

THIS TRUST DEED, made this 22 day of SEPTEMBER, 1988

PATRICK J. NEARY AND MELODY P. NEARY, AS TENANTS BY THE ENTIRETY
 ASPEN TITLE & ESCROW, INC., an OREGON CORPORATION as Trustee, and FN REALTY SERVICES, INC., a CALIFORNIA CORPORATION, TRUSTEE as Beneficiary, to transmit to said Trustee and Beneficiary, as Grantor

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in KLAMATH COUNTY, OREGON, described as

Lot 18 in Block 37 of Tract 1184 Oregon Shores Unit 2-1st Addition as shown on the map filed on November 8, 1978 in Volume 21, Page 29 of Maps in the office of the County Recorder of said County.

together with all and singular the tenements, hereditaments and appurtenances and all other rights therein belonging or in anywise now or hereafter appearing, and the

THOUSAND SIXTY FIVE 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 grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable OCTOBER 30, 1998

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, conveyed, assigned or otherwise disposed of, whether by the grantor or any other person, and the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity date, shall be deemed immediately due and payable.

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

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, nor 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 grantor is in default in payment of any such obligation, the beneficiary may require and to pay, filing same in the proper public office or offices, as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter on the said premises against loss or damage by fire and such other hazards as the beneficiary may from time to time require in an amount not less than the full replacement value of the property, written in companies acceptable to the beneficiary as to the policy of insurance shall be delivered to the beneficiary as soon as insured, and the beneficiary shall fail for any reason to procure any such insurance and to deliver said policy to the beneficiary at least fifteen days before the expiration of any policy of insurance now or hereafter in force 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 the beneficiary upon any indebtedness secured hereby, and in such order as the beneficiary may determine, or at the option of the beneficiary, the entire amount collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any action hereunder.

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 and after the date of this deed, and to pay all such taxes, assessments or other charges when due, and to make payment of any such taxes, assessments or other charges payable by grantor, either by direct payment or by providing option, make payment thereof, and the amount to be 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 debt hereby secured, as well as the grantor, shall be bound to the same extent that payments shall be immediately due and payable without notice, and all such payments shall be immediately due and payable and constitute a breach of 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 this obligation.

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 enforcement of this deed, to pay all costs and expenses, including attorney's fees for the beneficiary or trustee's attorney's fees provided, however, in case the suit is between the grantor and the beneficiary or trustee then the prevailing party shall be entitled to the attorney's fees herein described, the amount of attorney's fees shall be determined by the court in all cases shall be fixed by the trial court or by the appellate court if an appeal is taken.

It is mutually agreed that:

A. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the beneficiary shall have the right, if it so desires, to require that all or any portion of the money 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, shall be paid to beneficiary, and applied by it first upon any reasonable indebtedness secured hereby, and thereafter, and the balance applied to the compensation payable upon beneficiary's request.

B. At any time and from time to time, the beneficiary or trustee, at its option, may cause the full reconveyance, 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

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

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 in this state, its subsidiaries, affiliates, agents or branches, or the United States or any agency thereof.

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and that he will warrant and forever defend the same against all persons whomsoever.

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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, household or agricultural purposes (see Important Notice below);
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

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.

You have the option to cancel your contract or agreement of sale by notice to the seller until midnight of the seventh day following the signing of the contract or agreement.

If you did not receive a Property Report prepared pursuant to the rules and regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development, in advance of your signing the contract or agreement, this contract or agreement may be revoked at your option for two years from the date of signing.

* 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 or 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. If compliance with the Act not required, disregard this notice.

TERRITORY OF GUAM

SS

CITY OF AGANA

On SEPTEMBER 28, 1988 before me, the undersigned, a Notary Public in and for the Territory of Guam, personally appeared JOSEPH E. NEARY, JR. known to me to be the person whose name is subscribed to the within instrument as a witness thereto, who being by me duly sworn, deposed and said: That HIS resides at 169 ENTRADA ST. AGANA GUAM, 96929; that HE was present and saw PATRICK J. NEARY AND MELODY P. NEARY personally known to HIM to be the person described in, and whose name is subscribed to the within and annexed instrument, execute the same, and that affiant subscribed HIS name thereto as a witness to said execution.

Signature:

x Patrick J. Neary
x Melody P. Neary
WITNESSED BY Patrick J. Neary

FOR NOTARY SEAL OR STAMP

ROMAN C. PEE
NOTARY PUBLIC
In and for the Territory of Guam, U.S.A.
My Commission Expires July 31, 1993

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 Beneficiary

DATED SEPTEMBER 28, 1988 at AGANA, GUAM.

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

STATE OF OREGON

County of Klamath

I certify that the within instrument was received for record on the

21st day of Dec. 1988

at 11:57 o'clock A.M. and recorded

in book M88 on page 21667

Witness my hand and seal of

County of Klamath

Evelyn Biehn

County Clerk

Title

By Pauline M. Muldoon Deputy