

When Recorded Mail To
PEOPLES MORTGAGE COMPANY
500 N.E. MULTNOMAH, SUITE 850
PORTLAND, OREGON 97232

LOAN #9590950
431-144216-203b

STATE OF OREGON
FHA FORM NO. 2169t
Rev. January 1977

M-17514-2

DEED OF TRUST

This form is used in connection with
deeds of trust insured under the one-
to four-family provisions of the
National Housing Act.

THIS DEED OF TRUST, made this 7th day of FEBRUARY, 1979,

between MICHAEL A. ABTS, an unmarried person

_____, as grantor,

whose address is 6620 Hilton Drive Klamath Falls 97601 State of Oregon,
(Street and number) (City)

TRANSAMERICA TITLE INSURANCE COMPANY, as Trustee, and

PEOPLES MORTGAGE COMPANY, a Washington Corporation, as Beneficiary.

WITNESSETH: That Grantor irrevocably GRANTS, BARGAINS, SELLS and CONVEYS to TRUSTEE IN TRUST, WITH
POWER OF SALE, THE PROPERTY IN KLAMATH County, State of Oregon, described as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND BY THIS REFERENCE INCORPORATED HEREIN

A portion of Lot 6, Block 27, FIRST ADDITION TO THE CITY OF
KLAMATH FALLS, OREGON, in the County of Klamath, State of
Oregon, described as follows:

Beginning at the most Southerly corner of Lot 6, Block 27, of
FIRST ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, and running
thence Northeasterly along Grant Street 53 feet; thence Northwesterly
at right angles to Grant Street and along the lot lines of Lots 6 and
7 in said Block 27, 50 feet; thence Southwesterly and parallel with
Grant Street 53 feet to the Easterly line of Second Street; thence
Southeasterly along the Easterly line of Second Street to the point
of beginning.

which said described property is not currently used for agricultural, timber or grazing purposes.

Together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in anywise appertaining,
the rents, issues, and profits thereof, SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred
upon Beneficiary to collect and apply such rents, issues, and profits.

TO HAVE AND TO HOLD the same, with the appurtenances, unto Trustee,

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum
of \$ 19,050.00* with interest thereon according to the terms of a promissory note, dated FEBRUARY 7
1979, payable to Beneficiary or order and made by Grantor, the final payment of principal and interest thereof, if
not sooner paid, shall be due and payable on the first day of MARCH, 2009.

1. Privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments on the principal that
are next due on the note, on the first day of any month prior to maturity: *Provided, however*, That written notice on an intention to
exercise such privilege is given at least thirty (30) days prior to prepayment.

2. Grantor agrees to pay to Beneficiary in addition to the monthly payments of principal and interest payable under the terms
of said note, on the first day of each month until said note is fully paid, the following sums:

(a) An amount sufficient to provide the holder hereof with funds to pay the next mortgage insurance premium if this
instrument and the note secured hereby are insured, or a monthly charge (in lieu of a mortgage insurance premium) if they are held by
the Secretary of Housing and Urban Development as follows:

(i) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an
amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the annual mortgage insurance premium, in
order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the
National Housing Act, as amended, and applicable Regulations thereunder; or

(ii) If and so long as said note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in
lieu of a mortgage insurance premium) which shall be in an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average
outstanding balance due on the note computed without taking into account delinquencies or prepayments;

(b) A sum, as estimated by the Beneficiary, equal to the ground rents, if any, and the taxes and special assessments next due on
the premises covered by this Deed of Trust, plus the premiums that will next become due and payable on policies of fire and other
hazard insurance on the premises covered hereby as may be required by Beneficiary in amounts and in a company or companies
satisfactory to Beneficiary, Grantor agreeing to deliver promptly to Beneficiary all bills and notices therefor, less all sums already paid
therefor divided by the number of months to elapse before 1 month prior to the date when such ground rents, premiums, taxes and
assessments will become delinquent, such sums to be held by the Beneficiary in trust to pay said ground rents, premiums, taxes and
special assessments, before the same become delinquent; and

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note
secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied
by Beneficiary to the following items in the order set forth:

- (i) premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge (in lieu of
mortgage insurance premium), as the case may be;
- (ii) ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums;

(III) interest on the note secured hereby; and
(IV) amortization of the principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good prior to the due date of the next such payment, constitute an event of default under this Deed of Trust.

3. In the event that any payment or portion thereof is not paid within fifteen (15) days from the date the same is due, Grantor agrees to pay a "late charge" of four cents (4c) for each dollar so overdue, if charged by Beneficiary.

4. If the total of the payments made by Grantor under (b) of paragraph 2 preceding shall exceed the amount of payments actually made by Beneficiary for ground rents, taxes or assessments, or insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Grantor shall be credited on or before the date when payment of such ground rents, taxes, assessments, and insurance premiums shall be due. If at any time Grantor shall tender to Beneficiary, in accordance with the provisions hereof, full payment of the entire indebtedness secured hereby, Beneficiary shall, in computing the amount of indebtedness, credit to the account of Grantor all payments made under the provisions of (a) of paragraph 2, which the Beneficiary has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the premises in accordance with the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under (a) of paragraph 2.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR AGREES:

5. To keep said premises in as good order and condition as they now are and not to commit or permit any waste thereof, reasonable wear and tear excepted.

6. To complete or restore promptly and in good workmanlike manner any building or improvement which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Grantor further agrees:

- (a) to commence construction promptly and in any event within 30 days from the date of the commitment of the Department of Housing and Urban Development, and complete same in accordance with plans and specifications satisfactory to Beneficiary,
- (b) to allow Beneficiary to inspect said property at all times during construction,
- (c) to replace any work or materials unsatisfactory to Beneficiary, within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to the Grantor by registered mail, sent to his last known address, or by personal service of the same,
- (d) that work shall not cease on the construction of such improvements for any reason whatsoever for a period of fifteen (15) calendar days.

The Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Grantor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

7. Not to remove or demolish any building or improvement thereon, and to deliver all policies to Beneficiary, which as may be required from time to time by the Beneficiary and Grantor, as their interests may appear, and to defend any such action or proceeding, to pay all with loss payable to the Beneficiary and Grantor, as their interests may appear, and to defend any such action or proceeding, to pay all delivery shall constitute an assignment to Beneficiary of all return premiums.
8. To comply with all laws, ordinances, regulations, convenants, conditions, and restrictions affecting said property.
9. To provide and maintain insurance against loss by fire and other hazards, casualties, and contingencies including war damage, Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.
10. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.
11. To pay at least 10 days before delinquency all assessments upon water company stock, and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.
12. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate provided on the principal debt, and the repayment thereof shall be secured hereby.
13. To do all acts and make all payments required of Grantor and of the owner of the property to make said note and this Deed eligible for insurance by Beneficiary under the provisions of the National Housing Act and amendments thereto, and agrees not to do, or cause or suffer to be done, any act which will void such insurance during the existence of this Deed.

IT IS MUTUALLY AGREED THAT:

14. Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including costs of title, employ counsel, and pay his reasonable fees.
15. Should the property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, award, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance, and any moneys so received by it or apply the same on any indebtedness secured hereby. Grantor agrees to execute such further as any compensation, award, damage, and rights of action and proceeds as Beneficiary or Trustee may require.
16. By accepting payment of any sum secured or to declare default for failure to pay, Beneficiary does not waive its right to prompt payment when due of all other sums so secured or to declare default for failure to pay, Beneficiary does not waive its right to action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, award, damage, and rights of action and proceeds as Beneficiary or Trustee may require.
17. At any time and from time to time upon written request of Beneficiary and retention, without affecting then in any and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting then in any person for the payment of the indebtedness thereon; (c) join in any subordination or other agreement affecting the lien of charge thereof; (d) reconvey, without warranty, all or any part of the property.
18. As additional security, Grantor hereby assigns to Beneficiary during the continuance of these trusts, all rents and profits of any property affected by this Deed and of any personal property located thereon. Until Grantor collects all such rents, issues, royalties, and profits earned prior to default as they become due and payable.
19. Upon any default, Beneficiary may at any time without notice, either in person, by agent, or by a reason of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, on any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and (fault or property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not constitute a default or notice of default hereunder or invalidate any act done pursuant to such notice.
20. Upon default by Grantor in payment of any indebtedness secured hereby or in performance of any of the

should this Deed and said note not be eligible for insurance under the National Housing Act within
the date hereof (written statement of any officer of the Department of Housing and Urban Development dated subsequent to
Secretary of Housing and Urban Development