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WHEN RECORDED MAIL TO

CITIZENS FINANCIAL SERVICES, INC.
1004 Biddle Road
Medford, OR 97504

Recorded at the request of
Mountain Title Company

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

THIS DEED OF TRUST is made this 19th day of December, 1984, among the Grantor, James E. Holt and Williamae Holt (herein "Borrower"), Mountain Title Company (herein "Trustee"), and the Beneficiary, Citizens Financial Services, Inc., an Oregon corporation, 2480 ~~1004 Biddle Road~~ ~~Medford, Oregon 97504~~ Managing Agent, for Participation No. whose address is 1004 Biddle Road, Medford, OR 97504 (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 Jackson and Klamath Counties, State of Oregon:

See Addendum "A" attached hereto and by this reference made a part hereof.

** This document is being re-recorded to correct Klamath County Legal Description and to insert the date of note.**

which has the address of Various (Street) (City and State and Zip Code) (herein "Property Address").

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 December 19, 1984 (herein "Note"), in the principal sum of, SIX HUNDRED, EIGHTY, THOUSAND, AND NO/100ths, 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 December 14, 1989; (b) the payment of all other sums, with interest thereon, advanced 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 (c) 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 seized 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.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by this Deed of Trust.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one twelfth of the yearly taxes and assessments which may attain priority over this Deed of Trust, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

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 pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Deed of Trust that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 18 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Deed of Trust, provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

5. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter hazards as Lender may require against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require, provided, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Deed of Trust.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the insurance carrier.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance 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. If under paragraph 18 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

6. **Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall 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 condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

7. **Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of a reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in 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 confirmed 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 if, 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 the 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

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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 require 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 recording, 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.

26. **Adjustable Rate Rider.** See attached Exhibit "A".

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

James E. Holt

James E. Holt

—Borrower

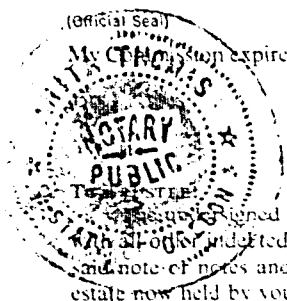
Williamae Holt

Williamae Holt

—Borrower

STATE OF OREGON, Jackson, County ss:

On this 19th day of December, 1984, personally appeared the above named James E. and Williamae Holt and acknowledged the foregoing instrument to be their voluntary act and deed.



Before me:

Anita Thomas

Notary Public for Oregon

REQUEST FOR RECONVEYANCE

I, 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:

*27. Release Provisions. See attached Exhibit "B".

(Space Below This Line Reserved For Lender and Recorder)

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EXHIBIT "A"

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ADJUSTABLE RATE RIDER

This ADJUSTABLE RATE RIDER is made this 19th day of December, 1984 and is incorporated into and shall be deemed to amend and supplement the mortgage, deed of trust or other "security interest" of the same day given by Borrower to secure Borrower's adjustable rate note to Lender, also referred to herein as "noteholder" and covering the property described in the security interest and located at:

See attached Addendum "A".

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE SUBJECT TO THE LIMITS STATED IN THE NOTE. IF THE INTEREST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGHER.

A. The note provides for an initial interest rate of 15.50%. Section 3 of the note provides for changes in the interest rate and the monthly payments as follows:

1. Loan Period: Period

Your loan is scheduled to be repaid over five (5) years consisting of five (5) "loan periods". The initial loan period begins on the date of this note and ends on December 19, 1985. The succeeding loan periods commence on December 20 of each year thereafter and end on December 19 of the following year. The note will be automatically renewed for each of the loan periods. The last loan will expire on December 19, 1989, at which time any remaining indebtedness owing pursuant to this note shall be due and payable. This date shall be the date of maturity of the obligation evidenced by the note. Except as otherwise provided herein, the terms and conditions stated in the note shall apply in each loan period.

2. Adjustable Interest Rate

The initial interest rate for this loan is Fifteen and One-Half Percent (15.50%) per annum. Interest shall commence to accrue on the unpaid principal balance from the date of disbursement of loan proceeds.

At the end of each of the loan periods the Noteholder will calculate the new interest rate for the next period by adding 6.0 percentage points to the index published by the Federal Home Loan Bank 45 days before the end of the loan period, that index being the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year. The Noteholder will then round the result of this addition to the nearest one-eighth percent (0.125%). The maximum interest rate that may be charged is 20.5%, and the minimum interest rate that may be charged is 13.0%. The new adjusted interest rate shall be applicable for the succeeding loan period. The Noteholder will notify you of the adjustment in the interest rate and the monthly payment to be paid during the next loan period by sending a notice of adjustment at least thirty (30) days before the adjustment.

At the time you will then have the following options:

a. Do nothing, in which case you are obligated to make the new monthly payment starting with the first payment due during the new loan period;

b. Pay the remaining principal, interest and all other amounts due on your loan within sixty days after the date the notice referred to above is mailed.

B. Uniform Covenant 4 of the security instrument is amended to read as follows:

4. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the property which may attain a priority over this security instrument, and leasehold payments or ground rents, if any, in the manner provided under Paragraph 2 hereof or, if not paid in such manner, by Borrower making payment when due directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this security instrument provided that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in legal proceedings which in the opinion of Lender operate to prevent the enforcement of the lien or forfeiture of the property or any part thereof; or (c) shall secure from the holder of such lien an agreement in a form satisfactory to Lender subordinating such lien to this security instrument. If Lender determines that all or any part of the property is subject to a lien which may attain a priority over this security instrument, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

C. Uniform Covenant 14 of the security instrument is amended to read as follows:

8. Giving of Notices. All notices or demands required or permitted hereunder shall be in writing and shall be deemed to be delivered whether actually received or not three (3) days after deposit in a regularly maintained receptacle for the mail, certified mail, return receipt requested, postage prepaid, addressed as follows:

Borrower: James E. Holt and Willamae Holt
1101 Shannan Way
Medford, Oregon 97405

Noteholder: Citizens Financial Services, Inc., an Oregon
corporation, as Managing Agent for
Participation No. 2160

Either Borrower or the noteholder may change its respective address or addressee by giving notice of such change to the other party in the manner provided herein.

D. Uniform Covenant 15 of the security instrument is amended to read as follows:

15. Uniform Security Instrument; Governing Law; Severability. This form of security instrument 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 security instrument 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 security instrument or the note conflicts with applicable law, such conflict shall not affect other provisions of this security instrument or the note which can be given effect without the conflicting provision, and to this end the provisions of this security instrument and the note are declared to be severable.

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E. If the loan secured by the security instrument is subject to a law which sets maximum loan charges and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed permitted limits, then (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment under the note.

F. If after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the note, the security instrument or this adjustable rate rider (other than this Paragraph f) unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the security instrument and this adjustable rate rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the security instrument to be immediately due and payable.

IN WITNESS WHEREOF, Borrower has executed this Adjustable Rate Rider the day and year first above written.

BORROWER:

James E. Holt
James E. Holt

Willamae Holt
Willamae Holt

STATE OF OREGON)
) ss.
County of)

December 19, 1984

Personally appeared the above named James E. Holt and Willamae Holt and acknowledged the foregoing instrument to be their voluntary act and deed.



Anita Thomas
Notary Public for Oregon
My Commission Expires: December 7, 1988

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EXHIBIT "B"

27. Providing no default exists in Borrower's performance of Borrower's obligations pursuant to this Note or the security instruments securing the repayment of this Note, the individual parcels within the real property encumbered by said Deed of Trust will be released from the encumbrance of the Deed of Trust upon payment to the Noteholder of 60% of the sales price of any parcel, or the corresponding amount listed below, whichever is greater:

| <u>Property</u> | <u>Release Amount</u> |
|--|-----------------------|
| 1. 621. N. Main Street, Phoenix, Oregon | \$153,000 |
| 2. 210 N. Pacific Hwy., Talent, Oregon | \$225,600 |
| 3. 312 N. Main Street, Phoenix, Oregon and 107 East 4th Street, Phoenix, Oregon | \$150,000 |
| 4. 4361 S. Pacific Hwy., Talent, Oregon | \$ 84,300 |
| 5. Highway 140, Bonanza, Oregon | \$ 92,400 |
| 6. 275 Mill Creek Dr., Prospect, Oregon | \$ 37,500 |
| 7. 4230 Payne Road, Phoenix, Oregon | \$123,000 |
| 8. 101 Santoma Place, Eagle Point, Oregon | \$ 49,200 |

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ADDENDUM "A"

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21199

- 1 (B) Water Lots 31, 32 and 33, in the Town (now City) of Phoenix, Jackson County, Oregon, according to the Official Plat thereof, now of record. EXCEPTING THEREFROM that portion of said Water Lot 33, conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded in Volume 377, Page 354. Jackson County, Oregon. Deed Records.
- 2 (G) Commencing at the Southeast corner of Donation Land Claim No. 59, Township 38 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence West, 344.20 feet, along the South line of said Claim; thence South, 150.0 feet, to the true point of beginning; thence continuing South, 359.25 feet, to intersect the Easterly line of the existing relocated Pacific Highway right of way; thence along said right of way, lying on a curve (the long chord of which bears North 51° 16' West, 478.30 feet), to a 3/4" iron pipe on said right of way line; thence North 50° 10' East, 162.25 feet, to a 3/4" iron pipe; thence South 71° 08' East, 135.69 feet; thence East, 120.0 feet, to the true point of beginning.
(38-1W-23CA, TL 200)
- 3 (A) A strip of land, 15.0 feet in width, off the entire Northwestern line of Lot 14, and all of Lots 15 and 16, WATER LOTS, to the Town (now City) of Phoenix, Jackson County, Oregon, according to the Official Plat thereof, now of record. EXCEPTING THEREFROM that portion of said Lots 15 and 16, conveyed to the State of Oregon (by and through its State Highway Commission), by deed recorded in Volume 369, Page 190, Jackson County, Oregon, Deed Records.
(38-1W-9DD, TL 500)
- 4 (H) Commencing at a 1" x 30" iron pin at the Northeast corner of the South half of Donation Land Claim No. 42, Township 38 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence South 52° 19' 00" West, 2029.70 feet, to a 1" x 36" iron pipe monument at the Southeasterly corner of tract described in Volume 364, Page 416, Jackson County, Oregon, Deed Records; thence South 51° 53' 35" West, along the Southeasterly line of said tract, 186.37 feet, to a 1" iron pipe for the true point of beginning; thence continue South 51° 53' 35" West, 213.94 feet, to a point on the Easterly right of way line of the relocated Pacific Highway, said point being North 64° 12' 15" East, 35.00 feet from Highway Engineer's center line Station 333+92.86; thence North 19° 47' 50-1/2" West, 192.27 feet, on the long chord of a 919.93 foot radius curve to the right (arc length 192.62 feet), to a point on said Easterly right of way line which bears North 76° 12' 04" East, 35.00 feet from Highway Engineer's center line Station 335+92.81; thence North 54° 15' 00" East, 113.81 feet, to a 1" iron pipe; thence South 50° 43' 20" East, 182.25 feet, to the true point of beginning.
(38-1W-15B, TL 600)
- 5 (I) The SW¹/₄ of the NW¹/₄ and the SW¹/₄ of Section 33, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon;
EXCEPTING THEREFROM:
A parcel of land situated in the SW¹/₄ of Section 33, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:
Beginning at the Southeast corner of Lot 5 in Block 10 of YONNA WOODS-UNIT 2, a duly recorded subdivision in said Klamath County; thence North 89°44'02" West along the South line of said Lot 5, 60.89 feet to the Northwest corner of said SW¹/₄; thence South 00°12'42" East along the West line of said SW¹/₄, 30.00 feet; thence South 89°44'02" East, 78.20 feet; thence North 30°04'19" West, 31.76 feet to the point of beginning.

- 6 (C) Beginning at the East sixteenth corner between Sections 9 and 16, Township 33 South, Range 2 East, Willamette Meridian, Jackson County, Oregon; thence along the East line of the West half of the Northeast quarter of said Section 16, South 01° 27' 02" West, 761.46 feet, to a brass cap monument; thence North 75° 15' 00" West, 308.76 feet, to a pipe; thence North 37° 20' 00" West, 400.00 feet, to a pipe; thence North 11° 45' 00" West, 250.00 feet, to a pipe; thence North 73° 30' 00" West, 270.00 feet, to a pipe; thence South 78° 49' 00" West, 460.54 feet, to a pipe on the North-South center line of said Section 16; thence North 01° 24' 16" East, along said line, to the Northwest corner of the Northeast quarter of said section; thence South 86° 02' 55" East, to the point of beginning.

EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its State Highway Commission, by instruments recorded in Volume 476, Page 158, and Volume 487, Page 154, and Volume 506, Page 446, Jackson County, Oregon, Deed Records.

ALSO, EXCEPTING THEREFROM that reservation by Whitney Warren, as to a 1/2 interest in all oil, gas and mineral substances, as set forth in instrument recorded in Volume 366, Page 145, Jackson County, Oregon, Deed Records.

(33-2E-16, TL 204)

ALSO: Commencing at a 2" brass capped iron pipe, set for the East sixteenth corner common to Sections 9 and 16, Township 33 South, Range 2 East, Willamette Meridian, Jackson County, Oregon; thence South 86° 02' 55" East, along the Southerly boundary of Section 9, said Township and Range, 114.58 feet, to a 5/8" iron pin, for the true point of beginning; thence along the arc of a 61.84 foot radius curve to the left (the long chord of which bears North 46° 16' 35" East, 91.44 feet), 102.91 feet, to a 5/8" iron pin; thence South 01° 23' 55" East, 67.90 feet, to a 3/4" iron pin, on the Southerly boundary of Section 9, said Township and Range; thence North 86° 02' 55" West, along said Southerly boundary, 67.90 feet, to the true point of beginning.

(33-2E-9, ptn. TL 1001)

ALSO: Beginning at a 2" brass capped iron pipe, set for the East sixteenth corner common to Sections 9 and 16, Township 33 South, Range 2 East, Willamette Meridian, Jackson County, Oregon; thence South 86° 02' 55" East, along the Southerly boundary of Section 9, said Township and Range, 182.48 feet, to a 3/4" iron pin; thence North 01° 23' 55" West, 754.16 feet, to a 1-1/4" iron pipe, intended to be on the Southerly boundary of Mill Creek Drive; thence North 77° 25' East, along said Southerly boundary, 30.56 feet, to a 5/8" iron pin; thence leave said Southerly boundary, and run South 01° 23' 55" East, 692.19 feet, to a 5/8" iron pin; thence along the arc of a 91.84 foot radius curve to the right (the long chord of which bears South 46° 16' 35" West, 135.80 feet), 152.84 feet, to a 5/8" iron pin; thence North 86° 02' 55" West, 112.52 feet, to a 5/8" iron pin, intended to be on the Westerly boundary of the Northeast quarter of the Northeast quarter of Section 16, said Township and Range; thence North 0° 01' 45" East, along said Westerly boundary, 30.07 feet, to the point of beginning.

(33-2E-9, rem. 1001 & 33-2E-16, TL 101)

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ADDENDUM "A"

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7 (D)

Lots 49 and 50, ROYAL ORCHARD TRACT NO. 3, in Jackson County, Oregon.

21201

8 (F)

Beginning at the East quarter corner of Section 8, Township 37 South, Range 1 East, Willamette Meridian, Jackson County, Oregon; thence North 0° 16' 10" West, along the East line of said section, 705.96 feet, to a 5/8" iron pin; thence West, 685.15 feet, to a 5/8" iron pin; thence South 48° 14' 25" West, 404.67 feet, to the beginning of a curve, from which its radius point bears Northeasterly, 200 feet; thence along said curve (long chord bears South 66° 33' 40" East, 159.18 feet), 163.71 feet; thence along tangent of said curve, North 89° 59' 20" East, 368.64 feet, to the beginning of a curve having a radius of 20 feet; thence along said curve (long chord bears North 57° 40' 40" East, 21.38 feet), 22.56 feet, to a point of a reverse curve having a radius of 50 feet; thence along said curve (long chord bears South 32° 19' 20" East, 84.52 feet), 213.49 feet; thence South 89° 59' 20" West, 134.48 feet, to a 5/8" iron pin; thence South, 314.45 feet, to a 5/8" iron pin; thence North 89° 52' 05" East, 546.87 feet, to the point of beginning.

(37-1E-8, TL 600)

ALSO: All the East half of the Southeast quarter of Section 8, Township 37 South, Range 1 East, Willamette Meridian, Jackson County, Oregon.

(37-1E-8, TL 5600)

Jackson County, Oregon
Recorded

OFFICIAL RECORDS

1:45 JAN 2 1985 P.M.

KATHLEEN S. BECKETT
CLERK and RECORDER

By Jay Ramirez, Deputy

Jackson County, Oregon
Recorded

OFFICIAL RECORDS

1:37 DEC 19 1984 P.M.

KATHLEEN S. BECKETT
CLERK and RECORDER

By [Signature], Deputy

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for record on the 20th day of December A.D., 1984 at 11:24 o'clock A.M., and duly recorded in Vol. MS4, of Mortgages on page 21191.

Fee: \$ 45.00

EVELYN BIENN, COUNTY CLERK

by: [Signature], Deputy

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for record on the 7th day of January A.D., 1985 at 9:20 o'clock A.M., and duly recorded in Vol. MS3, of Mortgages on page 162.

Fee: \$ 45.00

EVELYN BIENN, COUNTY CLERK

by: [Signature], Deputy