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TRUST DEED

Vol. M88 Page 8303

THIS TRUST DEED, made this
JERRY O. ANDERSON

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MAY

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as Grantor, ASPEN TITLE & ESCROW, INC.

SHIELD CREST, INC.

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 5, Block 5, FIRST ADDITION TO SHIELD CREST, in the County of
Klamath, State of 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 FOURTEEN THOUSAND FIVE HUNDRED (\$14,500.00) and 00/100s-----

sum of \$100,000.00 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 December 1, 1989.

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, or herein, shall become immediately due and payable.

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, and not to work on the

not to commit or permit any waste of public funds 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, resolutions, covenants, conditions and restrictions applicable to the project, and to file with the governing body of the city or county, as requested by the beneficiary, such financial 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 any lien searches made by any public officer 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 perils as the beneficiary may from time to time require, in an amount not less than \$ _____ written in _____ companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insurance is procured; if the grantor shall fail for any reason to procure insurance or 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 amount so collected may be paid to the beneficiary or to the beneficiary's order. Such application or release shall not cure or waive any default or notice of default herunder or invalidate any 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, the grantor shall, and promptly deliver receipts therefor to beneficiary, shall cause the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by payment or by providing beneficiary with funds with which to make such payment, 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 obligations secured by this trust deed, without waiver of any rights of beneficiary under the covenants hereof and foreclosed, as well as the grantor shall be bound to the property hereinbefore described, as well as the grantor shall be bound to the same extent as if 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's and attorney's fees actually incurred.

fees actually incurred by the beneficiary or trustee in connection with the appeal, and the beneficiary or trustee may not appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any such action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of a mortgage, the beneficiary or trustee may not recover any costs and expenses, if any suit for the foreclosure of a mortgage is brought by the beneficiary or trustee 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 an order or judgment of the trial court, granted or reversed, the amount of attorney's fees shall be fixed by the trial court, granted or reversed, as the case may be, as the appeal court may deem just and equitable; reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that:

11. In the event that any portion or all of said property shall be taken under the right of eminent domain, beneficiary shall have the right to elect, 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, be paid to beneficiary and applied by grantor 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 or to take such actions secured hereby; and grantor agrees to sign all documents 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 the preservation of this deed and the note for endorsement (in case of nullity, conveyances, 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 the court, enter upon 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 payable by third parties, and apply the same to the satisfaction of the indebtedness hereby secured, 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, this being of the essence with respect to the performance and/or performance, the beneficiary may, at any time, cause the 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, or may direct the trustee to pursue any other right or remedy available in equity, in equity which the beneficiary may have. 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, when the trustee shall be required to place the time and place of sale, give notice as then required by law and at the time and place of sale, give notice in the manner provided in ORS 86.735 to proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.739.

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 default obligation. If the default consists of a failure to pay, when due, the amount due under the trust deed, the default may be cured by paying the entire amount due at the time of the cure 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, the grantor or other person effecting the cure shall pay all reasonable 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 hereunder.

14. Otherwise, the sale shall be held on the date and at the time and place of which 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 in full at the time of sale, subject to the right of the trustee to take any form as required by law conveying the property 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 bidder, may bid 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 a reasonable charge by trustee to attorney, (2) to the obligation secured by the trust deed, (3) to the costs of having recorded liens subsisting in the interest of the trustee in the trust deed, and (4) to the interests as 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 trust 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 a written instrument executed by the 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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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:

(a) primarily for grantor's personal, family or household purposes (see Important Notice below).

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 masculine 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.

JERRY O. ANDERSON

STATE OF OREGON, County of Klamath

This instrument was acknowledged before me on May 27, 1988 by JERRY O. ANDERSON

Notary Public for Oregon

My commission expires: 4/24/89

Notary Public for Oregon

My commission expires: 4/24/89

REQUEST FOR FULL RECONVEYANCE

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 27, 1988

Beneficiary

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

TRUST DEED ONE (FORM No. 881) 2nd EDITION

STEVEN'S-NESS LAW PUB. CO., PORTLAND, ORE.

JERRY O. ANDERSON Grantor

SHIELD CREST, INC. Beneficiary

AFTER RECORDING RETURN TO KEESHO DEED 548 Main St HFO 97601

STATE OF OREGON, County of Klamath

I certify that the within instrument was received for record on the 27th day of May, 1988, at 12:01 o'clock P.M., and recorded in book/reel/volume No. M88 on page 8303 or as fee/file/instrument/microfilm/reception No. 87703, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By Berntha Deputy

Fee \$10.00