

DATE OF THIS DEED OF TRUST AND OF THE LOAN TRANSACTION December 21, 1987		DATE FUNDS DISBURSED AND INTEREST BEGINS IF OTHER THAN DATE OF THE TRANSACTION 12/26/87	ACCOUNT NUMBER 3654 403210
BENEFICIARY TRANSAMERICA FINANCIAL SERVICES ADDRESS: 707 Main St., PO Box 1269 CITY: Klamath Falls, OR 97601		GRANTOR(S): (1) Ronald G. Williams (2) Denise R. Williams ADDRESS: P.O. Box 136 CITY: Midland, OR 97634	
NAME OF TRUSTEE: Aspen Title Company			

THIS DEED OF TRUST SECURES FUTURE ADVANCES

By this Deed of Trust, the undersigned Grantor (all, if more than one) for the purpose of securing the payment of a Promissory Note of even date in the principal sum of \$1,454.75 from Grantor to Beneficiary named above hereby grants, sells, conveys and warrants to Trustee in trust, with power of sale, the following described property situated in the State of Oregon, County of Klamath

See Exhibit "A"

Together with all buildings and improvements now or hereafter erected thereon and heating, lighting, plumbing, gas, electric, ventilating, refrigerating and air-conditioning equipment used in connection therewith, all of which, for the purpose of this Deed of Trust, shall be deemed fixtures of the property above described, all of which is referred to hereinafter as the "premises".

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

GRANTOR HAS AND TO HOLD said land and premises, with all the rights, privileges and appurtenances thereto belonging to trustee and his heirs, executors, administrators, successors and assigns, upon the trusts and for the uses and purposes following, and none other.

Grantor also, assigns to Beneficiary all rents, issues and profits of said premises, reserving the right to collect and use the same with or without taking possession of the premises, during continuance of default hereunder, and during continuance of such default authorizing Beneficiary to enter upon said premises and/or to collect and enforce the same without regard to adequacy of any security for the indebtedness hereby secured by any lawful means.

FOR THE PURPOSE OF SECURING: (1) Performance of each agreement of Grantor contained herein; (2) Payment of the principal sum with interest thereon at the agreed rate in accordance with the terms and conditions of the above-mentioned Promissory Note executed by the Grantor in favor of the Beneficiary, reference to which is hereby made, until paid in full at or before maturity, or as extended or rescheduled; (3) Payment of any additional amounts, with interest thereon at the agreed rate, as may be hereafter loaned by Beneficiary to Grantor in connection with any renewal or refinancing, but the Beneficiary shall not be obligated to make any additional loan(s) in any amount; (4) The payment of any money that may be advanced by the Beneficiary to Grantor or to third parties, with interest thereon at the agreed rate, where any such advances are made to protect the security or in accordance with the covenants of this Deed of Trust.

ALL payments made by Grantor(s) on the obligation secured by this Deed of Trust shall be applied in the following order:

FIRST: To the payment of taxes and assessments that may be levied and assessed against said premises, insurance premiums, repairs, and all other charges and expenses agreed to be paid by the Grantor(s).

SECOND: To the payment of the interest due on said loan.

THIRD: To the payment of principal.

TO PROTECT THE SECURITY HEREOF, GRANTOR(S) COVENANTS AND AGREES: (1) to keep said premises insured in Beneficiary's favor against fire and such other casualties as the Beneficiary may specify, up to the full value of all improvements for the protection of Beneficiary in such manner, in such amounts, and in such companies as Beneficiary may from time to time approve, and to keep the policies thereof, properly endorsed, on deposit with Beneficiary and to pay the cost of such insurance; (2) to pay when due all taxes, liens and assessments, whether due or not, or to the restoration of said improvements. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale. (3) To pay when due all taxes, liens and assessments, whether due or not, or to the restoration of said improvements. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale. (4) To pay when due all taxes, liens and assessments, whether due or not, or to the restoration of said improvements. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale. (5) That he will pay, promptly, the indebtedness secured hereby releasing or affecting the personal liability of any person for the payment of said indebtedness or the lien of this instrument upon the remainder of said premises for the full amount of said indebtedness then remaining unpaid, and no change in the ownership of said premises shall release, reduce or otherwise affect any such personal liability or the lien hereby created. (6) That he is seized of the premises in fee simple and has good and lawful right to convey the same; and that he does hereby forever warrant and will forever defend the title and possession thereof against the lawful claims of any and all persons whatsoever.

IT IS MUTUALLY AGREED THAT: (1) If the said Grantor(s) shall fail or neglect to pay installments on said Promissory Note as the same may hereafter become due, or upon default in the performance of any agreement hereunder, or upon sale or other disposition of the premises by Grantor(s), or should any action or proceeding be filed in any court to enforce any lien, claim against or interest in the premises, then all sums owing by the Grantor(s) to the Beneficiary under this Deed of Trust or under the Promissory Note secured hereby shall immediately become due and payable at the option of the Beneficiary on the application of the Beneficiary or assignee, or any other person who may be entitled to the monies due thereon. In the event of such default, Beneficiary may execute or cause Trustee to execute a written Notice of Default and Election To Cause Said Property To Be Sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee the Promissory Note and all documents evidencing expenditures secured hereby, whereupon Trustee shall fix the time and place of sale and give notice thereof as required by law.

(2) Whenever all or a portion of any obligation secured by this Trust Deed has become due by reason of a default of any part of that obligation, including taxes, assessments, premiums for insurance or advances made by a Beneficiary in accordance with the terms of the Trust Deed, the Grantor or his successor in interest in the trust property, or any part of it, any Beneficiary under a subordinate Trust Deed or any person having a subordinate lien or encumbrance of record on the property, at any time prior to the time and date set by the Trustee for the Trustee's sale if the power of sale therein is to be exercised, may pay to the Beneficiary or his successor in interest, respectively, the entire amount then due under the terms of the Trust Deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligations and Trustee's and Attorney's fees actually incurred if allowed by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default. After payment of this amount, all proceedings had or instituted to foreclose the Trust Deed shall be dismissed or discontinued, and the obligations and Trust Deed shall be reinstated and shall remain in force the same as if no acceleration had occurred.

(3) After the lapse of such time as may then be required by law following the recording of said Notice of Default, and Notice of Default and Notice of Sale having been given as then required by law, Trustee, without demand on Grantor(s), shall sell said property on the date and at the time and place designated in said Notice of Sale at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the same from time to time until it shall be completed and in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for more than one day beyond the day designated in the Notice of Sale, notice thereof shall be given in the same manner as the original Notice of Sale. The person longer than one day beyond the day designated in the Notice of Sale, notice thereof shall be given in the same manner as the original Notice of Sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant of warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. The Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and Attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all other sums secured hereby; and (4) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the County in which the sale took place.

EXHIBIT "A"

Lots 12 through 20, Block 13, All Block 12 EXCEPT Lot 3 thereof, MIDLAND, in the County of Klamath, State of Oregon, Tracts 46 through 71, lying East of 1st Street, FIRST ADDITION TO MIDLAND; Lots 1, 13, 14 and 15, Block 6; Lots 1 through 16, Block 7; Lots 1 through 16, Block 8; Lots 1 through 7 and Lots 9 through 16, Block 9; Lots 15 and 16, Block 10; Lots 1 through 6 and Lots 8 through 15, Block 11; Lots 1 through 16, Block 12; Lots 1 through 16, Block 13; Lots 1 through 8, Block 14; Lots 1 through 8, Block 15; Lots 1 through 8, Block 16, All MIDLAND HEIGHTS ADDITION TO MIDLAND. (Those portions of the above described plats being now vacated).

TOGETHER WITH those portions of the vacated streets and alleys included in and adjacent to the plats in the herein above description innuring thereto by law.

EXCEPTING THEREFROM parcels deeded to Charles Raymond Gray and Grace Ellen Gray, husband and wife, by deed dated July 18, 1958, recorded July 23, 1958 in Volume 301 at page 216 and in Volume 350 at page 308, Deed Records of Klamath County, Oregon.

EXCEPTING THEREFROM any portion of the above described tract of land conveyed to the State Highway Department by deed recorded March 13, 1969 in Book M-69 at page 1827, Microfilm Records.

The NW¼ of the NW¼ of Section 6, Township 40 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ 29th day of _____ December _____ A.D., 19 87 at 3:09 o'clock P M., and duly recorded in Vol. M87 of _____ Mortgages _____ on Page 23075.

FEE \$15.00

Evelyn Blehn County Clerk
By Bernetha St. John