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TRUST DEED

Vol. m92 Page 24277

as Grantor, KLAMATH COUNTY TITLE

SHIRLEY L. HOWARD AND MARIAN V. HOWARD, HUSBAND & WIFE, WITH THE RIGHT OF SURVIVORSHIP.

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:

LOTS 19 AND 20 IN BLOCK 1 OF MOUNTAIN LAKES HOMESITES TRACT NO. 1017,
ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE
COUNTY CLERK OF KLAMATH OREGON.

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 SIX THOUSAND 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 AT MATURITY 70

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:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improve thereon; not to commit or permit any waste of said property.

2. To complete and/or more promptly erect, good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and to pay the full cost of such work.

3. To comply with all laws, rules, regulations, covenants, conditions and restrictions affecting said property, if the beneficiary so requests, to join in executing such instruments and 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 lifting officers or searching agencies as may be deemed desirable by the beneficiary.

beneficiary. 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 the STULL INSURABLE VALUE of the buildings, all policies of insurance acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; the grantor shall fail for any reason to procure any such insurance and to deliver the same to the beneficiary at least fifteen days prior to the expiration of any policy of insurance then in effect, placed on said buildings, the beneficiary may procure the same at grantor's expense; all policies 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 paid over 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.

taxes, assessments and other charges that may be levied or assessed on or against 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, premiums, liens or other charges payable by grantor, either by direct payment, by bidding, or by any other method 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 this trust deed, and shall be secured by the property hereinafter described in the covenants hereof and for such payments, with interest thereon, as provided in the covenants herebefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without the necessity of any assignment thereof shall, at the option of the beneficiary, render all sums secured by this 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 or in enforcing this obligation and trustee's and attorney's fees actually incurred.

7. To defend and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee and any suit or 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 the reasonable attorney's fees of the beneficiary or trustee, the amount of attorney's fees mentioned in this paragraph shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appeal court may find reasonable as the beneficiary's or trustee's attorney's fees 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, the beneficiary shall have the 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 to satisfy all taxes, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, be applied to the satisfaction of the indebtedness 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 then existing hereunder. In the event of any such expense, to take such actions and execute such instruments as shall 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 note for 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 thereof; (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 personally or by agent or by a receiver to be appointed by a court, and without regard to the acquisition of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents and profits, including those past due and unpaid, and apply the same, net of its expenses of operation and collection, including reasonable attorney's fees 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 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, the enforceability of any agreement hereunder, time being of the essence with respect to said agreement, the beneficiary may, at its option, declare all sums secured hereby immediately due and payable, and, without 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 advertisement and sale, or may direct the trustee to pursue any other right or remedy, in its discretion, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligation secured hereunder, whereupon the trustee shall fix the time and place of sale, give notice thereof and cause the property to be sold and the proceeds of such sale to be applied in the manner provided in ORS 86.735 to 86.785.

in the manner provided in ORS 86.753 to 86.795.

3. After the completion of foreclosure by advertisement and sale, the trustee shall pay the proceeds of the sale, first, to the sale, and at any time prior to 5 days after the completion of the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, the entire amount due at the time of the default may be cured by paying the entire amount due at the time of the cure other than such amount not then due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the default or defaults. If the default or defaults are not cured, the trustee, or defaults, the person effecting the cure shall pay to the beneficiary the amount of the default or defaults, together with the costs of the foreclosure sale, together with trustee's and attorney's fees not exceeding the amounts provided in ORS 86.753 to 86.795.

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 public auction for cash, payable at the time of sale. Trustee shall deliver to the purchaser a deed for the property conveyed, conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof to the grantor and beneficiaries. Any person, excluding the trustee, but including

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's attorneys, (2) the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust and (4) to the grantor or to his successor in interest entitled to such surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. Beneficiary named from time to time appoint a successor or successors to any trust 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, power, and duties of the trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument 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 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, beneficiary 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 696.505 to 696.555.

RETURN TO: KLAMATH COUNTY TITLE, 422 MAIN STREET, KLAMATH FALLS, OR 97601

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.

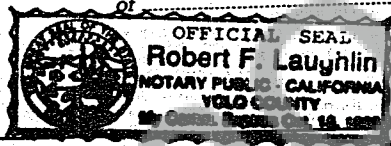
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or 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.

* 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 as 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; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

Edward R. Cleveland
EDWARD R. CLEVELAND
Rose Ann Cleveland
ROSE ANN CLEVELAND

California
STATE OF OREGON, County of Yolo ss.
This instrument was acknowledged before me on October 10, 1992,
by EDWARD R. CLEVELAND AND ROSE ANN CLEVELAND
This instrument was acknowledged before me on October 10, 1992,
by _____
as _____
of _____



Robert F. Laughlin
Robert F. Laughlin
Notary Public for Oregon
My commission expires Oct 14, 1995

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 _____

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.

TRUST DEED

(FORM No. 881)
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Grantor
Beneficiary

AFTER RECORDING RETURN TO

288710

SPACE RESERVED

FOR

RECORDER'S USE

STATE OF OREGON,
County of Klamath ss.

I certify that the within instrument was received for record on the 16th day of Oct, 1992, at 11:42 o'clock A.M., and recorded in book/reel/volume No. M92 on page 24277 or as fee/file/instrument/microfilm/reception No. 52410, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk
NAME TITLE

By Pauline M. Muelken Deputy

Fee \$15.00