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as Beneficiary, STANLEY M. DOWNS and C. ELOISE DOWNS, husband and wife

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:

_____ TOWN OF CHILLOQUIN, according to

in Klamath County, Oregon, described as:

Lots 13, 14, 15, 16, 17 and 18, Block 1, ORIGINAL TOWN OF CHILOQUIN, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Klamath County Tax Account #3407-034DC-04500, #3407-034DC-4600, and #3407-034DC-4700.

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.

PURPOSE OF SECURING PERFORMANCE OF each agreement of grantor herein contained and payment of the

SIXTY TWO AND 51/100 -----

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of EIGHTY-EIGHT THOUSAND FOUR HUNDRED SIXTY-TWO AND 51/100 Dollars, with interest thereon according to the terms of a promissory

sum of EIGHTY-EIGHT THOUSAND FOUR HUNDRED 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, to be due and payable November 14, 1998, on which the final installment of said note is due and payable. The date stated above, on which the final installment is sold, agreed to be

note of even date herewith, payable to beneficiary or order and amount of \$100,000.00, dated 11/15/98, on which the final installment of said note is due and payable. The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note is 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, 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:

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.

[illegible]

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 other hazards as the beneficiary may from time to time require, written in and such policy not less than \$____ full insurable value, payable to the latter; all companies acceptable to the beneficiary, to the beneficiary as soon as insured; policies of insurance shall be delivered to the beneficiary as soon as insured; the grantor shall fail for any person to procure any such insurance and, 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 amount of any insurance policy procured the same at grantor's expense by beneficiary under any life or other insurance policy procured in such order as beneficiary may determine, or at option of beneficiary, the entire amount so collected, or any part thereof, may be released to the grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to this policy.

[illegible]

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.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including attorney's fees, and to pay the beneficiary's or trustee's attorney's fees, the amount of which shall be determined by the court in the event of an appeal from any judgment of the trial court, in this paragraph 7 in all cases where the amount of attorney's fees may be paid by the beneficiary or trustee as the applicant for the trial court, grantor further agrees to pay such sum as the applicant for the trial court shall judge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that:

[illegible]

granting any easement or creating any restriction thereon; (c) join in any charge subordination or other agreement affecting this deed or the lien or property. The foregoing (a), (b) and (c) recovery, without warranty, all or any part of the property or persons of the grantee in any reconveyance may be described as the "matters or facts shall be legally entitled thereto," and the recitals therein of the Trustee's fees for any of the foregoing shall be conclusive proof of the truthfulness thereof. The Trustee's fees shall be not 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 hereunder, for such notice.

[illegible][illegible][illegible]

15. When trustee sells pursuant to the powers provided herein, trust shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable fee by trustee's attorney; (2) to the obligation secured by the deed; (3) to all persons claiming under the deed in the interest of the trustee in the trust having recorded liens subsequent to the date of their priority; and (4) as 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, 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. Each such appointment of a successor trustee shall be in writing and shall be an instrument executed by beneficiary, and substitution shall be named in the mortgage records of the county 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.

