

THIS TRUST DEED, made this 20th day of September, 1988, between
JACK THOMPSON and SHIRLEY THOMPSON, husband and wife

as Grantor, ASPEN TITLE & ESCROW, INC., as Trustee, and

LEOLA F. HEILBRONNER

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:

Lots 3 and 4 in Block 300, DARROW ADDITION TO THE CITY OF KLAMATH FALLS, 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 THIRTY THREE THOUSAND and NO/100 ----- Dollars, with interest thereon according to the terms of a promissory note dated 12/1/83 and bearing interest at the rate of 12% per annum.

not sooner paid, to be due and payable at maturity of Note....., 19.....

not sooner paid, to be due and payable at maturity of Note, 19 .

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.

2. To complete or restore 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, regulations, covenants, conditions and restrictions affecting said property; if the beneficiary so requests, to join in executing such financing 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 all lien searches made by filing officers 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 hazards as the insurance policy or policies, written in an amount acceptable to the beneficiary, with loss payable to the latter; and such policies of insurance shall be delivered to the beneficiary as soon as insurance is procured; and the grantor shall not, prior to the expiration of any policy of insurance, 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; and the beneficiary shall procure the same at grantor's expense. The amount of insurance to be procured under this policy may be applied by beneficiary upon any indebtedness secured hereby and in such amount so collected, or may determine, or at option of beneficiary the grantor, the amount to be collected, or any part thereof, may be paid to the beneficiary. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any assignment 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, the grantor hereby agrees to execute and deliver to the beneficiary, should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by the grantor, either by direct payment or by providing benefits therefor with funds with which to make such payment, a promissory note, or at the grantor's option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured by the promissory note, shall be added to the debt secured by the promissory note, together with the obligations described in paragraphs 6 and 7 of this heretofore executed promissory note, and in the event of a breach of any of the trust deed, without waiver of any rights or remedies, the interest as aforesaid, the property hereinafter described, as well as the grantor, shall be bound to the covenants hereof and described, as well as the grantor, shall be bound to the covenants hereof and described, and all such payments shall be immediately due and payable by the grantor, and the nonpayment thereof shall, at the election of the beneficiary, render all sums secured by this trust deed immediately due and payable and the grantor shall be bound to pay the same.

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.

[illegible]

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, the beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees, shall be paid to beneficiary and the beneficiary shall be paid to beneficiary and incurred by beneficiary 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 beneficiary shall be reimbursed for the indebtedness secured hereby; and, at its own expense, to take such actions 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 less and presentation of this deed and the note for endorsement (in case of full reconveyances, 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 foregoing shall be paid by the grantor and shall not be less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by attorney, do and cause to be done, all things necessary or proper to be done 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 past due and unpaid, and to do all other things necessary or proper to be done to protect and enforce its rights in and to the less costs and expenses of operation and collection, including reasonable attorney's fees and any other indebtedness secured hereby, 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.

[illegible][illegible]

by law. 14. Otherwise, the sale shall be held on the date and at the time and place designated in the 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 same at the time of auction to the highest bidder. The purchaser shall execute at the time of sale, Trustee the deed conveying the property to the purchaser in the form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusively proof of the truthfulness thereof. Any person, other than the trustee, who purchases the property, may purchase 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 for attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens superior to the interest of the trustee in the trust deed as their interest 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 trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, the trustee without conveyance to the successor trustee, the latter shall succeed to the office of trustee and shall have all the powers and duties conferred upon the trustee herein named or appointed hereunder. Each such appointment of a successor trustee shall be in writing and shall be signed by the beneficiary and substitution shall be made by written instrument executed by beneficiary in 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.

which the property is situated, shall be conclusive proof of the title of the successor trustee.

7. 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.

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),
 (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, 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.

* IMPORTANT NOTICE: Delete, 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 by making required disclosures; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

[Signature]

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

STATE OF OREGON,
 County of Klamath } ss.
 This instrument was acknowledged before me on September 23, 1988, by Jack Thompson and Shirley Thompson
[Signature]
 Notary Public for Oregon
 My commission expires: 3-22-89

STATE OF OREGON,
 County of _____ } ss.
 This instrument was acknowledged before me on _____, 19____, 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: _____ Trustee
 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: _____, 19____

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
 (FORM No. 881)
 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Grantor _____
 Beneficiary _____

AFTER RECORDING RETURN TO
Aspen Title
Attn: Marlene

RECORDERS USE
 SPACE RESERVED
 FOR
 RECORDER'S USE

Fee \$13.00

STATE OF OREGON,
 County of Klamath } ss.
 I certify that the within instrument was received for record on the 26th day of Sept., 1988, at 12:29 o'clock P.M., and recorded in book/reel/volume No. M88 on page 15932 or as fee/file/instrument/microfilm/reception No. 91872, Record of Mortgages of said County.
 Witness my hand and seal of County affixed.
 Evelyn Biehn, County Clerk
 NAME _____ TITLE _____
 By *[Signature]* Deputy