

DEED OF TRUST AND ASSIGNMENT OF RENTS

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DATE OF THIS DEED OF TRUST AND OF THE LOAN TRANSACTION February 19, 1988	DATE FUNDS DISBURSED AND INTEREST BEGINS IF OTHER THAN DATE OF THE TRANSACTION February 24, 1988	ACCOUNT NUMBER 3654 403342
BENEFICIARY TRANSAMERICA FINANCIAL SERVICES ADDRESS: 707 Main St., P.O. Box 1269 CITY: Klamath Falls, OR 97601	GRANTOR(S): (1) Gerald E. Mc Conathy (2) Barbara L. Mc Conathy ADDRESS: HC 30, Box 1455 CITY: Chiloquin, OR 97624	Age: _____ Age: _____
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 \$9,814.59 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:

Lot 20, Block 3, Tract No. 1065, IRISH BEND, in the County of Klamath, State of Oregon.

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 now 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 or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon, and to pay, when due, all claims for labor performed and materials furnished therefor. (5) That he will pay, promptly, the indebtedness secured hereby 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 payment of said indebtedness or the lien of this instrument upon the remainder of said premises releasing or affecting the personal liability of any person for the payment of said indebtedness or the lien of this instrument 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 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 a Beneficiary under a subordinate Trust Deed or any person having a subordinate lien or encumbrance of record on 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 sale of the Trust Deed, and the obligation secured thereby (in the case of the Beneficiary or his successor, in interest, respectively, the entire amount then due under the terms of the Trust Deed and the Attorney's fees actually incurred by law) including costs and expenses actually incurred in enforcing the terms of the obligations and Trustee's and Attorney's fees actually incurred 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 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 recordation of said Notice of Default and Notice of Sale, and 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 the 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 to 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, and the payment of 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.

ORIGINAL

(4) Grantor(s) agrees to surrender possession of the hereinabove described premises to the Purchaser at the aforesaid date; in the event such possession has not previously been surrendered by Grantor(s).

(5) Beneficiary may appoint a successor, trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a Substitution of Trustee. From the time the substitution is filed for record, the new Trustee shall succeed to all the powers, duties, authority, and title of the Trustee named herein or of any successor Trustee; Each such substitution shall be executed and acknowledged; and notice thereof shall be given and proof thereof made in the manner provided by law.

(6) Upon payment in full by Beneficiary of the indebtedness hereunder, the Trustee shall reconvey to said Trustor(s) the above-described premises according to law.

(7) Should said property or any part thereof be taken by reason of any public improvement or condemnation proceeding; Beneficiary shall be entitled to all compensation, awards, and other payments or relief thereon to the extent necessary to liquidate the unpaid balance, including accrued interest, of the obligation secured by this Deed of Trust.

(8) Should Trustor sell, convey, transfer or dispose of, or further encumber said property, or any part thereof, without the written consent of Beneficiary being first had and obtained, then Beneficiary shall have the right, at its option, to declare all sums secured hereby forthwith due and payable.

(9) Notwithstanding anything in this Deed of Trust or the Promissory Note secured hereby to the contrary, neither this Deed of Trust nor said Promissory Note shall be deemed to impose on the Grantor(s) any obligation of payment, except to the extent that the same may be legally enforceable; and any provision to the contrary shall be of no force or effect.

(10) All Grantors shall be jointly and severally liable for fulfillment of their covenants and agreements herein contained; and all provisions of this Deed of Trust in this Deed of Trust of the singular shall be construed as plural where appropriate.

(11) Invalidity or unenforceability of any provisions herein shall not affect the validity and enforceability of any other provisions.

(12) Trustee, accepts this Deed of Trust, duly executed and acknowledged, as 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(s), Beneficiary, or Trustee shall be a party, unless brought by Trustee or of which the Trustee is a party.

(13) The undersigned Grantor(s) requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinafter set forth.

IN WITNESS WHEREOF, the said Grantor has to these presents set hand and seal this date, February 19, 1988 at Klamath County, Oregon.

Signed, sealed and delivered in the presence of:

Gerald E. McConathy and Barbara L. McConathy

Witness: Gerald E. McConathy Grantor-Borrower (SEAL)
Barbara L. McConathy Grantor-Borrower (SEAL)

Witness: Klamath County County of Oregon

On this 19th day of February, 1988, I, the undersigned, Notary Public for Oregon, My Commission expires 7/17/88

TO TRUSTEE, OF THE FOREGOING: (1) I, the undersigned, hereby request that the foregoing instrument be recorded in the office of the County Recorder of each county in which said property or some part thereof is situated, a Substitution of Trustee.

REQUEST FOR FULL RECONVEYANCE

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the name, address, and other data set forth on the first page of this instrument.

By _____

By _____

Do not lose or destroy. This Deed of Trust must be delivered to the Trustee for cancellation before reconveyance will be made.

STATE OF OREGON		COUNTY OF Klamath	
FILED	RECORDED	INDEXED	TRUST DEED
11:27 a.m.	February 19, 1988	at	Record of Mortgage of said
on page 2457	Record of Mortgage of said	County	County
affixed	Witness my hand and seal of County	Evelyn Blehm,	Klamath County Clerk
By <u>Pam Smith</u>	Fee: \$10.00	Ad. Fee	Dep. Clerk