to one-twelfth (1/12th) of the taxes, assessments and other charges due and payable with respect to said property within each succeeding twelve months, and also one-twelfth (1/12th) of the insurance premiums payable with respect to said property within each succeeding three years while such sums to be credited to the principal of the loan until required for the several purposes thereof and shall thereupon be charged to be paid by the beneficiary, or, at the option of the beneficiary, the sums so paid shall be held by the beneficiary in trust as a reserve account, without interest, to pay said premiums, taxes, assessments or other charges when they shall become due and payable.

While the grantor is to pay any and all taxes, assessments and other charges levied or assessed against said property, or any part thereof, before the same begin to bear interest and also to pay premiums on all insurance policies, as aforesaid, the grantor hereby authorizes the beneficiary to pay any and all taxes, assessments or other charges levied or assessed against said property in the amounts as shown by the statements thereof furnished by the collector of such taxes, assessments or other charges, and to pay the insurance premiums in the amounts shown on the statements submitted by the principal of the loan or to may be required from time to time by the beneficiary for any loss or damage growing out of a defect in any insurance policy, and the beneficiary hereby is authorized, in the event of any loss, to compromise and settle with any insurance company and to apply any such insurance receipts upon the obligations secured by this trust deed. In computing the amount of the indebtedness for payment and satisfaction in full or upon sale or other acquisition of the property by the beneficiary after

default, any balance remaining in the reserve account shall be credited to the indebtedness. If the reserve account for taxes, assessments, insurance premiums and other charges is not sufficient at any time for the payment of such charges when they become due, the grantor shall pay the deficit to the beneficiary upon demand, and if not paid within ten days after such demand, the beneficiary may at its option add the amount of such deficit to the principal of the obligation secured hereby.

Should the grantor fail to keep any of the foregoing covenants, then the beneficiary may at its option carry out the same, and all its expenditures therefor shall draw interest at the rate specified in the note, shall be repayable by the grantor on demand and shall be secured by the lien of this trust deed. In any improvements made on said premises and also to make such repairs to said property as in its sole discretion it may deem necessary or advisable.

The grantor further agrees to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; to pay all costs, fees and expenses of this trust, including the cost of title searches, 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; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the beneficiary or trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum to be fixed by the court, in any such action or proceeding in which the beneficiary or trustee may appear and in any suit brought by beneficiary to foreclose this deed, and all said sums shall be secured by this trust deed.

The beneficiary will furnish to the grantor on written request therefor an annual statement of account, but shall not be obligated or required to furnish any further statements of account.

It is mutually agreed that:

1. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the beneficiary shall have the right to commence, prosecute in its own name, appear in or defend any action or proceeding, or to make any compromise or settlement in connection with such taking and, if it so elects, to require that all or any portion of the money or proceeds of such taking, which are in excess of the amount reasonably paid or incurred by the grantor in such proceedings, shall be paid to the beneficiary or applied by the grantor in such proceedings, and the grantor agrees to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by the beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and the grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon the beneficiary's request.

2. At any time and from time to time upon written request of the beneficiary, payment of its fees and expenses incurred in connection with this deed and the note for endorsement (in case of full reconveyance, for cancellation), without affecting the liability of any person for the payment of the indebtedness, the trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating or restriction thereon, (c) 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 in this paragraph shall be not less than \$5.00.

3. 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 and of any personal property located thereon. Until the 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 to beneficiary due and payable. Upon any default by the grantor hereunder, the beneficiary may be appointed by a court, and without notice to or by a court, to collect all such rents, issues, royalties, and profits earned prior to default as to beneficiary due and payable, or any part thereof, in its own name, sue for or otherwise collect the same, less costs and expenses of operation and collection, and apply the same to the payment of any indebtedness secured hereby, and in such order as the beneficiary may determine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Oregon State Board of Forestry, at Salem, Oregon, this 14th day of May, 1966.

WILLIAM L. HARRIS, Director

(SEAL)  5 83

12. This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees devisees, administrators, executors, successors and assigns. The term "beneficiary" shall mean: the holder and owner, including pledgee, of the note 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/or neuter, and the singular number includes the plural.

and my notarial seal the day and year last above written.

Charles D. Chandler

Notary Public for Oregon
My commission expires: 7-6-92

BY THE DEEDOR OR LIFE IN THE OFFICE OF THE COUNTY CLERK OF KIMMAN
 FOR IN BOOK 2 OF RECORDS ADDITION TO KIMMAN RECORDS TO THE ORIGINAL
REQUEST FOR FULL CONVEYANCE
 To be used only when obligations have been paid.
 KIMMAN County Oregon (transcription)
 TO: William S. Moore, Beneficiary, Trustee of Richard P. Gurnall and Bulkin P. Gurnall (transcription) with my consent to the transfer to said trust deed of this property in
 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 convey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same.
 RICHARD P. GURNALL AND BULKIN P. GURNALL, Beneficiary
 Klamath First Federal Savings & Loan Association, Beneficiary
 THIS TRUST DEED was made and signed by Richard P. Gurnall and Bulkin P. Gurnall on the 10th day of September 1943
 DATED 1943, 19
 THIS TRUST DEED