

DATE OF THIS DEED OF TRUST AND OF THE LOAN TRANSACTION DECEMBER 20, 1988		DATE FUNDS DISBURSED AND INTEREST BEGINS IF OTHER THAN DATE OF THE TRANSACTION 12/27/88	ACCOUNT NUMBER 8654 403870
BENEFICIARY: TRANSAMERICA FINANCIAL SERVICES ADDRESS: 707 MAIN ST. PO 1269 CITY: KLAMATH FALLS, OR 97601		GRANTOR(S): (1) THOMAS W. TORRES SHERYL A. TORRES ADDRESS: 4461 DAY DRIVE CITY: KLAMATH FALLS, OR 97603	
NAME OF TRUSTEE: ASPEN TITLE & ESCROW INC			

THIS DEED OF TRUST SECURES FUTURE ADVANCES

By this Deed of Trust, the undersigned Grantor (all, if more than one) for the purpose of securing the payment of a Promissory Note of even date in the principal sum of **\$39,583.10** from Grantor to Beneficiary named above hereby grants, sells, conveys and warrants to Trustee in trust, with power of sale, the following described property situated in the State of Oregon, County of **KLAMATH**:

Lot 5, Block 8, FIRST ADDITION TO CYPRESS VILLA,
in the County of Klamath, State of Oregon.

Together with all buildings and improvements now or hereafter erected thereon and heating, lighting, plumbing, gas, electric, ventilating, refrigerating and described, all of which is referred to hereinafter as the "premises".

The above described real property is not currently used for agricultural, timber or grazing purposes.

TO HAVE AND TO HOLD said land and premises, with all the rights, privileges and appurtenances thereto belonging to trustee and his heirs, executors, administrators, successors and assigns, upon the trusts and for the uses and purposes following, and none other.

Grantor also assigns to Beneficiary all rents, issues and profits of said premises, reserving the right to collect and use the same with or without taking possession of the premises, during continuance of default hereunder, and during continuance of such default, authorizing Beneficiary to enter upon said premises and/or to collect and enforce the same without regard to adequacy of any security for the indebtedness hereby secured by any lawful means.

FOR THE PURPOSE OF SECURING: (1) Performance of each agreement of Grantor contained herein; (2) Payment of the principal sum with interest thereon at the agreed rate in accordance with the terms and conditions of the above mentioned Promissory Note, executed by the Grantor in favor of the Beneficiary, reference to which is hereby made, until paid in full at or before maturity, or as extended or rescheduled; (3) Payment of any additional amounts, with interest thereon at the agreed rate, as may be hereafter loaned by Beneficiary to Grantor in connection with any renewal or refinancing, but the Beneficiary shall not be obligated to make any additional loan(s) in any amount; (4) The payment of any money that may be advanced by the Beneficiary to Grantor or to third parties, with interest thereon at the agreed rate, where any such advances are made to protect the security or in accordance with the covenants of this Deed of Trust.

All payments made by Grantor(s) on the obligation secured by this Deed of Trust shall be applied in the following order: FIRST: To the payment of taxes and assessments that may be levied and assessed against said premises, insurance premiums, repairs, and all other charges and expenses agreed to be paid by the Grantor(s).

SECOND: To the payment of the interest due on said loan.

THIRD: To the payment of principal.

TO PROTECT THE SECURITY HEREOF, GRANTOR(S) COVENANTS AND AGREES: (1) To keep said premises insured in Beneficiary's favor against fire and such other casualties as the Beneficiary may specify, up to the full value of all improvements for the protection of Beneficiary in such manner, in such amounts, and in such companies as Beneficiary may from time to time approve, and to keep the policies therefor, properly endorsed, on deposit with Beneficiary and that loss proceeds (less expenses of collection) shall, at Beneficiary's option, be applied on said indebtedness, whether due or not, or to the restoration of said improvements. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale. (2) To pay when due all taxes, liens (including any prior Trust Deeds or Mortgages) and assessments that may accrue against the above described premises, or any part thereof, or upon the debt secured hereby, or upon the interest of Beneficiary in said premises or in said debt, and procure and deliver to Beneficiary ten (10) days before the day fixed by law for the first interest or penalty to accrue thereon, the official receipt of the proper officer showing payment of all such taxes and assessments. (3) In the event of default by Grantor(s) under Paragraphs 1 or 2 above, Beneficiary, at its option (whether electing to declare the whole indebtedness secured hereby due and collectible or not), may (a) effect the insurance above provided for and pay the reasonable premiums and charges therefor; (b) pay all said taxes, liens and assessments without determining the validity thereof; and (c) such disbursements shall be added to the unpaid balance of the obligation secured by this Deed of Trust and shall bear interest from the date of payment at the agreed rate. (4) To keep the buildings and other improvements now existing or hereafter erected in good condition and repair, not to commit or suffer any waste or any use of said premises, contrary to restrictions of record or contrary to laws, ordinances or regulations of the proper public authority, and to permit Beneficiary to enter at all reasonable times for the purpose of inspecting the premises, to complete thereon, and to pay, when due, all claims for labor performed and materials furnished therefor. (5) That he will pay, promptly, the indebtedness hereby secured, or of any releasing or affecting the personal liability of any person for the payment of said indebtedness or the lien of this instrument upon the remainder of said premises for the full amount of said indebtedness then remaining unpaid, and no change in the ownership of said premises shall release, reduce or otherwise affect any such personal liability or the lien hereby created. (6) That he is seized of the premises in fee simple and has good and lawful right to convey the same; and that he does hereby forever warrant and will forever defend the title and possession thereof against the lawful claims of any and all persons whatsoever.

IT IS MUTUALLY AGREED THAT: (1) If the said Grantor(s) shall fail or neglect to pay installments on said Promissory Note as the same may hereafter become due, or upon default in the performance of any agreement hereunder, or upon sale or other disposition of the premises by Grantor(s), or should any action or proceeding be filed in any court to enforce any lien on, claim against, or interest in the premises, then all sums owing by the Grantor(s) to the Beneficiary under this Deed of Trust or under the Promissory Note secured hereby shall immediately become due and payable at the option of the Beneficiary on the application of the Beneficiary or assignee, or any other person who may be entitled to the monies due thereon, in the event of such default, Beneficiary may execute or cause Trustee to execute a written Notice of Default and of Election To Cause Said Property To Be Sold to satisfy the obligations hereof; and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee the Promissory Note and all documents evidencing expenditures secured hereby, whereupon Trustee shall fix the time and place of sale and give notice thereof as required by law.

(2) Whenever all or a portion of any obligation secured by this Trust Deed has become due by reason of a default of the Grantor(s) or by reason of assessments, premiums for insurance or advances made by a Beneficiary in accordance with the terms of the Trust Deed, the Grantor or his successor in interest in the trust property, or any part of it, any Beneficiary under a subordinate Trust Deed or any person having a subordinate lien or encumbrance of record on the property, at any time prior to the time and date set by the Trustee for the Trustee's sale if the power of sale therein is to be exercised, may pay to the Beneficiary, for the satisfaction of interest, respectively, the entire amount then due, under the terms of the Trust Deed, and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligations and Trustee's and Attorney's fees actually incurred if allowed by law) other than such portion of the principal as would not then be due had no default occurred; and thereby cure the default. After payment of this amount, all remain in force the same as if no acceleration had occurred.

(3) After the lapse of such time as may then be required by law following the recording of said Notice of Default, and Notice of Default and Notice of Sale having been given, as then required by law, Trustee, without demand on Grantor(s), shall sell said property on the date and at the time and place designated in said Notice of Sale at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the same from time to time until it shall be completed, and, in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the Notice of Sale, notice thereof shall be given in the same manner as the original Notice of Sale. Trustee Deed of, any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. The proceeds of the sale shall apply to the payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of sums secured hereby; and (2) the remainder, if any, to the person or persons legally entitled thereto; or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the County in which the sale took place.

and blockage with the County Clerk of the County in which the above described premises are located.

(4) Grantor(s) agree to surrender possession of the hereinabove described premises to the Purchaser at the aforesaid sale. In the event such possession has not previously been surrendered by Grantor(s), such surrender of the premises in connection with the sale shall be a condition of the sale.

(5) Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a Substitution of Trustee. From the time the substitution is filed for record, the new Trustee shall succeed to all the powers, duties, authority, and title of the Trustee named herein or of any successor Trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law for the substitution of a Trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law for the substitution of a Trustee.

(6) Upon payment in full by said Grantor(s) of his indebtedness hereunder, the Trustee shall reconvey to said Trustor(s) the above described premises according to the provisions of said Deed of Trust.

(7) Should said property or any part thereof be taken by reason of any public improvement or condemnation proceeding, Beneficiary shall be entitled to all compensation, awards, and other payments or benefits therefor, to the extent necessary to liquidate the unpaid balance, including accrued interest, of the obligation secured by this Deed of Trust.

(8) Should Trustor(s) convey, transfer or dispose of or further encumber said property or any part thereof, without the written consent of Beneficiary being first had and obtained, then Beneficiary shall have the right at its option, to declare all sums secured hereby forthwith due and payable.

(9) Notwithstanding anything in this Deed of Trust, the terms of the obligation secured hereby shall be deemed to be binding upon the Trustor(s), and all provisions of this Deed of Trust shall be deemed to impose on the Grantor(s) any obligation of payment, except to the extent that the same may be legally enforceable; and any provision to the contrary shall be of no force or effect.

(10) All Grantor(s) shall be jointly and severally liable for fulfillment of their covenants and agreements herein contained, and all provisions of this Deed of Trust shall inure to and be binding upon the heirs, executors, administrators, successors, grantees, lessees and assigns of the parties hereto respectively. Any reference in this Deed of Trust of the singular shall be construed as plural where appropriate.

(11) Invalidity of any provision of this Deed of Trust shall not affect the validity and enforceability of any other provisions.

(12) Trustee, accepts this Deed of Trust, duly executed and acknowledged as made a public record as provided by law. Trustee is not obligated to accept any party hereto of pending sale under any other Deed of Trust, or of any action or proceeding in which Grantor(s), Beneficiary or Trustee shall be a party, unless brought by Trustee or on behalf of the Beneficiary.

(13) The undersigned Grantor(s) request that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to the address hereunder for the purpose of such notice being received by the undersigned or by the undersigned's agent or by the undersigned's attorney.

Witness my hand and seal of my office this 20th day of December, 1988, at the County of Klamath, State of Oregon.

Notary Public for Oregon, My Commission Expires December 20, 1990.

Signed, sealed and delivered in the presence of me, a Notary Public for Oregon, the undersigned Grantor(s) and the undersigned Beneficiary, on this 20th day of December, 1988, at the County of Klamath, State of Oregon.

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