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TRUST DEED

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THIS TRUST DEED, made this 25th day of JULY, 19 92, betweenJO ANN M. MERCADO: SINGLE FEMALE SOLE SEPARATE PROPERTY, 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 44 in Block 28 of Tract 1113-Oregon Shores-Unit 2 as shown on the map filed on December 9, 1977 in Volume 21,
Page 20 of Maps in the office of the County Recorder of said County.together with all and singular the tenements, hereditaments and appurtenances and all other rights thereto 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 E1965THOUSAND & NO/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 Aug 25 1992The 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, 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.

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; 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 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 and such other
hazards as the beneficiary may from time to time require in an amount not less than5. 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 full replacement value of the buildings, as determined by a written appraisal by a
beneficiary with loss payable to the latter; all policies of insurance shall be delivered
to the beneficiary as soon as insured; if the grantor shall fail for any reason to
procure any such insurance and to deliver said policies to the beneficiary at least
fifteen days prior to the expiration of any policy of insurance now or hereafter
placed on said buildings, the beneficiary may procure the same at grantor's expense.
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.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 a verdict of title and
the beneficiary's or trustee's 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:

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 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 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 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 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 anyrestriction 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 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
sue 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, and
including reasonable attorney's fees subject to paragraph 7 hereof upon any
indebtedness secured hereby, 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 immediately due and payable. In such an event and if the above
described real property is currently used for agricultural, timber or grazing purposes,
the beneficiary may proceed to foreclose this trust deed in equity, as a mortgage in
the manner provided by law for mortgage foreclosures. However, if said real property
is not so currently used, 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. In the latter event the beneficiary or 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 obligations secured hereby, whereupon the
trustee shall fix the time and place of sale, give notice thereof as then required by
law, and proceed to foreclose this trust deed in the manner provided in ORS 86.740
to 86.795.13. Should the beneficiary elect to foreclose by advertisement and sale then
after default at any time prior to five days before the date set by the trustee for the
trustee's sale, the grantor or other person so privileged by ORS 86.760, may pay to
the beneficiary or his successors in interest, respectively, the entire amount then due,
under the terms of the trust deed and the obligation secured hereby (including costs
and expenses actually incurred in enforcing the terms of the obligation and trustee's
and attorney's fees not exceeding \$50 each) other than such portion of the principal
as would not then be due had no default occurred, and thereby cure the default, in
which event all foreclosure proceedings shall be dismissed by the trustee.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 property either in one
parcel or in separate parcels and shall sell the parcel or parcels at auction to the
highest bidder for cash, payable at the time of sale. Trustee shall deliver to the
purchaser its deed in form as required by law 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 of the truthfulness thereof. 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's attorney; (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 surplus.16. For any reason permitted by law 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 conferred
upon any trustee herein named or appointed hereunder. Each such appointment and
substitution shall be made by written instrument executed by beneficiary, containing
reference to this trust deed and its place of record, which, when recorded in the
office of the County Clerk or Recorder 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.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 theretoNOTE: 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.

STATE OF HAWAII,
CITY AND COUNTY OF HONOLULU

} SS.

AUG 29 1992

On _____ before me, the undersigned, a Notary Public in and for said County and State, personally appeared Art Ikeda, 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 he resides at 6729 Hawaii Kai Drive Honolulu, Hawaii 96825; that he was present and saw

Jo Ann M. Mercado, personally known to him to be the person described in, and whose name is subscribed to the within and annexed instrument, execute the same; and that affiant subscribed her name thereto as a witness to said execution.

Notary Signature

Joan A. Cortez

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

Grantor

Beneficiary

AFTER RECORDING RETURN TO

Return: Aspen Title Co.

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON

} SS.

County of Klamath

I certify that the within instrument was received for record on the 13th day of Jan., 1993, at 10:35 o'clock A.M., and recorded in book M93 on page 930 or as file/reel number 56335, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn

County Clerk

Title

By D. Williams, J. Williams, etc. Deputy

Fee \$15.00