

02 MAY 20 PM 3:11

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DEED OF TRUST

Vol M02 Page 29870
State of Oregon, County of Klamath
Recorded 05/20/2002 3:11 P m.
Vol M02, Pg 29870-75
Linda Smith, County Clerk
Fee \$ 46.00 # of Pgs 6

1. PARTIES: In this Deed of Trust ("Deed"), the words, you, your, and yours refer to each and all of those who sign this instrument as Grantor(s). The words, we, us, and our refer to R.L.HAYES, the Beneficiary(s) of this Deed, whose address is P. O. Box 5786, Vancouver, WA., 98668. The word trustee refers to FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON, whose address is 422 Main St., Klamath Falls, OR. 97601. You as Grantor(s) are BRIAN A. JACKSON AND KATHY P. JACKSON.
2. CONVEYANCE OF PROPERTY: We have made you a loan with an Actual Amount of Loan of \$28,348.00, together with interest on unpaid balances of the Actual Amount of Loan at the Rate of Charge shown in the hereafter ("Agreement") that relates to your Loan. The loan is scheduled to be repaid in full on May 17, 2007. To secure the prompt payment of your loan, you make this Deed on May 17, 2002, with Trustee and sell and convey to Trustee, with power of sale, the real property described below (Hereafter "Property") in trust for us:

Property: The Property is located in the County of Klamath County, Oregon.

The legal description of the property is :

"SEE EXHIBIT "A" ATTACHED."

The property(s) is not improved by buildings erected on that property(s).
3. USE OF PROPERTY: The Property is not currently used for agricultural, timber or grazing purposes.
4. OTHER ENCUMBRANCES: This is a First Mortgage Loan and the Property is not subject to a prior Encumbrance.
5. LOAN: You shall pay the loan according to the terms of the Loan Agreement.
6. TITLE: You warrant title to the Property. To do so, you establish that you own the Property, have the right to give this Deed and are responsible for any costs or losses to us if anyone but you claims an interest in the Property.
7. LIENS ON PROPERTY: You shall not allow any type of lien, whether it be a mechanics' lien, materialmen's Lien, judgment lien or tax lien, to attach to the Property.
8. INSURANCE: Until you pay your debt, you will insure all buildings on the Property against damage by fire and all hazards. You will obtain insurance acceptable to us for the full replacement value. You will name us on the policy to receive payment if there is a loss. You will assign and give the insurance policies to us if requested so we can hold the insurance policies as further security for payment of your debt. These insurance policies shall include the usual standard clauses protecting our interest.
9. FAILURE TO MAINTAIN INSURANCE: If you do not maintain this insurance, we can purchase insurance after we give you notice that the law may require. You will repay us any monies advanced to pay the premiums plus interest. This Deed secures that additional advance of monies.
10. INSURANCE PROCEEDS: If we receive any insurance proceeds as a result of your experiencing loss of the use of the Property and then filing a claim for that loss, we need not pay you any interest on the loss and we can (a) use the proceeds to reduce the balance of your loan, (b) pay you as much of the money as we choose for the single purpose of repairing the Property or © use the money for any other purpose we may require.

11. **TAXES:** You will pay all the taxes, water or sewer rates or assessments on the Property, unless we require you to pay the monies due for these items to us. If you do not pay these charges when due, we can pay them after we give you any notice the law may require. You will promptly reimburse us for any amounts we have paid together with interest on the amounts paid. This Deed secures the amounts we have paid. In addition to the monthly payment, Lender requires and Borrower agrees to pay one twelfth (1/12th) of the property's estimated annual county tax obligation. The Beneficiary will estimate the anticipated tax payment based on the prior year annual tax obligation. The monthly tax payment will be credited to loan balance as additional principal payment and then added back to account balance when Beneficiary pays the tax billing. It will be Borrowers obligation to present the annual tax billing to Beneficiary for payment. Borrowers failure to pay the monthly tax payment will be considered as a default of the Loan Agreement and this Deed.
12. **MAINTAIN PROPERTY:** You shall keep the Property in good condition and repair. You shall not commit any waste. Mortgagor warrants that (1) the Property has not been used in the past and is not presently used for hazardous and/or toxic waste, (2) the Property complies with all federal, state and local environmental laws regarding hazardous and/or toxic and/or toxic waste, (3) asbestos has not been used as a building material on any building erected on the Property in the past, (4) the Property is not presently used for asbestos storage and (5) the Mortgagor complies with all federal, state, and local laws, as well as Regulations, regarding the use and storage of asbestos. Mortgagor covenants and agrees to comply with all Federal, state, and local environmental laws in the maintenance and use of the Property. Mortgagor warrants that neither the Property nor the loan proceeds were or will be used in illegal drug activity, and the Property is not subject to seizure by governmental authority because of any illegal activity.
13. **DEFENSE OF PROPERTY:** You will appear and defend any action affecting the Property or our rights, or the powers of the Trustee. You shall pay, purchase, contest, or compromise any interest in the Property including, without limitation, encumbrances, charges or liens which in our judgment appear to be superior to this Deed. To protect our interest, we may, at your expense, pay necessary expenses, employ counsel, and pay reasonable attorney's fees. You shall, to the extent allowed by law, pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in any action where we may appear and in any legal action we bring to foreclose this Deed.
14. **ALTERATIONS OR IMPROVEMENTS:** No building or improvement on the Property will be altered, demolished, constructed, or removed without our consent.
15. **WHEN FULL AMOUNT DUE:** For any of the following reasons, we may declare the full amount of your loan due immediately:
- (a) Failure to Pay: If you do not pay any installment on your Agreement on the day it is due.
 - (b) If you do not pay any tax, water or sewer rate or assessment when it is due.
 - © Failure to comply with the terms of this Deed or the Agreement.
 - (d) Repairs: If you do not keep the Property in good repair, or if it is damaged, or parts of it removed.
 - (e) Death: If you should die.
16. **DEFAULT:** If you default in the payment of the loan or the performance of any terms of your Agreement or in the performance of anything you agree to do in this Deed, we may foreclose this Deed, either by legal action or by advertisement and sale in accordance with the laws of Oregon.
17. **RIGHT TO CURE DEFAULT:** You have the right to cure the default within 5 days of the date set by the Trustee as the date of sale by paying us (a) the entire amount due, (b) the actual costs and expenses we incur and actual trustee's and attorney's fees as provided by Section 86.753(1)(a) of the Oregon Revised Statutes or as provided by the laws of Oregon in effect at the time of foreclosure.

18. **SALE OF PROPERTY:** If you sell the Property voluntarily without obtaining our consent, we may declare the unpaid balance of the Actual Amount of Loan plus interest on that balance that is due and unpaid once due and payable. We will not exercise our right to make that declaration if (1) we allow the sale of the Property because the credit worthiness of the purchaser of the Property is satisfactory and (2) that purchaser, prior to sale, signed a written assumption agreement with us which contains terms we fix including, if we require, an increase in the Rate of Charge payable under the Agreement.
19. **PREPAYMENT CHARGE:** There shall be no Prepayment Charge connected to this loan, except in the case of a Legal Foreclosure being filed on this loan. If prepayment of this loan occurs during or after a legal foreclosure being filed on this Trust Deed connected to this loan, Lenders may then charge Borrowers a Prepayment Charge. The Prepayment Charge shall be six (6) months interest calculated on the Actual Amount of Loan.
20. **FUTURE OWNERS:** This Deed shall be binding upon you, your heirs, personal representatives and all persons who subsequently acquire any interest in the Property.
21. **PARTIAL RELEASE OF PROPERTY:** At your request and subject to our approval, we may release any part of the Property from this Deed. Any release shall not affect our interest in the remaining property.
22. **COSTS OF RELEASE:** You shall pay all costs of obtaining and recording all releases of this Deed.
23. **CHANGES IN DEED:** This Deed cannot be changed or terminated except in a writing we sign.
24. **SUBSTITUTION OF TRUSTEE:** If the trustee resigns, we may appoint a Successor Trustee.
25. **NOTICE OF DEFAULT:** We request that a copy of any notice of default and copy of any notice of sale mailed to you also be mailed to us at the address on page 1 of this Deed of Trust.
26. **COPY:** You have received a true copy of this Deed.
27. **SIGNATURE:** You have signed and sealed this Deed on May 17, 2002.

Witness _____

[Signature] (SEAL)

Witness _____

Kathy P. Jackson (SEAL)

STATE OF OREGON, COUNTY OF Deschutes

STATE OF OREGON, COUNTY OF _____

On this 17th day of May, 2002

I HEREBY CERTIFY that this instrument was filed for record at the request of the Beneficiary at

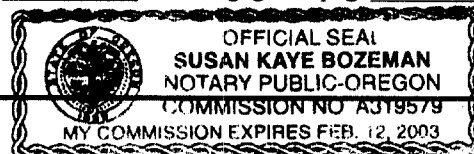
Before me, a Notary Public in and for said State, per-

Brian A. Jackson
sonally appeared and Kathy P. Jackson

minutes past _____ o'clock _____ M, this day of _____, 2002 in my office, and duly recorded known to me to be the person(s) whose name(s) _____ in book _____ of Mortgages at page _____

(is;are) subscribed to the within instrument and acknowledge to me that the 4 executed same.

[Signature]



Notary Public of Oregon

My Commission expires: 2-12-03

REQUEST FOR FULL RECONVEYANCE

_____, Trustee

Date: _____, 200__ The

undersigned is the legal owner and holder of all indebtedness secured by the foregoing Deed of Trust.

All Sums secured by that Deed of Trust have been fully paid and satisfied. You are hereby directed to cancel all evidences of indebtedness secured by that Deed of Trust and reconvey, without warranty, to the parties designated by the terms of the Deed of Trust the estate now held by you under the same. Mail reconveyance and documents to the office of the holder of the indebtedness presenting this request.

R.L. HAYES

EXHIBIT "A"

LOT 16 IN BLOCK 3 OF WAGON TRAIL ACREAGES NO. 1, THIRD ADDITION,
TRACT NO. 1136, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN
THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.
EXHIBIT "A"

STATE OF OREGON,

County of

Deschutes

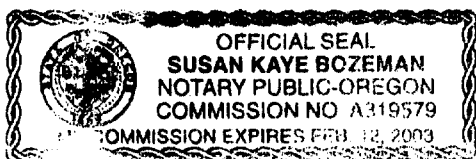
} ss.

FORM No. 23—ACKNOWLEDGMENT.
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BE IT REMEMBERED, That on this 17th day of May, 2002,
before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within
named Brian A. JACKSON and Kathy P. JACKSON

known to me to be the identical individual 5 described in and who executed the within instrument and
acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year last above written.



Susan Kaye Bozeman
Notary Public for Oregon
My commission expires 2-12-03