THIS TRUST DEED, made this 27th day of January , 19 89, between

WILLIAM L. GALLAGHER, III as Grantor, Mountain Title Company of Klamath County

FRANK E. McBAIN, Jr. & BETTY J. McBAIN, husband and wife, with rights of survivorship , as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property

That portion of Government Lot 2 and that portion of the North $\frac{1}{2}$ of Government Lot 3 of Section 31, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon which lies North of State Highway #140

Tax Account No 3612 03100 00400

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 complete or restore promptly and in good and workmanlike 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 attecting said property: if the beneficiary so requests, to tions and restrictions attending 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

join in executing such financing statements pursuant to the Uniform Commercial Code as the beneticiary 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 liting officers or searching agencies as may be deemed desirable by the beneficiary.

Are provide and continuously maintain insurance on the buildings.

Are provide and continuously maintain insurance on the buildings and such other hazards as the beneficiary may from time to time require and such other hazards as the beneficiary may from time to time require in an amount not less than \$... VACANT. AND the policies of the beneficiary with loss payable to the hatter; all companies acceptable to the beneficiary with loss payable to the latter; all companies acceptable to the beneficiary at least litteen days prior to the expirately officers of the spiral deliver said policies to the beneficiary at least litteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, tion of any policy of insurance now or hereafter placed on said buildings, tion of any policy of insurance now or hereafter placed on said buildings, tion of any policy of insurance now or hereafter placed on said buildings, tion of any policy of insurance now or hereafter placed on said buildings, tion of any policy of insurance now or hereafter placed on said buildings, to the beneficiary may procure the same at grantor's expense The amount collected under any lice or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such as a proposed any part thereof, may be released to grantor. Such application or release shall any part thereof, may be released to grantor. Such application or release shall not part thereof, may be released to grantor. Such application or release shall any part thereof, may be released to grantor. Such application or release shall any part thereof, may be released to grantor. Such application or release shall any p

pellate court shall adjudge reasonable as the penenciary's or trustees anormy's lees on such appeal.

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 or condemnation, beneliciary shall have the tright, if it so elects, to require that all or any portion of the monies payable right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required as compensation for such taking, which are in excess of the amount required as compensation for such proceedings, shall be paid to beneticiary and incurred by grantor in such proceedings, shall be paid to beneticiary and incurred by the property of the paid to beneticiary and applied by it irist upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneboth in the trial and appellate courts, necessarily paid or incurred by the possible of the payable of 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 altecting this deed or the lien or charge thereol; (d) reconvey, without warranty, all or any part of the property. The thereol; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons if a partial part of the property of the conclusive proof of the truthfulness thresh of any matters or lacts shall legally entitled thereto," and the recitals therein of any matters or lacts shall ledally entitled thereto," and the recitals therein of any matters or lacts shall be conclusive proof of the truthfulness thresh of the stand \$5.

10. Upon any default by grantor hereunder, beneficiary 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 the indebtedness hereby secured, enter upon and the possession of said property or any part thereof, in its own name su or otherwise collect the rents, issues and profits, including those past due and unfail, and apply the same less costs and expenses of operation and cultection, including reasonable attorney's lees upon any 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 tire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as altoresaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of

waive any default or notice of default nereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such a event the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by in equity as a mortgage or direct the trustee to pursue any other right or advertisement and sale, or may direct the trustee to pursue any other right or the remedy, either at law or in equity, which the beneficiary may have. In the remedy, either at law or in equity, which the beneficiary may have. In the remedy, either at law or in equity, which the beneficiary may have. In the remedy, either at law or in equity, which the beneficiary may have. In the remedy, either at law or in equity, which the beneficiary may have. In the remedy, the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described real his written notice of default and his election to sell the said described and his the time and proceed to love of t

proceed to loreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced loreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may crue the default or defaults. If the default commists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default is capable of not then be due had no default occurred. Any other default that is capable of the being cured may be cured by tendering the performance required under the obligation or trust deed. In an case, in addition to curing the default obligation or trust deed. In an case, in addition to curing the default of defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's lees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the other trustee.

together with trustee's and altorney's lees not exceeding the amounts provided 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 parcel or parcels at no neparcel or in separate parcels and shall sell the parcel or parcels at shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warrenty, express or in the property so sold, but without any covenant or warrenty, express or including the truthiulness thereol. Any person, excluding the trustee, but including the grantor and beneficiary, 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 statorney, (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 interests 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 sors to any trustee parcel.

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 herein or to any successor trustee appointed herein 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 hereinder. Each such appointment upon any trustee herein named by written instrument executed by beneficiarly, and substitution shall be made by written instrument executed by beneficiarly, and substitution shall be mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee. Successor trusteed in the successor 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, heneficiary 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 676.505 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 beneticiary herein. gender includes the teminine and the neuter, and the singular n	eficiary shall mean the holder and owner, including piedgee, of the contract. In construing this deed and whenever the context so requires, the masculine number includes the plural.
IN WITNESS WHEREOF, said grantor has	hereunto set his hand the day and year first above written.
	and the Delivery I I Slade to
*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) not applicable; if warranty (a) is applicable and the beneficiary is a as such word is defined in the Truth-in-Lending Act and Regulation beneficiary MUST comply with the Act and Regulation by making disclosures; for this purpose use Stevens-Ness Form No. 1319, or equif compliance with the Act is not required, disregard this notice.	creditor William L. Gallagher, III
(If the signer of the above is a corporation, use the form of acknowledgement opposite.)	
	STATE OF OREGON,
STATE OF OREGON,	A Section of the Control of the Cont
County of Klamath	County of
This instrument was acknowledged before me on	This instrument was acknowledged before me on
Schricky 14, 1987, by	19 ,by
	85
William L. Gallagher, III	ol
Mülene Duche	
Notary Public for Oregon	Notary Public for Oregon (SEAL)
(SEAL) My commission expires: 6-16-9	My commission expires:
REQUEST	FOR FULL RECONVEYANCE
To be used only	y when obligations have been paid.
	Trustee
10:	
trust deed have been fully paid and satisfied. You hereby ar said trust deed or pursuant to statute, to cancel all eviden- herewith together with said trust deed) and to reconvey, with estate now held by you under the same. Mail reconveyance is	
n Miller (1900) in 1961. The complete of the state of the	
DATED: MICHAEL MARKET M	
	Beneficiary
	Denoncialy
Do not lose or destroy this Trust Deed OR THE NOTE which it secure	s. Both must be delivered to the trustee for cancellation before reconveyance will be made.
April grander granger (1959 parts)	
TRUST DEED	STATE OF OREGON, County ofKlamath

TRUST DEED [FORM No. 881] STEVENS-NESS LAW PUB. GO., PORTLAND, ORE.	11 HZ보다 사용 그를 맞는다.
Gallagher P.O. Box 119	
Beatty, OR 97621 Grantor	FOR
McBain Route 2 Box 2610 Lapez, WA 98261	RECORDER'S
Beneficiary	
AFTER RECORDING RETURN TO	

I certify that the within instrument was received for record on the ...14thday of ______, 19.89, at ..3:13 ... o'clock P...M., and recorded in book/reel/volume No. ..M89...... on page ____2823____ or as fee/file/instrument/microfilm/reception No. 97135., Record of Mortgages of said County. Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk NAME

By Checkena Meditemplace Deputy

407 Main Klamath Falls, OR 97601