

841119 07-11-94 P03:26 RCVD MTC 3355 HF Vol. 1994 Page 21403
THIS TRUST DEED made this 22nd day of JUNE, 1994, between

STEVEN KING AND CATHY KING, HUSBAND AND WIFE, as Grantor,

MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY, as Trustee, and

GORDON R. LILLY as to a 40% interest AND DARY M. JOHNSON AND SHIRLEY M. JOHNSON, as Beneficiary,

HUSBAND AND WIFE AS TO AN UNDIVIDED 60% INTEREST

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 1, 2 and 3 in Block 1 and Lots 2, 3 and 4 in Block 2 of TRACT NO. 1018 according to the official plat thereof on file in the office of the County Clerk of Klamath County, 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 the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of SIXTY TWO THOUSAND AND NO/100ths **

Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and due by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable December 30, 1994.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, which consent shall not be unreasonably withheld, 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. (Delete underlined clause if inapplicable.) The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or assignment.

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

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

2. To complete or restore promptly and in good and habitable condition 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 the 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 property 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 \$ not applicable written in companies acceptable to the 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 the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the 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.

5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the 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 payments, 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, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, the grantor, shall be bound to the same extent that they are with interest as aforesaid, the property hereinbefore 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 notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust 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 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 evidence of title and the beneficiary's or trustee's attorney's fees; the amount of attorney's fees mentioned in this paragraph 7 in all cases 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 appellate court shall adjudge 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 the 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 of any portion of the monies payable as compensation for such taking,

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.

*WARNING: 12 USC 1701 regulates and may prohibit exercise of this option.
**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

TRUST DEED

STEVEN & CATHY KING

Grantor

GORDON R. LILLY & DARY M. JOHNSON
SHIRLEY M. JOHNSON

Beneficiary

After Recording Return to (Name, Address, Zip):

MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY

STATE OF OREGON,

County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of _____ of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____

Deputy

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.

[illegible]

10. Upon any default by grantor hereunder, the beneficiary may at any time without 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 the 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 of such rents, issues and profits, or the proceeds of fire and other insurance on the property, to the satisfaction of the indebtedness hereby secured, and the application or release thereof as to such notice.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire due and unpaid, and apply the same, less costs and expenses of operation and collection, including the indebtedness secured hereby, and in such order as beneficiary may determine.

[illegible][illegible][illegible][illegible]

16. Beneficiary may from time to time appoint a successor or successors to the successor trustee, the latter shall be appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, Each such appointment and substitution shall be hereinafter named or appointed hereunder. Each such appointment and substitution shall be recorded in the mortgage records of the county or counties in which the powers and duties conferred upon any trustee hereinafter 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. Each such appointment and substitution shall be made a public record as provided by law. Trustee accepts this trust when this deed is duly executed and acknowledged, it is made a public record or proceeding in which grantor, beneficiary and the successor trustee are parties.

17. Trustee accepts this trust when this is the only action or proceeding in which grantor is not obligated to notify any party hereto of such action or proceeding is brought by trustee. The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto **except none**

and that the grantor will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represent (see Important Notice below) _____
(a) primarily for grantor's personal, family or household purposes; or
(b) for an organization, or even if transfer 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.

This deed does not constitute an offer by the grantors to sell real estate to the transferee, and it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that generally all grammatical changes shall be construed accordingly this trust deed, if it is intended to mean and include the plural, and to individuals.

In witness whereof, the undersigned have written

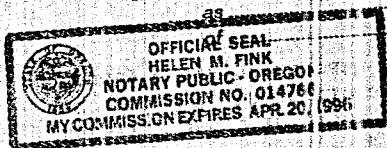
IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first above written.

*IMPORTANT NOTICE: Delete by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable at all, the beneficiary is a creditor under the Truth-in-Lending Act and Regulation Z, the as such word is defined in the Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation Z, the beneficiary must file Form No. 1319, or equivalent disclosures; for this purpose use Stevens-Ness form No. 1319, or equivalent disclosures; if compliance with the Act is not required, disregard this notice.

STATE OF OREGON, County of

STEPHEN KING
CATHY KING

STATE OF OREGON, County of KLAMATH) ss. 6/27, 19 94
This instrument was acknowledged before me on
by STEPHEN KING AND CATHY KING, 19 94
This instrument was acknowledged before me on
by _____



My commission expires 4/20/96 Notary Public for Oregon

STATE OF OREGON: COUNTY OF Klamath: SR. _____
 Filed for record at request of Mountain Title Co the 11th day
 of July A.D., 1904 at 26 o'clock P. M. and duly recorded in Vol. M94
 of _____ on Page 21403
 of _____ Mortgages
 Evelyn Eichen County Clerk
 By W. A. Sullivan
 FEE \$15.00

FEE \$15.00