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TRUST DEED

*Raymond & Ruth Jacobson
404 Main St. St 1
Klamath Falls, OR 97601*

Grantor's Name and Address

*Joe & Faye Wood
404 Main St. St 1
Klamath Falls, OR 97601*

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

*First American Title
404 Main Street Suite 1
Klamath Falls, OR 97601*

Attn: Lori CE 6156

2007-001827
Klamath County, Oregon



02/01/2007 03:42:59 PM

Fee: \$26.00

THIS TRUST DEED, made on January 8, 2002, between
RAYMOND JACOBSON AND RUTH JACOBSON, HUSBAND AND WIFE,
FIRST AMERICAN TITLE INSURANCE COMPANY,
JOE WOOD AND FAYE WOOD, as Grantor,
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 4 & 5, BLOCK 1 OF WASHBURN PARK ACCORDING TO THE OFFICIAL PLAT THEREOF
ON FILE IN THE OFFICE OF THE COUNTY CLERK, KLAMATH COUNTY, OREGON.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in any way 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 \$70,000.00
SEVENTY THOUSAND AND 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, if not sooner paid, to be due and payable on December 5, 2016.

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, 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 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; and 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 the 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 other hazards, as the beneficiary may from time to time require, in an amount not less than \$ MAXIMUM, written by one or more companies acceptable to the beneficiary, with loss payable to the latter. All policies of insurance shall be delivered to the beneficiary as soon as issued. 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 becomes 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 payment, 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. For such payments, 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. 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 shall 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 and attorney 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 or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees. The amount of attorney fees mentioned in this paragraph 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 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 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 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 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. 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.

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 1701-3 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.

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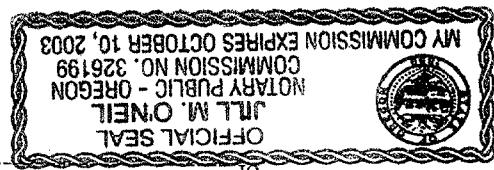
Beneficiary

Do not lose or destroy this Trust Deed OR THE NOTE which it secures.

Both should be delivered to the trustee for cancellation before reconveyance is made.

The undesignated is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed will be paid and satisfied. You hereby agree to pay all sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed which are delivered to you herewith together with the trust deed and to reconvey, without warranty, to the parties named in the terms of the trust deed, the estate now held by you under the same. Mail the conveyance and documents to

HEADERS! FOR FULL RECOGNITION (to be used only when obligations have been paid.)



STATE OF OREGON, County of Klamath) ss.)
This instrument was acknowledged before me on July 9-02)
by Royce M. Dacus + Ruth Dacus
This instrument was acknowledged before me on July 9-02)
by Royce M. Dacus + Ruth Dacus
This instrument was acknowledged before me on July 9-02)
by Royce M. Dacus + Ruth Dacus

STATE OF OREGON, County of -- Klamath

THE GRIMMOR WHEEFORE, the grimnor has excecuted this instrument the day and year first written above.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are (choose one):*
(a) primarily for personal, family or household purposes (see Imprudent Notice below).
(b) for an organization, or even if grantor is a natural person) are for business or commercial purposes.
This deed applies to the benefit of, and binds all parties, their heirs, devisees, administrators, executors, personal representatives and assigns. The term beneficiary shall mean the holder and owner, including Plaintiff, of the contractual security hereby, whether or not named as a beneficiary.

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may not pay any claim made by or against grantor. Grantor may later cancel the coverage purchased by beneficiary if any claim made by or against grantor is responible elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage date of beneficiary purchases may be considerably more expensive than insurance granted otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

any party hereto of proceedings shall under any other law or 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 covisits to and agrees with the beneficiary and the trustee in interests in interests in fixtures, equipment, supplies, accounts and receivables and instruments and property and has a valid, unencumbered title thereto, except as may be set forth in any addendum or exhibit attached hereto, and that the grantor is lawfully seized in fee simple of the real property defied the same except as all persons whomsoever.

16. 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 and with full authority to exercise all the powers and perform all the duties of the trustee so appointed.

but including the general and particular, may purchase it.

14. Otherwise, the sale shall be held on the date and place designated by law.

15. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcels at auction to the highest bidder for cash, payable at the time of sale. This sale shall deliver to the purchaser its need in form as required by law concerning the property so sold, but without any covenant or warranty of title or condition of sale.

16. The trustee may sell the property in the same manner as provided by law.

13. After the trustee has commenced proceedings by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the manager may produce in ORS 98.753 any or all of the documents referred to in ORS 98.751.

may elect to proceed to force sale of such property in preference to the beneficiary may insist that the trustee proceed to force sale of such property in preference to the beneficiary.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of life and other insurance policies, including reasonable attorney fees, upon my indebtendess accrued thereby, and in such order as beneficiary may determine.

so on or persons legally interested therein, and the recitals thereto, and the recitals of any matters of facts shall be conclusive proof of the truthfulness thereof. Trustee fees for any of the services mentioned in this paragraph shall be not less than \$5.