

When recorded mail to:

**46221**

**TRAILBLAZER MORTGAGE, INC.**  
**P.O. BOX 650404**  
**DALLAS, TX 75265**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**K-44001**  
**TRUST DEED**

THIS TRUST DEED, made this **9TH** day of **JUNE, 1992**, between  
**HARVEY EDWARD DUNLAP JR. AND PEGGY ANN DUNLAP, HUSBAND**  
**AND WIFE**

as grantor, **KLAMATH COUNTY TITLE COMPANY**,  
**TRAILBLAZER MORTGAGE, INC., AN OREGON CORPORATION**  
 WITNESSETH:

, as Trustee, and  
 as Beneficiary,

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in  
 County, Oregon, described as:

**KLAMATH****26733 JOHNSON DRIVE, KLAMATH FALLS, OR 97601****See attached Exhibit "A"**

which real property is not currently used for agricultural, timber or grazing purposes, altogether with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now appertaining, and the rents, issues and profits thereof and all fixtures now attached to or used in connection with said real estate:

For the purpose of securing: (1) Payment of the indebtedness and all other lawful charges evidenced by a loan agreement of even date herewith, made by Grantor, payable the order of Beneficiary at all times, in the manner as therein set forth, having a Total of Payments of \$ **174,117.31**, payable in  
**6** monthly installments: at \$ **531.81** followed by **6** at \$ **605.19**, followed by **168** at \$ **653.85**  
 , with a principal balance of \$ **67,600.00**, and any extensions thereof; (2) performance of each agreement of Grantor herein contained; (3) payment of all sums expended of advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

The agreed rate of interest is **8.750** % per year on unpaid principal balances.

**THIS IS A VARIABLE INTEREST RATE LOAN AND THE INTEREST RATE WILL INCREASE OR DECREASE WITH CHANGES IN THE PRIME RATE.** The Prime Rate ("Index") is the highest Prime Rate published in the "Money Rates" section of The Wall Street Journal. The interest rate is subject to change semi-annually, and will be determined by the sum of the Prime Rate plus a "Margin" as stated below. The date on which your interest rate will be subject to change is the "Change Date." The date on which the value of the Prime Rate is examined for the purposes of determining the interest rate is the "Rate Determination Date," and will be the last business day of the second month prior to any Rate Change Date.

The Prime Rate as of the last day of **MAY 31, 1992**, is **6.500** percent; your Margin is **4.700**  
 percent; therefore, the current interest rate is **11.200** percent per year.

However, until your sixth payment due date, your interest rate is discounted and will be **8.750** percent per year.

Beginning with the sixth payment due date, the interest rate will be **4.700** percentage points (Margin) greater than the Prime Rate as of the last business day of the second month prior to the month in which the sixth payment is due (rate Determination Date). Thereafter, the interest rate will increase on the twelfth payment due date and every sixth months thereafter (Rate Change Date), if the highest Prime Rate as of the appropriate Rate Determination Date has increased or decreased by at least one-quarter of a percentage point from the Prime Rate for the previous six month period. Interest rate changes will be effective upon 25 days written notice. During the first twelve months, the interest rate cannot increase by more than three percentage points in any twelve month period. In no event, however, will the interest rate ever be less than **9.200** percent per year, nor more than **18.000** percent per year. If the Index is no longer available, Lender will choose a new index which is based upon comparable information. Lender will give notice of this choice. Lender reserves the right to waive part or all of any adjustment resulting from an interest rate increase. I agree to pay interest after maturity at the agreed rate of interest that is in effect as of the maturity date, until paid in full.

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

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; and do all other acts which from the character or use of said property may be reasonably necessary; the specific enumerations herein not excluding the general.

2. To provide, maintain and deliver to Beneficiary insurance on the premises satisfactory to the Beneficiary and with loss payable to the Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so 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 act done pursuant to such notice.

3. To pay all costs, fees and expenses of this trust including the cost of title search as well as other costs and expenses of the Trustee incurred in connection with or enforcing this obligation, and Trustee's and attorney's fees actually incurred as permitted by law.

4. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including costs of evidence of title and attorneys fees in a reasonable sum as permitted by law, in such action or proceeding in which Beneficiary or Trustee may appear.

5. To pay at least ten (10) days prior to delinquency all taxes or assessments affecting the property; to pay when due all encumbrances, charges and liens with interest on the property or any part thereof that at any time appear to be prior or superior hereto.

6. If Grantor fails to perform any of the above duties to insure or preserve the subject matter of this trust deed, then Beneficiary may, but without obligation to do so and without notice to or demand on Grantor and without releasing Grantor from any obligation hereunder, perform or cause to be performed the same in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof. Beneficiary may, for the purpose of exercising said powers; enter onto the property; commence, appear in or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary; pay, purchase, contest or compromise any encumbrance, charge or lien, which in the judgment of Beneficiary appears to be prior or superior hereto; and in exercising any such powers Beneficiary may incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor including cost of evidence of title, employ counsel and pay his reasonable fees. Grantor covenants to repay immediately and without demand all sums expended hereunder by Beneficiary, together with interest from date of expenditure at the agreed rate shown above until paid, and the repayment of such sums are secured hereby.

It is mutually agreed that:

7. Any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

8. Upon any default by grantor or if all or any part of the property is sold or transferred by grantor without Beneficiary's consent, the Beneficiary may at any time, without notice, either in person or by agent, and without regard to the adequacy of any security for the indebtedness secured, enter upon and take possession of the property or any part of it, and that the entering upon and taking possession of the property shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice.

9. Upon default by Grantor in payment of any indebtedness secured or in his performance of any agreement, the Beneficiary may declare all sums secured immediately due and payable. In such event Beneficiary at its election may proceed to foreclose this trust deed in equity in the manner provided by law for mortgage foreclosures or direct the trustee to foreclose this trust deed by advertisement and sale. In the later event the Beneficiary or trustee shall execute and cause to be recorded its written notice of default and its election to sell the said described real property to satisfy the obligations secured hereby and proceed to foreclose this trust deed in a manner provided by law.

10. If after default and prior to the time and date set by trustee for trustee's sale, the grantor or other person pays the entire amount then due under the terms of the trust deed and the obligations secured thereby, the grantor or other person making such payment shall also pay to the Beneficiary all the costs and expenses actually incurred in enforcing the terms of the obligations as permitted by law.

11. Upon any default by Grantor hereunder, Grantor shall pay Beneficiary for any reasonable attorney fees incurred by Beneficiary consequent to grantor's default. Grantor will pay these fees upon demand.

12. After a lawful lapse of time following the recordation of the notice of default and giving of notice of sale the Trustee shall sell the property as provided by law at public auction to the highest bidder for cash payable at the time of sale. Trustee shall deliver to the purchaser a deed without the express or implied covenants or warranty. Any person excluding the Trustee may purchase at the sale.

13. When the Trustee sells pursuant to the powers provided, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the lawful fees of the Trustee and the reasonable fees of the Trustee's attorney, (2) the obligations secured by this trust deed, (3) to all persons having recorded liens subsequent to the interest of the Beneficiary and the trust deed as their interest may appear in the order of their priority, and (4) the surplus, if any, to the Grantor or his successors in interest entitled to such surplus.

14. For any reason permitted by applicable law, the Beneficiary may from time o 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 conferred upon any Trustee herein named or appointed hereunder.

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.

**THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF THE APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.**

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the note 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 neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

*Harvey Edward Dunlap Jr.*  
*Peggy Ann Dunlap his attorney in fact*  
 HARVEY EDWARD DUNLAP JR.

*Peggy Ann Dunlap*  
 PEGGY ANN DUNLAP

STATE OF OREGON

} SS.

County of Washington

*Mendi J. Weeks*  
 MENDI J. WEEKS  
 NOTARY PUBLIC - OREGON  
 My Commission Expires 4-23-94

Personally appeared the above named Peggy Ann Dunlap and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me: Mendi J. Weeks

My commission expires: 4/23/94

Notary Public

**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 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 \_\_\_\_\_

Beneficiary

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.

13045

## LEGAL DESCRIPTION

Lots 181, 182, 183, 184 and 186, Third Addition ot Sportsman Park, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

FORM No. 159—ACKNOWLEDGMENT BY ATTORNEY-IN-FACT.

STATE OF OREGON,

County of Washington } ss.

On this the 10th day of June, 19 92 personally appeared Peggy Ann Dunlap, who, being duly sworn (or affirmed), did say that she is the attorney in fact for Harvey Edward Dunlap, Jr. and that he executed the foregoing instrument by authority of and in behalf of said principal; and he acknowledged said instrument to be the act and deed of said principal.

Mendi J. Weeks  
MENDI J. WEEKS  
NOTARY PUBLIC - OREGON  
My Commission Expires 4-23-94

Before me: Mendi J. Weeks

(Signature)

(Title of Officer)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 15th day of June A.D., 19 92 at 3:01 o'clock P.M., and duly recorded in Vol. M92 of Mortgages on Page 13043.

FEE \$20.00

Evelyn Biehn - County Clerk

By Debra M. Mulendore