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TRUST DEED

as Grantor, MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY
LEE N. HARTSFIELD

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 7, Block 11, FIRST ADDITION TO RIVER PINE ESTATES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. TOGETHER WITH: 1971 mobile home, license #X117201 which is firmly affixed to the described real property.

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.

FOR THE PURPOSE OF SECURING PERFORMANCE OF each agreement of grantor herein contained and payment of the sum of SIXTEEN THOUSAND FIVE HUNDRED AND NO / 100ths with interest thereon according to the terms of a promissory

sum of ***SIXTEEN THOUSAND FIVE 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, if it is to be made on the following terms of note, 1919 that the final installment of said note

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, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein shall become immediately due and payable.

To protect the security of this trust deed, grantor agrees:

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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 beneficiary so requests, to join in executing such financing 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 offices 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 and such other hazards as the beneficiary may from time to time require, in an amount not less than **full insurable value** written in someplace acceptable to the beneficiary, with loss payable to the latter; all

[illegible]

To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon said property, before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof and the amount so 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 secured by the note, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the payment of the obligation herein same extent that they are bound to make the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums due by this trust deed immediately due and payable and shall be a part of the debt secured by 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 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, title or powers of beneficiary or trustee; and in any suit or action or proceeding in which the beneficiary or trustee may appear, including any suit or the foreclosure of this deed, for the payment of expenses, in any suit for the foreclosure of this deed, or trustee's attorney's fees; the including evidence of the beneficiary's or trustee's fees mentioned in this paragraph 7 in all cases shall be admissible in evidence; and the beneficiary or trustee shall be reimbursed by the trial court and in the event of an appeal from such sum as the decree of the trial court, grantor or further agree to pay, such sum as the appellate court shall adjudge to be reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that:

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8. 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 so elected, to sue for and recover all or any portion of the monies payable therefor, or for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily incurred by grantor in such proceedings.

9. Beneficiary shall be entitled to recover all costs and expenses and attorney's fees, applied by it in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the proceeds of such actions, secured hereby; and grantor agrees, at all times, to execute such documents as may be required and to sign and execute such documents as may be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the notary endorsement (in case of full reconveyances, 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 subordination or other agreement affecting this deed or the lien or charge hereon; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of 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 \$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 court, take possession of and take title to all of the real property, personal property, and choses in action, in and to which the same, its issues and profits, including those past due and undistributed, the same, less costs and expenses of operation and maintenance, including reasonable attorney's fees and any indebtedness secured hereunder, 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 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 pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby to be immediately due and payable. In such an event, the beneficiary may proceed to foreclose this trust deed, or by its equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right of remedy, either at law or in equity, to enforce the payment of the sums secured hereby by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded his written declaration of his election to sell the said described real property to satisfy the obligation and his election to sell the said described real property at the time and place of sale, give notice thereof to the borrower and the lender, and shall comply with the law and proceed to foreclose this trust deed as provided in ORS 86.735 to 86.795.

notice thereof at their request, in accordance with ORS 87.6375 to 87.695, in the manner provided in ORS 87.6375 to 87.695.

3. After the trustee has commenced foreclosure 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 under ORS 87.6375, may cure the default or defaults. If the default or defaults may be cured by paying the sums secured by the trust deed, the trustee shall accept the cure other than such portion as would be applied to the cure of the cure other than such portion as would be applied to the cure of the cure had no default occurred. Any other default that is in under the trust deed may be cured by tendering the performance of the obligation or obligation or trust deed. In any case, in addition to curing the default or defaults, the person electing 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 fees not exceeding the amounts provided for in the deed.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said sale parcels in one or more lots, in one or more parcels, or in one or more lots and parcels, in one or more parcels or in separate parcels and shall sell the parcel or parcels in the highest bid or bids. The trustee shall sell the parcel or parcels at public auction to the highest bidder for cash, payable at the time of sale. The trustee shall deliver to the purchaser its deed in fee simple, with or without covenants, conditions and warranties, express or implied, in and to the property. The trustee shall not be liable by law conveying the property. The trustee recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the purchaser, who is present at the sale shall be bound by the result of the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall pay the proceeds of sale to payment of (1) the expenses of sale, if any, including the compensation of the trustee and a reasonable charge by the attorney, (2) to the obligation secured by the trust deed, and (3) to the person or persons, including the compensation of the trustee in the trust deed, having recorded liens subsequent to the recording of the trust deed in the order of their priority and (4) to the person or persons, including the compensation of the trustee, entitled to such proceeds in interest until such time as the proceeds of sale are exhausted. If any, to the grantor or to his successor in interest entitled to such surplus, and if none, then to the time appoint a successor or successors.

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 herein conferred upon any trustee herein named or appointed hereunder. Such appointment and substitution shall be made by written instrument duly executed by beneficiary, which, when recorded in the mortgage records of the county or counties 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 obligated to notify any party hereto of pending sale under any other deed in trust or of any action or proceeding in which grantor, beneficiary or trust 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.