

WHEN RECORDED MAIL TO
U.S. National Bank of Oregon
Town & Country Branch
P.O. Box 7369
Klamath Falls, Oregon 97602

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

THIS DEED OF TRUST is made this 15th day of May
1984, among the Grantor, .. Robert W. Appleby and Elaine K. Appleby
..... (herein "Borrower"), The Bank of Milwaukie
..... United States National Bank of Oregon (herein "Trustee"), and the Beneficiary,
existing under the laws of Oregon , an association organized and
..... Sixth Street, Klamath Falls, Oregon 97603 whose address is 3720 South
..... (herein "Lender").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants
and conveys to Trustee, in trust, with power of sale, the following described property located in the County of
..... Klamath State of Oregon:

Lot 6, Block 1, COUNTRY VILLAGE.

which has the address of 2936 Debbie Drive Klamath Falls,
Oregon, 97601 (herein "Property Address");
[State and Zip Code] [Street] [City]

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights,
appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such
rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or
hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be
and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property
(or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

TO SECURE to Lender (a) the repayment of the indebtedness evidenced by Borrower's note dated May 15, 1984
..... (herein "Note"), in the principal sum of Twenty Eight Thousand Five Hundred & ...
no/100 Dollars, with interest thereon, providing for monthly installments of ...
principal and interest with the balance of the indebtedness, if not sooner paid, due and payable on May 15, 1985
in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and
agreements of Borrower herein contained; and (b) the repayment of any future advances, with interest thereon, made
to Borrower by Lender pursuant to paragraph 21 hereof (herein "Future Advances").

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and
convey the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to
the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of
exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Future Advances secured by this Bond of Trust.

of Trust, and ground rents on the Property, if any, plus one-twelfth of the yearly premium installments for hazard insurance

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or State agency (including Lender if Lender is such an institution). Lender shall apply the Funds to any and all loans made by Lender to the Borrower.

lender to make such a charge. Borrower and lender may agree in writing at the time of execution of this

such interest to be paid. Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender

The amount of the Funds held by Lender, together with the future monthly installments of Funds payable after 12 months, are pledged as additional security for the sums secured

elements of taxes, assessments, insurance premiums and ground rents shall exceed the amount required to pay said taxes, the amount to Borrower's option either to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either

over shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed.

upon payment in full of all sums secured by this Deed of Trust. Lender shall promptly refund to Borrower any Funds

Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the

paragraph 2 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and

property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any, in the provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment when due, directly

Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event of any delinquency in making payment, when due, directly or indirectly, to Lender, Borrower shall promptly furnish to Lender receipts evidencing such payments.

to prevent the enforcement of the lien or enforcement of such lien in any manner acceptable to Lender, or shall in good faith agree in writing to the payment of the obligation secured by

Hazard Insurance. Borrower shall keep the improvement now existing or hereafter erected on the Property insured, loss by fire, hazards included within the term "extended coverage", and such other hazards as [under new contract]

the insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided,

...d under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the carrier.

in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of a loss, Lender shall be deemed to have accepted the proceeds of the policies and renewals thereof.

Lender may make proof of loss if not made promptly

erred, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, and the security of this Deed of Trust is hereby impaired. If such restoration or repair is economically feasible or if the security of this Deed of Trust is not economically feasible or if the security of this Deed of Trust would

power. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date of mailing of this letter of notice, then the Property shall be deemed to be abandoned by Borrower, and Lender shall be entitled to sell the Property to satisfy the debt of Borrower.

... unless I order and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend beyond the due date of the monthly installment payment for the month in which the application is made.

Under paragraph 18 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to the proceeds thereof resulting from the sale of the Property, and any insurance policies and all other insurance arrangements. If under paragraph 18 hereof the amount of the proceeds of the sale of the Property is less than the amount of the outstanding principal of the Loan, then the proceeds of the sale of the Property shall be applied to the payment of the outstanding principal of the Loan, and the balance of the proceeds shall be paid to the Borrower.

Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments; Particular

comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a

minimum or planned unit development, the by-laws and regulations of the

incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider

that not limited to, eminent domain, unfair, or arrangements of proceedings involving a

take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of attorney's fees and entry upon the Property to make repairs. If Lender is required to take such action, Lender shall be entitled to reimbursement of the costs of such action, including attorney's fees, from Borrower.

in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums to the lender under the mortgage.

amounts disbursed by Lender pursuant to this Paragraph 7, with interest thereon, shall become additional

[illegible]

Nothing contained in this paragraph 7 shall require Lender to incur any expense or take

_____ shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's dependence on the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments.

10. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

11. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

12. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

13. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

14. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

15. Uniform Deed of Trust; Governing Law; Severability. This form of deed of trust combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Deed of Trust shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

17. Transfer of the Property; Assumption. If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate it, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 17, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

18. Acceleration; Remedies. Except as provided in paragraph 17 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

19. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 18 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums

secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

20. **Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable. Upon acceleration under paragraph 18 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

21. **Future Advances.** Upon request of Borrower, Lender, at Lender's option prior to full reconveyance of the Property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

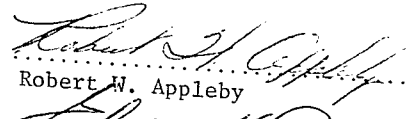
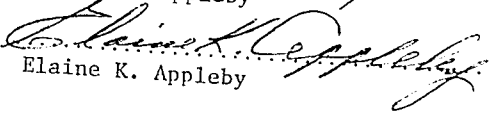
22. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

23. **Substitute Trustee.** In accordance with applicable law, Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

24. **Use of Property.** The Property is not currently used for agricultural, timber or grazing purposes.

25. **Attorney's Fees.** As used in this Deed of Trust and in the Note, "attorney's fees" shall include attorney's fees, if any, which shall be awarded by an appellate court.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.


Robert W. Appleby
—Borrower

Elaine K. Appleby
—Borrower

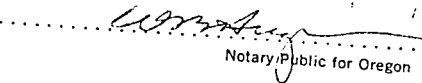
STATE OF OREGON, Klamath County ss:

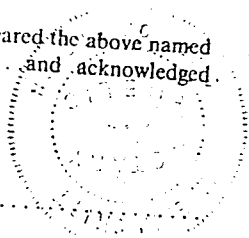
On this 15th day of May, 19 84, personally appeared the above named
..... Robert W. and Elaine K. Appleby and acknowledged
the foregoing instrument to be their voluntary act and deed.

(Official Seal)

My Commission expires: 9-14-85

Before me:


Notary Public for Oregon



REQUEST FOR RECONVEYANCE

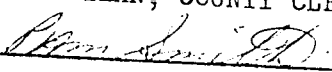
TO TRUSTEE:
The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date:

(Space Below This Line Reserved For Lender and Recorder)

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for
record on the 16th day of May A.D., 19 84 at 10:43 o'clock A M,
and duly recorded in Vol M84, of Mortgages on page 8056.

Fee: \$ 16.00

EVELYN BIEHN, COUNTY CLERK
by: , Deputy