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RCVD

TRUST DEED

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THIS TRUST DEED, made this 15th day of AUGUST, 1994, between
 EVERETT R. STONE AND PEGGY J. STONE, HUSBAND AND WIFE
 MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY, as Grantor,
 THE TRUSTEES OF THE GENE H. AND CAMIE R. BUNNELL TRUST DATED MARCH 11, 1991, as Trustee, and
 _____, 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:

The Northwesterly 70 feet of Lot 1 in Block 50 of FIRST ADDITION to the
 City of Klamath Falls, according to the official plat thereof on file in
 the office of the County Clerk of Klamath County, Oregon.

** Buyer's rights under this agreement, including appropriate security documents and rights
 in the property may not be assigned, sold, conveyed, or otherwise transferred
 without the written consent of the seller, which consent shall not be unreasonably
 withheld. **THIS DOCUMENT IS BEING RERECORDED TO CORRECT AMOUNT OF NOTE**

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now
 or hereafter pertaining, 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 THIRTY-FIVE 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 made by grantor the final payment of principal and interest hereof, if
 not sooner paid, to be due and payable per terms of note 19

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 or either agree to attempt to, or actually sell, convey, or assign all (or any part) of the prop-
 erty or all (or any part) of grantor's interest in it without first obtaining 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 be-
 come immediately due and payable. 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:

- To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or im-
 provement thereon; not to commit or permit any waste of the property.
- 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 within due all costs incurred therefor.
- 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.
- 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 \$ full insurable
 written in companies acceptable to the beneficiary, with the beneficiary as insured; if the grantor shall fail for any reason
 to procure any such insurance and to deliver the policies to the beneficiary payable to the latter, all policies of insurance shall be delivered to the bene-
 ficiary 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 pro-
 cure 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 here-
 under or invalidate any act done pursuant to such notice.
- 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 pay-
 ment, beneficiary may, at its option, make payment thereon 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, with interest as aforesaid, the property hereinafter 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 pay-
 able and constitute a breach of this trust deed.
- 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.
- To appear in and defend any action or proceeding brought or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed,
 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 judge reasonable as the beneficiary's or trustee's at-
 torney'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, bene-
 ficiary shall have the right, if it so elects, to require that all or 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 1701j-3 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

Grantor
 EVERETT R. STONE
 PEGGY J. STONE
 Beneficiary
 TRUSTEES OF THE GENE H. AND CAMIE R. BUNNELL TRUST

After Recording Return to (Name, Address, Zip):
 Mountain Title Co
 225 S. 6th

STATE OF OREGON,
 County of _____ ss.

I certify that the within instru-
 ment 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/instru-
 ment/microfilm/reception No. _____,
 Record of _____ of said County.
 Witness my hand and seal of
 County affixed.

By _____, Deputy

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which are in excess of the amount required to pay all reasonable costs, expense; and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by trustee in the trial and appeals 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 to obtain such compensation, promptly upon beneficiary's request.

9. At any time and from time to time, on 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 the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any other agreement affecting this deed or the lien or charge thereof; (d) execute, without warranty, all or any part of the property. The trustee in any reconveyance may be described as the "person or persons equally entitled thereto," and the recitals hereof 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 in person, by agent or by a receiver or other person, enter upon and take possession of the property or any part thereof, 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, including reasonable attorney's fees upon any default secured hereby, and in such case beneficiary may determine.

11. The encumbrance upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any injury or damage to the property, and the application or release thereof as also said shall not cure or waive any default of 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 grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable in such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may here. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation or 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 86.75 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.755 may cure the default or defaults. If the default consists of a failure to pay when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due and may be cured by rendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee and attorney's fees not exceeding the amounts provided by law.

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 the sale may be postponed as provided by law. The trustee may sell the 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 conformity with 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 attorney's fees, (2) to all persons having recorded liens subsequent to the date of the sale in the order of their priority and (3) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor trustee 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 recorded in the mortgage records of the county or counties in which the property is situated. The 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 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 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.

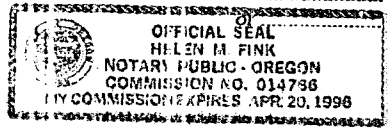
In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

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 and the beneficiary is a credit as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation Z, making required disclosures; for this purpose use Stevens-Ness Form No. 319, or equivalent. If compliance with the Act is not required, disregard this notice.

x Sweett R Stone
Joseph J. Stone
Klamath) ss.

STATE OF OREGON, County of _____) ss.
This instrument was acknowledged before me on _____
by EVERETT J. STONE and Peggy J. Stone 8/15/94
This instrument was acknowledged before me on _____, 19____,
by _____,
as _____



Helen M. Fink
Notary Public for Oregon
My commission expires 4/20/98

STATE OF OREGON: COUNTY OF KLAMATH: ss.
Filed for record at request of Murray Main Title to the 15th day
of Aug A.D., 19 94 at 3:41 o'clock P.M., and duly recorded in Vol. M94
of Mortgages on Page 25228
FEE \$15.00
Evelyn Biehn County Clerk
By Pauline Mullendorp

26567

STATE OF OREGON: COUNTY OF CLATSOP: ss

Filed for record at request of _____ Mountain Title Co _____ the 25th day
of Aug A.D. 19 44 at 2:45 o'clock P. M., and duly recorded in Vol. M94
of _____ Mortgages _____ on Page 26565

FEE \$15.00

Evelyn Biehn - County Clerk

By Lauren Willendore