

THIS TRUST DEED, made this 14th day of AUGUST, 1988, between RICHARD L. HENDOLA and Ma. HENDOLA, Husband & wife as tenants by the entirety, as Grantor, ASPEN TITLE & ESCROW, INC., an OREGON CORPORATION as Trustee, and FN REALTY SERVICES, INC., a CALIFORNIA CORPORATION, TRUSTEE 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:

Lot 20 in Block 38 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.

Handwritten signatures and notes at the top of the deed, including the names of the grantors and trustee.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereto belonging or in anywise now or hereafter accruing, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of ONE HUNDRED FIFTY AND 00/100 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, if not sooner paid, to be due and payable DECEMBER 15, 1998.

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, not 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.
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 such other hazards of the beneficiary may from time to time require in an amount not less than the full replacement value of the buildings and contents thereon.
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 any part of such taxes, assessments and other charges become past due or delinquent.
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 foreclosure of this deed, to pay all costs and expenses, including evidence of title and the attorney's fees provided, however, in case the suit is between the grantor and the beneficiary or the trustee then the prevailing party shall be entitled to the attorney's fees herein described, the amount of attorney's fees mentioned in this paragraph 7 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: 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 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 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 and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, 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 beneficiary, payment of its fees and presentation of this deed and the note for endorsement in case of 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 restriction thereon; (c) join in any subdivision or other agreement affecting this deed or the land in whole or in part; (d) reconvey, without warranty, all or any part of the property; (e) execute any instrument which may be required to carry out the purposes legally entitled thereto; and the recitals hereof in any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$500. Upon any default by grantor hereunder, beneficiary may at any time with due 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 take possession of said property or any part thereof, in its own name or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees subject to paragraph 7 hereof upon any indebtedness secured hereby, in such order as beneficiary may determine.

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 titled thereto

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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, 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.

Richard L. Mendola
Ma. Wendy F. Mendola
Witnessed by: *Olivia A. Small*

TERRITORY OF GUAM)
CITY OF AGANA) SS

On AUG. 14, 1988 before me, the undersigned, a Notary Public in and for the Territory of Guam, personally appeared NILISA A. ARDOLD 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 she resides at 55 FERD. ST. TIKINGO, STA. GUAN; that she was present and saw RICHARD L. MENDOLA personally known to her to be the person described in, and subscribed to the within instrument, and that affiant subscribed thereto as a witness to said execution.

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

Signature: *[Signature]*

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

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 _____

DATED: _____, 19__

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 } SS.

I certify that the within instrument was received for record on the 2nd day of June, 1989 at 3:24 o'clock PM., and recorded in book M89 on page 9758 or as file/reel number 961 Record of Mortgages of said County. Witness my hand and seal of _____ County affixed.

.....Evelyn Biehn, County Clerk.....

Title

By Ronald M. Mendola Deputy

Fee \$13.00

8108-8107