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DEED OF TRUST AND ASSIGNMENT OF RENTS

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DATE OF THIS DEED OF TRUST AND OF THE LOAN TRANSACTION March 25, 1994	DATE FUNDS DISBURSED AND INTEREST BEGINS TO ACCRUE (DATE OF THE TRANSACTION) March 30, 1994	ACCOUNT NUMBER 3654-407137
BENEFICIARY TRANSMERICA FINANCIAL SERVICES 1070 NW Bond Street Suite 20 ADDRESS: P.O. Box 5607 CITY: Bend, Oregon 97708	GRANTOR(S) (1) Rodney G. McCallan (2) Nancy L. McCallan ADDRESS: 2507 Canal Street CITY: Malin, Oregon 97632	
NAME OF TRUSTEE: Aspen Title and Escrow		

THIS DEED OF TRUST SECURES FUTURE ADVANCES

By this Deed of Trust, the undersigned Grantor(s) (all, if more than one), for the purpose of securing the payment of a Promissory Note of even date in the principal sum of \$ 15,967.17 from Grantor(s) to Beneficiary named above, hereby grants, sells, conveys and warrants to Trustee in trust, with power of sale, the following described property situated in the State of Oregon, County of Klamath:

Lot 7 and the N 1/2 of Lot 8, Block 12, as shown on the map entitled "Plat of Malin", in the County of Klamath, State of Oregon.

Code 13 Map 4112-15BQ TL 3900

The final maturity date of the Promissory Note is April 02, 2001.

Together with all buildings and improvements now or hereafter erected thereon and hereon, including, plumbing, gas, electric, ventilating, refrigerating and air conditioning equipment used in connection therewith (but not including any apparatus, equipment or articles that constitute "household goods" as the term is defined in the Federal Trade Commission Credit Practices Rule (16 C.F.R. Part 444), as now or hereafter amended); all of which, for the purpose of the Deed of Trust, shall be deemed fixtures of the property above described, all of which are referred to hereinafter as the "Premises".

TO HAVE AND TO HOLD said land and premises, with all the rights, privileges and appurtenances thereto belonging to Trustee and his heirs, executors, administrators, successors and assigns, upon the trust and for the uses and purposes following and none other.

Grantor also assigns to Beneficiary all rents, issues and profits of the Premises, reserving the right to collect and use the same with or without taking possession of the premises, during continuance of default hereunder, and during continuance of such default authorizing Beneficiary to enter upon the Premises and/or to collect and enforce the same without regard to adequacy of any security for the indebtedness hereby secured by any lawful means.

FOR THE PURPOSE OF SECURING: (1) Performance of each agreement of Grantor contained herein; (2) Payment of the principal sum with interest thereon at the agreed rate in accordance with the terms and conditions of the above mentioned Promissory Note executed by Grantor in favor of Beneficiary, reference to which is hereby made, until paid in full at or before maturity, or as extended or rescheduled; (3) Payment of any additional amounts, with interest thereon at the agreed rate, as may be hereafter loaned by Beneficiary to Grantor in connection with any renewal or refinancing, but Beneficiary shall not be obligated to make any additional loan(s) in any amount; (4) The payment of any money that may be advanced by Beneficiary to Grantor or to third parties, with interest thereon at the agreed rate, where any such advances are made to protect the security or in accordance with the covenants of this Deed of Trust.

All payments made by Grantor(s) on the obligation secured by this Deed of Trust shall be applied in the following order:

- FIRST: To the payment of taxes and assessments that may be levied and assessed against the Premises, insurance premiums, repairs, and all other charges and expenses agreed to be paid by Grantor(s);
- SECOND: To the payment of the interest due on said Agreement;
- THIRD: To the payment of principal.

TO PROTECT THE SECURITY HEREOF, GRANTOR(S) COVENANTS AND AGREES: (1) To keep the Premises insured in Beneficiary's favor against fire and other casualties as Beneficiary may specify, up to the full value of all improvements, in such manner, in such amounts, and in such companies as Beneficiary may from time to time approve; and to keep the policies thereof, properly endorsed, on deposit with Beneficiary and that loss proceeds (less expenses of collection) shall, at Beneficiary's option, be applied on said indebtedness, whether due or not, or to the restoration of said improvements. Such application by Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale; (2) To pay when due all taxes, liens (including any prior Trust Deeds or Mortgages and assessments that may accrue against the above described premises, or any part thereof, or upon the debt secured hereby, or upon the interest of Beneficiary in said Premises or in said debt, and procure and deliver to Beneficiary ten (10) days before the day fixed by law for the first interest or penalty to accrue thereon, the official receipt of the proper office showing payment of all such taxes and assessments; (3) In the event of default by Grantor(s) under Paragraphs 1 or 2 above, Beneficiary, at its option (whether electing to declare the whole indebtedness secured hereby due and collectible or not), may (a) effect the insurance above provided for and pay the reasonable premiums and charges therefor; (b) pay all said taxes, liens and assessments without determining the validity thereof; and (c) such disbursements shall be added to the unpaid balance of the obligation secured by this Deed of Trust and shall bear interest from the date of payment at the agreed rate; (4) To keep the buildings and other improvements now existing or hereafter erected in good condition and repair, not to commit or suffer any waste or any use of said Premises contrary to restrictions of record or contrary to laws, ordinances or regulations of the proper public authority, and to permit Beneficiary to enter at all reasonable times for the purpose of inspecting the Premises; to complete within one hundred eighty days or restore promptly and in a 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; (5) That Grantor will pay, promptly, the indebtedness secured hereby in full compliance with the terms of said Promissory Note and this Deed of Trust and that the time of payment of the indebtedness hereby secured, or of any portion thereof, may be extended or renewed, and any portion of said indebtedness or the lien of this instrument upon the remainder of the Premises for the full amount of said indebtedness then remaining unpaid, and no charge in the ownership of the Premises shall release, reduce or otherwise affect any such personal liability of the lien hereby created; and (6) That Grantor is seized of the Premises in fee simple and has good and lawful right to convey the same and that Grantor does hereby forever warrant and will forever defend the title and possession thereof against the lawful claims of any and all persons whatsoever.

IT IS MUTUALLY AGREED THAT: (1) If the said Grantor(s) shall fail or neglect to pay installments on said Promissory Note as the same may hereafter become due, or upon default in the performance of any agreement hereunder, or upon sale or other disposition of the Premises by Grantor(s), or should any action or proceeding be filed in any court to enforce any lien on, claim against or interest in the Premises, then all sums owing by Grantor(s) to Beneficiary under this Deed of Trust or under the Promissory Note secured hereby shall immediately become due and payable at the option of Beneficiary on the application of Beneficiary or assignee, or any other person who may be entitled to the monies due thereon. In the event of such default, Beneficiary may exercise all remedies at law and in equity including, but not limited to, the following: (a) waiving the collateral and enforce the Promissory Note; (b) foreclosing thereon as provided judicially; or (c) executing or causing the Trustee to execute a written Notice of Default and Election To Cause Said Property To Be Sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property for some part or parcel thereof is situated. Beneficiary shall also deposit with Trustee, the Promissory Note and all documents evidencing expenditures secured hereby, whereupon Trustee shall foreclose the Deed of Trust in accordance with Oregon law.

(2) Grantor(s) agree to surrender possession of the Premises to the Purchaser as provided by law.

(3) Beneficiary may appoint a successor Trustee at any time by filing for recording in the office of the County Recorder of each county in which said property or some part thereof is situated a Substitution of Trustee. From the time the substitution is filed for record, the new Trustee shall succeed to all the powers, duties, authority and title of the Trustee named herein or of any successor Trustee. Each such substitution shall be signed and acknowledged and notice thereof shall be given and proof thereof made in the manner provided by law.

(4) Upon payment in full by said Grantor(s) of his indebtedness hereon, Trustee shall reconvey to said Grantor(s) the Premises according to law.

(5) Should the Premises or any part thereof be taken by reason of any public improvement or condemnation proceeding, Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor to the extent necessary to liquidate the unpaid balance, including accrued interest, of the obligation secured by this Deed of Trust.

AFTER RECORDING RETURN TO TRANSMERICA FINANCIAL SERVICES, P.O. Box 5607 Bend, Oregon 97708

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