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TRUST DEED

HAROLD E. PUFFENBARGER
2781 VERMONT ST
KLAMATH FALLS, OR, 97603

Grantor's Name and Address
FRED & GENEVA FARNSWORTH
4160 MITZI DR.
SAN JOSE, CA, 95117

Beneficiary's Name and Address

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

FRED & GENEVA FARNSWORTH
4160 MITZI DR.
SAN JOSE, CA 95117

2009-003091

Klamath County, Oregon



00061763200900030910020023

SPACE RES.
FOR
RECORDER'

03/02/2009 03:02:12 PM

Fee: \$26.00

THIS TRUST DEED, made on 3/2/09, between

X HAROLD E. PUFFENBARGER, as Grantor,
AMERITITLE, as Trustee, and
~~HAROLD E. PUFFENBARGER~~
FRED & GENEVA FARNSWORTH, 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:

2781 VERMONT ST.
KLAMATH FALLS, OR, 97603
MAP R.3909-001 DD - 01200-000
CODE 043

Lots 15 and 16 except therefrom the Westerly 14 feet of Lot 15 of Piedmont Heights, 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 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 \$126,000

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 _____.

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 \$100,000, 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.

DO NOT LOSE OR DESTROY THIS TRUST DEED OR THE NOTE WHICH IT SECURES.
DATED _____ BOTH SHOULD BE DELIVERED TO THE TRUSTEE FOR CANCELLATION BEFORE
BENEFICIARY _____ RECOURSE IS MADE.

The undersigned is the legal owner and holder of all intellectual properties secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby agree to pay me in full payment of any 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 by the terms of the trust deed, the estate now held by you under the same. Mail the conveyance and documents to _____.

REQUEST FOR FULL RECONVEYANCE (to be used only when obligations have been paid)

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

<p style="text-align: center;">IN WITNESSES WHEREOF, the grantor has executed this instrument the day and year first written above.</p> <p style="text-align: center;"><i>[Signature]</i></p>	
<p style="text-align: center;">IN WITNESSES WHEREOF, the grantor has executed this instrument the day and year first written above.</p> <p style="text-align: center;"><i>[Signature]</i></p>	
<p style="text-align: center;">STATE OF OREGON, County of <i>[County]</i></p>	
<p style="text-align: center;">This instrument was acknowledged before me on <i>[Date]</i> 20<i>[Year]</i></p>	
<p style="text-align: right;">Act is not required, disregard this notice.</p>	

WARRANTY: Unless Grantee 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, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by Beneficiary may not pay any claim made by or against grantor. Grantor may cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by Beneficiary. Any claim made by or against grantor may satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The planter covenants to and agrees with the beneficiary and the beneficiary's successors in interest that the grantor is lawfully seized in fee simple of the real 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 will forever defend the title thereto, except as may be set forth in any addendum or exhibit attached hereto, and that the grantor will warrant and forever defend against all persons whomsoever.

compenesation of the trustee and a reasonable charge by trustee's attorney; (2) to the obligation secured by the trust deed; (3) to all persons having recorded liens sub-sequent to the interest of the trustee and a reasonable charge by trustee's attorney; and (4) the surplus, if any, to the grantor, or to any other interest in the trustee in the trustee's name of title to the property.

15. When trustee sells the property under the powers provided herein, trustee shall apply the proceeds of sale to payment of: (1) the expenses of sale, including the
but including the greater and beneficially, any purchase of the sale,
or warranty, express or implied. The trustee shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee,
provided by law, the trustee may sell the property under the powers provided herein, trustee shall deliver to the purchaser its interest in separate parcels and shall sell the parcels at auction to the highest bidder for
cash, payable at the time of sale. Trustee shall deliver to the purchaser its interest in one parcel or in separate parcels and shall sell the parcels at auction to the highest bidder for
protection of the rights of the parties.

1. After the trustee has commenced proceedings to remove him prior to 5 days before the date the trustee conducts the sale, the grantor of the power may apply to the court for an injunction and stay, and at any time during the period of 5 days before the date the trustee conducts the sale, the trustee 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 deemed, together with interest and attorney fees not exceeding the amounts provided by law.
2. 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 deemed, together with interest and attorney fees not exceeding the amounts provided by law.

the manner provided in ORS 96.735 to 96.795.

11. The electing spouse shall be entitled to receive his or her share of the net assets of the estate, less debts and expenses of administration and collection, including reasonable attorney fees, upon any indebtedness secured hereby, and in such order as beneficiary may determine.

12. Upon death by grantor in payment of any indebtedness secured hereby or in payment of any gift or bequest, the balance of the property left by the testator to his or her wife, shall be divided among the children in equal shares.

