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TRUST DEED

Vol. 1881 Page 20445

THIS TRUST DEED made this 5th day of November, 1987, between CHARLES B. HIGGINS & B. L. COBLEY, husband and wife

as Grantor, MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY, as Trustee, and

as Beneficiary, WILLIAM C. BURTENHOUSE & SHIRLEY ANN BURTENHOUSE, husband and wife or survivor.

WITNESSETH:

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

Lots 4, 5 and 6, Block 66, KLAMATH FALLS FOREST ESTATES, HIGHWAY 66 UNIT, PLAT NO. 3, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

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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, to secure to trustee the performance of the obligations of the grantor hereunder, and payment of the sum of ONE HUNDRED TWENTY THOUSAND AND NO/100

(\$120,000.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable per terms of note, 19

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable.

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

To protect the security of this trust deed, grantor agrees:

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 commit or permit any waste of said property.

2. To complete or restore promptly and in good and workmanlike manner 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 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 from time to time require, in an amount not less than the full replacement value, written in an amount acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if 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, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine; or at option of beneficiary the entire amount so collected, or 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 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 pay any such 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, heretofore 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.

6. 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 and attorney's fees actually incurred.

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, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees, the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by 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 adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

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 applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings; and the balance applied upon the indebtedness 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 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 thereon; (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.

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 any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue or otherwise collect the 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.

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the 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 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. In such an 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, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure or other than such portion as would 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 or defaults, the person effecting the cure shall pay to the beneficiary all costs 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 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 in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and any reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

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 proper 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 696.505 to 696.585.

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and that he will warrant and forever defend the same against all persons whomsoever.

1. The first step in the process of identifying a problem is to define the problem. This involves identifying the symptoms of the problem and determining the scope of the problem. Once the problem has been defined, the next step is to identify the causes of the problem. This involves identifying the factors that are contributing to the problem and determining the underlying causes. Once the causes have been identified, the next step is to develop a plan of action. This involves identifying the steps that need to be taken to solve the problem and determining the resources that will be needed to implement the plan. Once a plan of action has been developed, the next step is to implement the plan. This involves carrying out the steps that have been identified in the plan and monitoring the progress of the implementation. Finally, the last step in the process is to evaluate the results of the implementation. This involves determining whether the problem has been solved and whether the resources have been used effectively.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:
(a) not for the use of grantor, or grantor's family, or the sole or principal assets of the grantor, or the spouse of the grantor,
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, and 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 shall include the feminine 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.

(If the signer of the above is a corporation, use the term of action judgement opposite.)

B. L. Cobley
 1978

STATE OF OREGON,)
County of Klamath,) ss.
County of Klamath,)

This instrument was acknowledged before me on
November 7, 1987, by
Charles B. Higgins & B. L.
Gobler
Kristi L. Redd
Notary Public for Oregon
(SEAL) My commission expires: 11/16/87

This instrument was acknowledged before me on
19____, by
as _____
of _____
Notary Public for Oregon
(SEAL) My commission expires:

1. **TYPE THIS FORM** FOR COLLATERAL RELATED TO REAL ESTATE, SECURITIES, TERMINAL, ETC.—FORM UCC-3A

2. **Enforce this form** for each debt/contract here shown in actual or constructive transaction. If more than one transaction is to be made on this form send appropriate fee per box.

3. **Send the Alphabetical** and Acknowledgment copies with interrelated documents. Paper intact to the filing officer. The Debtor(s) and Secured Party(ies) copies are retained by party making the filing.

4. **Additional sheets** provided for any item(s) on the form. The item(s) should be continued on additional sheets, preferably 8 1/2" x 11". Only one copy of such additional sheets is presented to the filing officer. Long sheets of collateral, indentures, etc. may be on any size paper that is convenient for the secured party.

5. **DO NOT STAPLE OR PUT ANYTHING TO LOWER PORTION OF THIS FORM.**

6. **At the time of original filing** the filing officer will return acknowledgment copy to the assignee if noted on form or secured party.

7. **File UCC-3A at each place** where the filing officer will return acknowledgment copy to the assignee if noted on form or secured party.

8. **A SEPARATE COPY OF THE security agreement is used as the filed "Mortgage Statement."** It is requested that it be accompanied by a completed UCC-21 form.

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1A. Debtor(s) Timothy R. Watterberg and Debra R. Watterberg 1B. Mailing Address(es): P.O. Box 217 Merrill, OR 97633		2A. Secured Party(ies) Aubrey Dale Campbell and Marygene Campbell 2B. Address of Secured Party from which security information obtainable: 1380 Pine Grove Road Klamath Falls, OR 97603		Filing Officer Use Only <div style="font-size: 2em; margin-top: 10px;"> '87 NOV 10 AM 11 35 </div>	
This statement refers to original Financing Statement which is filed in the Public Records List Financing Statement No. M87-5241 Date filed 3/31/87 KLAMATH COUNTY, OREGON					
A. CONTINUATION <input type="checkbox"/> The original financing statement between the foregoing Debtor and Secured Party, bearing the file number shown above is still effective. (Fee \$2.00)		B. RELEASE <input type="checkbox"/> From the collateral described in the financing statement bearing the file number shown above, the Secured Party releases all or part of the following (describe below). Indicate: PARTIAL RELEASE <input type="checkbox"/> FULL RELEASE <input type="checkbox"/> (Fee \$2.00)		C. TERMINATION <input checked="" type="checkbox"/> The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above. (Fee \$2.00)	
E. OTHER <input type="checkbox"/> (Such as "amendment") (Fee \$2.00)		D. ASSIGNMENT <input type="checkbox"/> The Secured Party certifies that the Secured Party has assigned to the Assignee whose name and address is shown in 3A and 3B below, Secured Party's rights under the financing statement, bearing the file number shown above in the following property (describe below) (Fee \$2.00) 3A. Assignee of Secured Party(ies) if any: 3B. Address of Assignee from which security information obtainable:			

By: _____ Signature(s) of Debtor(s) _____ (If used as an amendment)

By: Maryjoane Campbell Signature(s) of Secured Party(ies) or Assignee(s)

This form of Statement approved by the Secretary of State. STEVENS-NESS LAW PUBLISHING CO., PORTLAND, OR. 97204

STANDARD FORM—UNIFORM COMMERCIAL CODE—FORM UCC-3A

STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of Michael L. Brant, Attorney
of November A.D. 19 87 at 11:35 o'clock A M., and duly recorded in Vol. M87 day
of Mortgages on Page 20447.

FEE \$5.00
Ret: Michael L. Brant, Attorney By Evelyn Biehn, County Clerk
325 Main St. Klamath Falls, Oregon 97601