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foregoing is referred to in this Security Instrument as the "Property."

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limited variations by jurisdiction to constitute a uniform security instrument covering real property.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants

and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with

which has the address of <u>102-104 Nevada Street, Klamath Falls</u> [Street] Oregon <u>97601</u> [Zip Code] TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the

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Köttigtand, og mendet paragraph effordi hendered det and fist to mendet 4. Cherges blens, Borrøver sind på og en det assessment, i barges blen Bregerig after og atter prærig uer, his federar hetternent, and tereford på Borrøver stall og fære obsenders i der mende providet in paragraph 2 og frem på på diemen in erderedy to trope som oved på ander. Barrøver shall provide niterial.

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rgeonting also instrumente alsais les clareats les illertreven aubject les Les . Causa manispes eases Lot 1, Block 51, BUENA VISTA ADDITICN TO THE CITY OF KLAMATH FALLS, 1971 in the County of Klamath, State of Oregon.

Dollars (U.S. \$. 42, 000. 00.....). This debt is evidenced by Borrower's note modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following

KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION which is organized and existing under the laws of The United States of America and whose address is 540 Main Street,

THIS DEED OF TRUST ("Security Instrument") is made on <u>May 3</u> 19.85. The grantor is James J. Bellet and Sherry A. Bellet, husband and wife, ("Borrower"). The trustee isWilliam L. Sisemore

(0, 2.1)DEED OF TRUST

[Space Above This Line For Recording Data] -

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After recording return to: Klamath First Federal Tenga 540, Main Street times may not be quete fight Klamath Falls, Oregon 97601 Ways claux hours concerned for forings twing not over second 20 men second teleperates and provide and over the providence over the to be set the second second

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows: **I. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due principal of and interest on the debt avidenced by the Note and any prepayment and late charges due under the Note. the principal of and interest on the debt evidenced by the Note and Late Unarges. Borrower shall promptly pay when d the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay on the day monthly payments are due under the Note instil the Note is paid in full a cure ("Eunder") and to 2. Funds for 1 axes and insurance. Subject to applicable law of 10 a written waiver by Lender, bollower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to an twelfth of (a) wearly taxes and accessments which may attain priority over this Security Instrument. (b) yearly one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold neuments or ground rents on the Property if only (c) yearly beyond insurance premiums; and (d) yearly one-tweith of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the hasis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits of accounts of which are insured or guaranteed by a federal or some final difference if I and a if is such as institution). Funder shall easily the Funds to pay the second it is such as institution.

I ne runus snall de neid in an institution the deposits or accounts of which are insured or guaranteed by a lederal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. I ender may not charge for holding and applying the Funde applying the peoplint or varifying the escrow items, unless state agency (including Lender II Lender is such an institution). Lender shall apply the runds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless I ender nave Romover interest on the Funds and applying the law parmits I ender to make such a charge Romover and Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, 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 that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender Lenger may agree in writing that interest shall be paid on the runds. Unless an agreement is made or applicable law requires 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 shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the nurnose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by

shall give to borrower, without charge, an annual accounting of the runus showing creats and deous to the runus and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by the Security for the sums secured by If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to

the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, and the parameter of Funds of Fun the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the mount of the Europe hold by Londer is not sufficient to pay the scrow items when due. Borrower shall hav to Londer any an borrower's option; ettner promptly repaid to borrower or credited to borrower on monthly payments of runus. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the definiency in one of more payments to required by Lender. amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender. Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 10 the Property is sold or acquired by Lender. Lender shall apply no later any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by I ender, any Funds held by Lender at the time of

any runus need by Lender. If under paragraph 19 the property is sold or 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 annihilation as a credit against the sume secured by this Security Instrument application as a credit against the sums secured by this Security Instrument. ation as a crean against the sums secured by this Security instrument. **3.** Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under anhe 1 and 2 shall be applied, first to late charges due under the Note: second, to prepayment charges due under the

3. Application of rayments. Unless applicable law provides otherwise, all payments received by Lenuer under paragraphs I and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; to interact due and last to principal due paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due. 4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the 4. Unarges; Liens. Borrower snall pay all taxes, assessments, charges, anes and impositions autroutable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall now these obligations in the manner provided in paragraph 2 or if not paid in that manner. Borrower shall Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the paragraph outed payment. Portower shall promotive functions of a directly to the paragraph outed payment.

Borrower shall pay these obligations in the manner provided in paragraph 2, or it not paid in that manner, builower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this personal. If Derrower makes these payments directly. Borrower shall promptly furnish to Lender pay them on time directly to the person owed payment. Borrower shall promptly turnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender is evidencing the payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) in writing to the naument of the obligation secured by the lien in a manner accentable to I ender. (b) contests in good Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender; (b) contests in good prevent the enforcement of the lien or forfeiture of any part of the Property: or (c) secures from the holder of the lien an

prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an in the lien to this Security Instrument. If I ender determines that any part of the lien to the Security Instrument. If I ender determines that any part of the lien to the Security Instrument. agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument. If Lender may give Borrower a

agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property

J. Hazard insurance. Dorrower shall keep the improvements now existing or nereatter elected on the rioperty insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires The provide that Lender requires The requires against loss by fire, nazards included within the term "extended coverage" and any other nazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Rorrower subject to Lender's approval which shall not be insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. 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. 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 property demaged if the restoration or repair is accommically fassible and Lender's convrity is not lessened. If the of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Tender's constitution of the insurance proceeds shall be

of the Property damaged, if the restoration or repair is economically leasible and Lender's security is not restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Bronerty of does not another within 30 days a notice from Lender that the insurance carrier has Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then I ender may collect the insurance proceede. I ender may use the proceede to analy use the proceede to analy the proceede to analy the proceede to analy the the proceede to Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier nas offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin

he notice is given. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or the due date of the monthly national coferred to in paragraphs 1 and 2 or change the amount of the payments. If

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition 6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially

b. Preservation and Maintenance of Property; Leasenoids. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the losse and if Porrower security for sitilate the Property the lossehold and change the Property, allow the Property to deteriorate or commit waste. It this decunity instrument is on a leasenoid, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing. 7. Protection of Lender's Rights in the Property; Mortgage Insurance.

Covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect. I ender's rights in the Property (such as a proceeding in bankruptov probate for condemnation or to enforce laws or

Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations) than I and and nav for whatever is necessary to protect the value of the Property and I ender's rights regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property I ender's actions may include paying any sume secured by a lien which has priority over this Security regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7. Lender does not have to do so Instrument, appearing in court, paying reasonable attorneys' tees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument, Unless Porrower and Lender agree to other terms of navment, these amounts shall bear interest from Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower

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occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Occurred; (b) cures any detault of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Rorrower this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had Borrower, this Security, Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower. 18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have 18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this country Instrument of the indement enforcing this Country Instrument. These conditions are that Porrower

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural without I or double property or any of the property of a bandward of the property or any of the property of a bandward of the property of a bandward of the property of the p person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the 15. Governing Law; Severability. 1 his Security instrument shall be governed by rederal law and 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 songlists with applicable law such conflict shall not affect other provisions of this Security Instrument or the Note 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. To this end the provisions of this Security Instrument and the 16. Borrower's Copy., Borrower shall be given one conformed copy of the Note and of this Security Instrument.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by froperty Address or any other address borrower designates by notice to Lender. Any notice to Lender shan of given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of

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 without any prepayment charge under the Note.

12. Loan Charges. If the loan secured by this 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 the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded

ot be a waiver of or preclude the exercise of any right or remedy. 11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions this Security Instrument snail bind and benefit the successors and assigns of Lender and Dortower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey instrument but does not execute the Note: (a) is co-signing this security instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal sital not extend of postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments. In Romower Not Belanced, Forboarance By Lender Not a Waiver Extension of the time for navment or 10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payments in modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest. interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy

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 the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, instrument, whether or not men due, with any excess paid to norrower. In the event of a partial taking of the rioperty, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeder multiplied by the following fraction: (a) the total amount of the sums secured immediately. the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the tables. Any balance that the proceeds in the following fraction is a secured in the sums secured immediately before the tables. before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be

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

shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. 8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender

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in Annalametian. Borrower and Lender further covenant and agree as follows:



19 Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration inder naraoranhs 13 and 17 19. Acceleration; Kemedies, Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 mattices annlicable law provides otherwise). The notice shall energity (a) the default (b) the action required to cure the breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 1/ unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default. (c) a date not lace than 30 days from the date the notice is given to Rorrower by which the default must be cured to unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cure the and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument 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 accert the non-existence of a default or any other secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to bring a court action to assert the non-existence of a default or any other default is not sured on or before the date specified in the notice. Lender, 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 default is not cured on or before the date specified in the notice, Lender at its ontion may require immediate payment in full of all sums secured by this Security Instrument without further detense or Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the nower of sale and any other remodies permitted by applicable law. I order shall be entitled to

at its option may require immediate payment in full of all sums secured by this Security Instrument 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 avnoneses incurred in Durcuing the remedies provided in this paragraph 10 including but not limited to demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence table attorneys' fees and costs of title evidence. If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the ance of an event of default and of I order's election to cause the Property to be sold and shall cause such notice to be

II 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 any part of the Property is located I ender or Trustee shall give notice of cale in 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 any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Rorrower and to other persons prescribed by applicable law. After the time recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law Trustee without demand on Borrower shall call the Property at public strates to the biological strategies. manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. Atter the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder of the time and place and under the terms designated in the notice of sale in one or more parcels and in any order

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 any order Trustee determines. Trustee may noticone sele of all or any parcel of the Property by public announcement at the time and bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order. Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and nace of any previouely scheduled sale. I ender or its designee may purchase the Property at any sale. place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale. Trustee chall deliver to the purchase Trustee's dead conversing the Deposity without any or of any previously scheduled sale. Lender or its designee may purchase the Property at any sale. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, and or implied The resitues in the Tructeo's deed shall be prime facio evidence of the truth of the statements made Trustee shall deliver to the purchaser Trustee's deed conveying the Property 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 early the proceeds of the cale in the following order: (a) to all expanses of the sale including but not 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 expenses of the sale, including, but not limited to reaconable Trustee's and attorneys' face: (b) to all some control by this Security Instrument, and (c) any excess

therein. I rustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the nercon or nerconc legally entitled to it person or persons regard enduced to it. 20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in hy agent or by indicially appointed receiver) shall be entitled to enter upon take possession of and manage the 20. Lender in Possession. Upon acceleration under paragraph 19 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 including those past due Any rents collected by Lender or the receiver

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. Any 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 Property and to collect the rents of the Property including those past due. Any 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 hands and reasonable attorneys' fees and then to the sume secured by 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 attorneys' fees, and then to the sums secured by this Security Instrument this Security Instrument. 21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to rev the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security 21. Reconveyance, Upon payment of all sums secured by this Security Instrument, Lender shall request if rustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security instrument to Trustee the Property without warranty and without charge to the person or persons.

reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall not any recordation costs. 22. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any monimed hereinder. Without conveyance of the Property, the successor trustee shall succeed to all the title. 22. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any nower and duties conferred mon Trustee herein and by applicable law. power and duties conferred upon Trustee herein and by applicable law.

23. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes. 23. Use or property. The Property is not currently used for agricultural, timber or grazing purposes. 24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

eys tees awarded by an appendite court. 25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with curity Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and 25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and support the covenants and agreements of this Security Instrument as if the rider(s) ware a part of this Security. this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement, the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument as if the rider(s) were a part of this Security instrument is the rider of the security instrument as if the rider of the security is security instrument as if the rider of the security is security instrument as if the rider of the security is security instrument is security instrument as if the rider of the security is security is security instrument as if the rider of the security is security is security instrument as if the rider of the security is security is security instrument as if the rider of the security is security is security is security instrument as if the rider of the security is security is security is security is security is security is security instrument as if the rider of the security is security is security is security instrument as if the rider of the security is security is security is security is security is security is security instrument as if the rider of the security is security Graduated Payment Rider Other(s) [specify] 2-4 Family Rider Lanna ar beisenn Reisen frame: Artin vog Spiller Langdal (By SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security BY SIGNING BELOW, BOITOWER accepts and agrees to the terms Instrument and in any rider(s) executed by Boirower and recorded withpit The first statistical and the state of the s famea a the second second second James J. Bellet lan da ten seculuta pertumnut esperact or (Seal) Shenny is the Property in alternative by Distroy et alternative by Lander in Touries Main real association for Control of Provide Control on Section (1990) (1990) (1990) (1990) (1990) (1990) (1990) Bellet STATE OF OREGON .(Seal) Sugar 20: States and the second James J. Bellet and Sherry A. Bellet (date) (person(s) acknowledging) Commission expires://////// Commission expires: 6-16-58 went and a second of a second of the form · Jarlen Stin This instrument was prepared by Klamath First Federal Savings and Lean Assn......

My OF Loan #09-12809

6645

ADJUSTABLE RATE LOAN RIDER

NOTICE: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE INTEREST RATE. IN-CREASES IN THE INTEREST RATE WILL RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS.

be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instru-

(the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at .102-104 Neyada Street, Klamath Falls, Oregon 97601 Property Address

Modifications. In addition to the covenants and agreements made in the Security Instrument, Borrower and

Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the: 12. months thereafter.

(1) D* "Contract Interest Rate, Purchase of Previously Occupied Homes, National Average for all Major [Check one box to indicate Index.] Types of Lenders" published by the Federal Home Loan Bank Board.

(2) □* [Check one box to indicate whether there is any maximum limit on changes in the interest rate on each Change Date; if no box is checked there will

be no maximum limit on changes.]

(1)

 There is no maximum limit on changes in the interest rate at any Change Date.
The interest rate cannot be changed by more than 1:00. percentage points at any Change Date. If the interest rate changes, the amount of Borrower's monthly payments will change as provided in the Note. In-'See Note* 72) creases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments. Below

It could be that the loan secured by the Security Instrument is subject to a law which sets maximum loan charges **B. LOAN CHARGES** and that law is interpreted so that the interest or other loan charges collected or to be collected in connection with the loan would exceed permitted limits. If this is the case, then: (A) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (B) 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 Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien **C. PRIOR LIENS** which has priority over this Security Instrument, Lender may send Borrower a notice identifying that lien. Borrower shall promptly act with regard to that lien as provided in paragraph 4 of the Security Instrument or shall promptly secure an agreement in a form satisfactory to Lender subordinating that lien to this Security Instrument.

D. TRANSFER OF THE PROPERTY

If there is a transfer of the Property subject to paragraph 17 of the Security Instrument, Lender may require (1) an increase in the current Note interest rate, or (2) an increase in (or removal of) the limit on the amount of any one interest rate change (if there is a limit), or (3) a change in the Base Index figure, or all of these, as a condition of Lender's waiving the option to accelerate provided in paragraph 17.

STATE OF OREGON: COUNTY OF KLAMATH:ss

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**With a limit on the interest rate adjustments during the life of the loan of plus or minus three (+/- 3.00) percentage points.

I hereby certify that the within instrument was received and filed for record on the <u>6th</u> day of <u>May</u> A.D., 1985 at 2:05 o'clock and duly recorded in Vol <u>M85</u>, of <u>Mortgages</u> on page

Sherry A.

pinco 4. Sel X0. ..(Seal) ames J. Bellet -Borrower(Seal)

EVELYN BIEHN, COUNTY CLERK

Rellet

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6641

.Deputy

on page