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THIS TRUST DEED, made this 22ND day of FEBRUARY 1975, by and between PERRY L. WELKER AND PAULETTA Z. WELKER, AS TENANTS BY THE ENTIRETY

as Grantor, MELVIN D. FERGUSON

SOUTH VALLEY STATE BAN

### as Beneficiary

WITNESSETH

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

LOT 14 OF BLOCK 2 LAWANDA HILLS, TRACT NO. 1002, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

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.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of FORTY THOUSAND AND 10/100 ----- WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS ----- Dollars; with interest thereon according to the terms of a promissory note, promissory note, promissory note or order and made by grantor, the final payment of principal and interest hereof, i

sum of FOURTY THOUSAND AND 10/100 ----- Dollars; with interest thereon according to the terms of a promissory  
RENEWALS ----- 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 MAY 22 1988 ----- on which the final installment of said note  
is secured by this instrument is the date, stated above, on which the final installment of said note  
and interest therein is sold, agreed to be

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. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, shall become immediately due and payable.

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

not to commit or permit any waste of said property; promptly, and in good and workmanlike manner to complete any improvement which may be constructed, damaged, destroyed or removed hereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said properties, and to cause the beneficiary to conform thereto; to join in executing such financial instruments as may be required by the Uniform Commercial Code as amended from time to time, and to pay for filing same in the appropriate public office or offices, as well as the cost of all lien secured by them, and to cause the beneficiary to do so; to cause the beneficiary to file with the appropriate public office or searching agencies as may be deemed desirable by the beneficiary.

4. To cause the beneficiary to continuously maintain insurance on the building

4. To provide and continuously maintain insurance on the building now or hereafter erected on the said premises against loss or damage by fire and against other hazards as the beneficiary may from time to time require, and sum of not less than \$\_\_\_\_\_. **FULL AMOUNT** payable to the latter; and companies acceptable to the beneficiary, with the beneficiary as soon as insured policies of insurance shall be delivered to the beneficiary such insurance and if the grantor shall fail for any reason to procure any such insurance and deliver said policies to the beneficiary, or hereafter placed on said building, any policy of insurance so procured at the name at grantor's expense. The amount of the beneficiary may procure any other insurance policy may be applied by the beneficiary under any policy or other insurance secured hereby and in such order as the beneficiary upon the indebtedness secured hereby and in such order as the beneficiary may determine, or at option of beneficiary the entire amount so collected, and said 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 a notice due pursuant to such notice.

not cure or waive any default or notice of default under the note and the grantor shall not act done pursuant to such notice.

5. To keep said obligations free from construction liens and to pay 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 discharge all such charges, the grantor shall, at its option, make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, its beneficiary, should the grantor fail to make payment, by grantor, its beneficiary, should the grantor fail to make payment, with funds with which by direct payment or by payment by its beneficiary may, at its option, make payment thereon 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, without waiver of any rights arising from the obligations described by the covenants hereof and for such payments, which the grantor, shall be bound to perform hereinafter described, as well as the payment of the obligation hereon to the same extent that they are bound to pay immediately due and payable when described, and all such nonpayment thereof shall, at the option of the beneficiary, constitute a default under the note secured by this trust deed and render all such debt secured by this trust deed immediately due and payable in full without breach of this trust deed.

6. The beneficiaries of this trust including the

6. To pay all costs, fees and expenses of this trust including the 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's and attorney fees actually incurred.

7. To defend, in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any action or proceeding in which the beneficiary or trustee may appear, including 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, amount of attorney's fees and in the event of an appeal from any judgment 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 fees on such appeal.

It is mutually agreed that

**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 so elects, to require that all or any portion of the proceeds payable thereon shall be paid in cash, in satisfaction of the amount required as compensation for such taking, which are beneficiary's fees necessarily paid or to pay all reasonable costs, expenses incurred by beneficiary in connection with the proceedings, shall be paid to beneficiary and incurred by grantor in connection with reasonable costs and expenses and attorney's fees applied by it first upon appealable proceedings, necessarily paid or incurred by beneficiary both in the trial and appellate courts, necessarily paid or incurred by the beneficiary in such proceedings, and the balance applied upon the independent action secured hereby; and grantor agrees, at its own expense, to make and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. Beneficiary may cause the execution of the foregoing instrument upon written request of beneficiary.

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 to endorsement (in case of full reconveyance, 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

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 foregoing shall not be less than \$5.

[illegible]

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.

[illegible]

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. The cure consists of a failure to pay, when due, the sums secured by the trust deed, the default may be cured by paying the sums secured by the trust deed at the time of the cure other than such portion of the sums secured by the trust deed as the trustee deems to be incapable or not then due had no default occurred. Any other default or defaults capable or not then being cured may be cured by tendering the performance required under the obligation or obligations of the trust deed. In addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs, expenses, attorney's fees and other charges incurred in enforcing the obligation of the trust deed, together with trustee's and attorney's fees not exceeding the amounts provided by law. The sums so tendered shall be held on the date and at the time a

14. Otherwise, the sale shall be held on the date and at the time a place designated in writing by law. The trustee may sell said property either in one parcel or in separate parcels and shall sell the same at public auction to the highest bidder at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveyed as sold, but without any covenant or warranty, express or implied. The recitals in the deed of any person, excluding the trustee, including the true beneficiary, may purchase at the sale.

[illegible]

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, the trustee shall, without conveyance to the successor trustee, the latter to be vested with all title, powers and duties contained herein, and any trustee herein named or appointed hereunder. Each appointment and substitution shall be made by written instrument, which when recorded by beneficiary and filed in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment, which the property trustee, or trustees, shall duly execute.

17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is 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 is a party. In 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.

The grantor covenants, and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are: (b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, 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 contract gender includes the feminine and the neuter, 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: Debits, 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 Z, the disclosures; for this purpose use Slovens' 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 form of acknowledgment opposite.)

STATE OF OREGON,

County of Klamath

This instrument was acknowledged before me on

FEBRUARY 22, 1988

PERRY L. WELKER AND  
PAULETTA Z. WELKER

Notary Public for Oregon

My commission expires: 12-13-91

STATE OF OREGON,

County of

This instrument was acknowledged before me on

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by

as

of

Notary Public for Oregon

My commission expires:

(SEAL)

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO:

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 reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance and documents to:

DATED: MAY 11, 1988

Beneficiary

Do not lose or destroy this Trust Deed OR THIS NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

TRUST DEED

FORM NO. 907 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

OF THE COUNTY OF Klamath, STATE OF OREGON

STATE OF OREGON,

County of Klamath

I certify that the within instrument was received for record on the 26th day of February, 1988, at 11:24 o'clock A.M., and recorded in book 108/volume No. M88 on page 2785 or as fee/title/instrument/microfilm/reception No. 84712, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By Pam Smith, Deputy

Fee: \$10.00

SOUTH VALLEY STATE BANK  
5215 SOUTH SIXTH STREET  
KLAMATH FALLS, OR 97603