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DEED OF TRUST AND ASSIGNMENT OF RENTS

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DATE OF THIS DEED OF TRUST AND OF THE LOAN TRANSACTION 1/29/88		DATE FUNDS DISBURSED AND INTEREST BEGINS IF OTHER THAN DATE OF THE TRANSACTION 2/3/88		ACCOUNT NUMBER 3654 403298
BENEFICIARY TRANSAMERICA FINANCIAL SERVICES ADDRESS: 707 Main St., PO Box 1269 CITY: Klamath Falls, OR 97601		GRANTOR(S): (1) Emmett D. Kness Age: 34 (2) Cynthia A. Kness Age: 33 ADDRESS: P.O. Box 95 CITY: Bly, OR 97622		
NAME OF TRUSTEE Aspen Title and Escrow, Inc.				

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 \$6,113.92 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 ATTACHED EXHIBIT "A"

AM 10 58

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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.

TO HAVE 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 therefor, properly endorsed, on deposit with Beneficiary and that loss proceeds (less expenses of collection) shall, at Beneficiary's option, be applied on said indebtedness, 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. (2) To pay when due all taxes, liens (including any prior Trust Deeds or Mortgages) and assessments that may accrue against the above described premises, or any part thereof, or upon the debt secured hereby, or upon the interest of Beneficiary in said premises or in said debt, and procure and deliver to Beneficiary ten (10) days before the day fixed by law for the first interest or penalty to accrue thereon, the official receipt of the proper officer showing payment of all such taxes and assessments. (3) In the event of default by Grantor(s) under Paragraphs 1 or 2 above, Beneficiary, at its option (whether electing to declare the whole indebtedness secured hereby due and collectible or not), may (a) effect the insurance above provided for and pay the reasonable premiums and charges therefor; (b) pay all said taxes, liens and assessments without determining the validity thereof; and (c) such disbursements shall be added to the unpaid balance of the obligation secured by this Deed of Trust and shall bear interest from the date of payment at the agreed rate; (4) To keep the buildings and other improvements now existing or hereafter erected in good condition and repair, not to commit or suffer any waste or any use of said premises contrary to restrictions of record or contrary to laws, ordinances or regulations of the proper public authority, and to permit Beneficiary to enter at all reasonable times for the purpose of inspecting the premises, to complete within one hundred eighty days to restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed in full compliance with the terms of said Promissory Note and this Deed of Trust and that the time of payment of the indebtedness hereby secured, or of any portion thereof, may be extended or renewed, and any portions of the premises herein described may, without notice, be released from the lien hereof, without 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 or 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 of 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 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 the Trustee, the Grantor or his successor in interest in the property, at any time prior to the time and date set by the Trustee for the sale of the property, shall, 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 said 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 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 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) costs 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.

(12) Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record against the property, unless brought by Trustee to notify any party hereto of pending sale under any other Deed of Trust of or against the property.

[illegible]

Robert J. [Signature]

Klamath

and Cynthia A. Kness

My Commission expires: 11/11/91

REQUEST FOR FULLY RECOVERED

DEED TO JOHN AND MARY AND ESTATE OF THE SAID DEED OF TRUST, TO CANCEL ALL EVIDENCES OF INDEBTEDNESS, SECURED BY

MAIL RECONVEYANCE TO THE PARTIES DESIGNATED BY THE TERMS OF SAID DEED OF TRUST, THE ESTATE NOW

By _____

_____ before reconveyance will be made.

THE OP

Handwritten: **Handwritten**

RECEIVED
JUN 10 1964
U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS
WASHINGTON, D.C. 20540

DEED OF TRUST AND ASSIGNMENT OF BENEFIT

61857

EXHIBIT "A"

1493

The following described real property in the County of Klamath,
State of Oregon:

Beginning at a point on the Easterly line of Smith Street, Bly,
Oregon, which is South 66° 43' East 50 feet from the Southeast
corner of Lot 6, Block 4, Bly, Klamath County, Oregon; thence
along the Westerly line of parcel heretofore conveyed to J.C.
Edsall, et al., to C.W. Woodcock by deed recorded in Volume 105 of
Deeds, at page 72, records of Klamath County, Oregon, South 295
feet, more or less, to a point on the Northerly line of that certain
which is 50 feet North of the Northeast corner of that certain
parcel of land heretofore conveyed to Paul Hamilton Gilbert by
deed recorded in Volume 144 of Deeds, at page 73, records of
Klamath County, Oregon; thence North 88° 20' West along the Northerly
line of Ager Street 34 feet to the true point of beginning of this
description; thence Northerly parallel with the Section line,
217.85 feet, more or less, to the Easterly line of Smith Street
extended; thence South 23° 17' West along the Easterly line of
Smith Street extended, 236.3 feet, more or less, to an intersection
with said Northerly line of Ager Street; thence South 88° 20' East
96 feet, more or less, to the point of beginning.

Att. AT+C

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow, Inc.
of February A.D., 19 83 at 10:58 o'clock A M., and duly recorded in Vol. M88 day
of Mortgages on Page 1491
FEE \$15.00
By Evelyn Biehn County Clerk
[Signature]