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K-40767

TRUST DEED

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THIS TRUST DEED, made this 21st day of September, 1988, between
Daryl J. Hall and Debbie J. Hall, an estate in fee simple as tenants
 by the entirety, herein called "GRANTOR,"

Klamath County Title Company
 BANK OF THE CASCADES, a corporation, herein called "BENEFICIARY":
 1700 N.E. Third Street
 Bend, OR 97701

WITNESSETH:

That the grantor irrevocably grants, bargains, sells and conveys to the trustee, in trust, with power of sale, the
 following described real property:

The $S\frac{1}{2}$ of the $SE\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 25, Township 24 South,
 Range 8 East of the Willamette Meridian, Klamath County, Oregon

Tax ID No. 2408-25A-900

together with all and singular the appurtenances, tenements, heredita-
 ments, rents, issues, profits, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above
 described premises, and all fixtures, including without limitation built-in appliances and wall-to-wall carpeting, upon said premises at the time
 of the execution of this trust deed or hereafter placed thereon.

This trust deed is given for the purpose of securing the performance of each agreement and covenant of the Grantor herein contained
 and the payment of the sum of Twenty Five Thousand and no/100 Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to
 the beneficiary or order and made by the grantor, the final payment of principal and interest thereof to be due and payable on the
20th day of March, 1989; unless sooner paid. The obligation secured by this trust deed includes any
 future loans made by Beneficiary to Grantor. The parties may renegotiate or adjust the interest rate, increase the underlying obligation,
 or modify the payment terms (including the amount of each periodic payment or the term of the obligation).

IT IS MUTUALLY AGREED THAT:

The grantor covenants to and with the trustee and the beneficiary herein that the
 premises and property conveyed by this trust deed are free and clear of all liens and
 encumbrances except our note and Trust Deed

and the grantor, his heirs, executors and administrators will warrant and defend his said
 title thereto against the claims of all persons whomsoever.

The grantor covenants and agrees to pay when due, all taxes, assessments and other
 charges levied or assessed against said property; to keep said property free from all
 encumbrances having precedence over this trust deed, other than as may be excepted above;
 to complete all buildings in the course of construction or hereafter constructed on said

premises within six months of the date hereof
 or the date construction is hereafter commenced; to repair and restore promptly and in good
 and workmanlike manner, any building or improvement on said property which may be
 damaged or destroyed and pay, when due, all costs and expenses incurred therefor; not to
 remove or destroy any building or improvements now on or hereafter erected upon said
 premises; to keep all buildings and improvements now on or hereafter erected upon said
 premises in good repair; not to commit, or permit to be committed, waste of said premises; to
 permit beneficiary or its authorized agents to inspect said property at all reasonable times; to
 keep all building, property and improvements now on or hereafter erected or installed upon
 said premises continuously insured against loss by fire or such other hazards as the
 beneficiary may from time to time require in an amount not less than the principal sum of the
 note or obligation secured by this trust deed, in a company or companies acceptable to the
 beneficiary, to deliver the original policy of insurance with a loss payable clause in favor of
 the beneficiary and in such form as is satisfactory to beneficiary endorsed thereon, to the
 principal place of business of the beneficiary no later than the date the policy of insurance is
 effective, with the premium paid. If such policy of insurance is not so delivered, or if such
 insurance is not kept continuously in force, the beneficiary may at its option, obtain insurance
 for the benefit of the beneficiary.

During the term of this trust deed the beneficiary may, after written notice to grantor,
 require grantor to deposit with beneficiary each month an amount equal to 1/12 of the
 estimated taxes, assessments and other charges accruing against said property each year and
 1/36 of the insurance premiums payable with respect to said property each succeeding three
 years while this trust deed remains in effect, as estimated and directed by the beneficiary.
 These payments shall be in addition to the regular monthly payments of principal and
 interest payable under the terms of the note or obligation secured hereby. The money so
 deposited by grantor shall be credited to a reserve account and beneficiary is hereby author-
 ized to charge against said account as a withdrawal sufficient amounts to pay accruing taxes
 and insurance premiums when due. Should there be insufficient sums of money in said
 account to pay said taxes and insurance premiums when due, grantor shall, on demand, pay
 to beneficiary an amount necessary to satisfy said deficiency. In the event grantor shall fail
 to make the payments upon said promissory note, beneficiary may, at its option, apply the
 balance in said reserve account toward the payment of principal and interest. Grantor
 hereby irrevocably constitutes and appoints beneficiary as its attorney in fact to make and
 deliver proofs of loss under or upon any policy of insurance and to adjust, sue for or com-
 promise any claim thereunder and to collect the proceeds of any such insurance and apply such
 proceeds either towards the payment of the note or obligation secured thereby or to the repair
 and rebuilding of the damaged property as it may elect.

Grantor further agrees to comply with all laws, ordinances, regulations, covenants,
 conditions and restrictions affecting said property; to pay all costs, fees and expenses of this
 trust, including the cost of title insurance, as well as all 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; to appear and defend any action or proceeding purporting to affect the
 security hereof or the rights or powers of the beneficiary or trustee; and to pay all costs and
 expenses, including cost of evidence of title and attorney's fees in a reasonable sum to be fixed
 by the court in any action or proceeding in which the beneficiary or trustee may appear
 and in any suit brought by beneficiary to foreclose this deed, and all said sums to be secured
 by this trust deed.

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 it so elects, to require
 that all or any portion of the moneys payable as compensation for said 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, shall be paid to beneficiary and
 applied by it first upon any reasonable costs, expenses and attorney's fees necessarily paid or
 incurred by beneficiary in such proceeding, and the balance applied upon the indebtedness
 secured hereby, and grantor agrees at its own expense to take such action and execute such
 instruments as shall be necessary in obtaining such compensation, promptly upon
 beneficiary's request.

At any time and from time to time, upon written request of the beneficiary, payment of
 its fees and presentation of this deed and the note for endorsement (in case of full recon-
 veyance, for cancellation) without affecting the liability of any person for the payment of the
 indebtedness, the trustee may (1) consent to the making of any map or plat of said property;
 (2) join in granting any easement or creating any restrictions thereon; (3) join in any subordi-
 nation or other agreement affecting this deed or the lien or charge thereof; (4) reconveying
 without warranty, all or any part of the property.

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 truth-
 fulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be
 \$10.00.

As additional security, grantor hereby assigns to beneficiary during the continuance of
 this trust all rents, issues, and profits of the property subject to this deed. Until grantor shall
 default in the payment of any indebtedness secured hereby or in the performance of any
 covenants or agreement hereunder, grantor shall have the right to collect all such rents,
 issues and profits as they become due. Upon any default of the grantor hereunder, the bene-
 ficiary may at any time without notice, either in person, by agent or by a receiver to be
 appointed by a court, and without regard to the adequacy of any security for its indebtedness
 hereby secured, enter upon and take possession of said property, including those past due
 rents, issues and profits so collected by beneficiary shall be applied to
 own name sue for or otherwise collect the rents, issues and profits, including those past due
 and unpaid. All such rents, issues and profits so collected by beneficiary shall be applied to
 the cost of renting and managing said property, costs of necessary repairs thereto, operating
 expenses and any balance to the payment of sums due and owing under the provisions of the
 note or indebtedness secured hereby and this trust deed. Grantor further authorizes the bene-
 ficiary, in any appropriate proceeding, to apply to the court for the appointment of a receiver
 to take possession of said property, the costs of said receivership to be paid by grantor on
 demand and shall be secured by the lien of this trust deed.

The entering upon and taking possession of said property, the collection of rents, issues
 and profits or the proceeds of fire or other insurance policies or compensation or award for
 the taking of or damage to 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.

The grantor shall make no sale of the above described property subject to or with
 assumption of the indebtedness or obligation secured by this trust deed without first obtain-
 ing the written consent of the beneficiary. However, the beneficiary shall be entitled to such
 consent unreasonably and provided that before the grantor shall be entitled to such
 approval, the beneficiary shall be furnished by a form supplied by the beneficiary with such
 personal information concerning the purchaser as would ordinarily be required on a new
 loan application and shall be paid a service charge as fixed and determined by the beneficiary,
 but in no event in excess of one percent of the amount of the original note secured by this trust
 deed, and provided further, that as an additional requirement for such approval the bene-
 ficiary may at its option and in its sole discretion decrease or increase the contractual interest
 rate upon the unpaid balance of the obligation secured by this trust deed, but shall not
 increase the rate more than one per cent above the then existing contractual rate. The service
 charge may, at the option of the beneficiary, be added to the principal balance of the indebted-
 ness as an obligation secured by the trust deed.

Time is of the essence of this instrument and upon default by the grantor in payment of
 any indebtedness secured hereby or in performance of any agreement hereunder, the bene-

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ficiary may declare all sums secured hereby immediately due and payable by delivering to trustee any written notice of default and election to sell the trust property, which notice shall cause to be filed of record. Upon delivery of said notice of default and election to sell, the beneficiary shall deposit with the trustee this trust deed and all promissory notes and documents evidencing expenditures secured hereby, whereupon the trustee shall fix the time and place of sale and give notice thereof as required by law.

If after default and prior to the time and date set by the trustee for the trustee's sale, the grantor of other person so privileged by law, pays the entire amount then due under the terms of the trust deed and the obligation secured thereby, other than such portion of the principal as would not then be due had no default occurred, the grantor or other person making such payment shall also pay to the beneficiary all costs and expenses actually incurred up to said time in enforcing the terms of this obligation, including trustee's and attorney's fees, as provided by law. If such payment is made as herein provided all proceedings had or instituted to foreclose the trust deed by sale shall be dismissed or discontinued and the obligation and the trust deed shall be reinstated and remain in force as if no acceleration had occurred.

After the lapse of such time as may be required by law following the recording of the notice of default and giving of said notice of sale, the trustee shall sell said property at the time and place fixed in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at the time of sale. The trustee shall deliver to the purchaser its deed on forms as required by law, conveying the property so sold but without any covenant or warranty, express or implied. The recital in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and the beneficiary, may purchase at the sale.

When the trustee sells pursuant to the powers provided herein, the trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including a reasonable charge by the trustee; (2) to the obligation secured by the trust deed; (3) to all persons having recorded liens

subsequent to the interest of the trustee in the trust deed, as their interest may appear in order of their priority; and (4) the surplus, if any, to the grantor or to his successors in interest to such surplus.

For any reason permitted by law, the 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, 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 written instrument, executed by the beneficiary, containing reference to this trust deed and its place of record, which, when recorded in the mortgage records of the office of the County Clerk or Recorder in the County or Counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record, as provided by law. The 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 the grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by the trustee.

This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, devisees, administrators, executors, successors and assigns. The term "beneficiary" shall mean the holder and owner, including pledgee, of the note secured hereby, whether or not named as a beneficiary herein.

In construing this deed, and whenever the context so requires, the neuter gender includes the masculine and/or feminine, and the singular number includes the plural.

The property is not currently used for agricultural timber or grazing purposes.

IN WITNESS WHEREOF, said grantor has hereunto set his hand and seal the day and year first above written.

STATE OF OREGON
COUNTY OF Deschutes } ss.

Oct. 3, 1988

Personally appeared the above named Daryl J. Hall
and Debbie J. Hall

and acknowledged the foregoing instrument to be their
voluntary act and deed.

NOTARIES PUBLIC
DONALYN DARLING
Notary Public for Oregon
My Commission expires: 1-25-92

Daryl J. Hall (SEAL)
Debbie J. Hall (SEAL)

Loan No.

TRUST DEED

Grantor

TO
BANK OF THE CASCADES
Bend, Oregon

Beneficiary

After Recording Return To:
Bank of Cascades
P O Box 4445
Sunriver, Or 97707
Attn: Donalyn Darling

(DON'T USE THIS
SPACE, RESERVED
FOR RECORDING
LABEL IN COUNTIES WHERE
USED.)

Fee \$13.00

STATE OF OREGON
County of Klamath } ss.

I certify that the within instrument
was received for record on the 13th
day of Oct., 19 88,
at 3:52 o'clock P.M., and recorded
in book M88 on page 17249
Record of Mortgages of said County.

Witness my hand and seal of County
affixed.

Evelyn Biehn, County Clerk

County Clerk-Recorder

By Debbie M. Mendenhall
Deputy

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 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.

BANK OF THE CASCADES, beneficiary

DATED:

by

RE-14 (GH)