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

19. Acceleration; Remedies. 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 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 cured: 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 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 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 expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to,

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 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 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 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 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, 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, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess

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 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 bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to 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 pay any recordation costs.

22. Substitute Trustee. 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 Trustee herein and by applicable law.

23. Use of 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.

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 supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Adjustable Rate Rider Condominium Rider

Graduated Payment Rider Planned Unit Development Rider SINGLE-FAMILY MORTGAGE PURCHASE PROGRAM 26. Addendum. The rights and obligations of the parties under this Instrument are expressly made subject to this Addendum and the printed provisions of this Instrument, the conditions of the Addendum shall control.	<u>}</u>
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Douglas J. SCHMID (Seal) Borrower	ę
CYNTHIA L. SCHMID (Scal) (Space Below This Line For Acknowledgment) STATE OF OREGON SSS	• ,

This instrument was acknowledged before me on this by DOUGLAS J. SCHMID AND CYNTHIA LEGSCHMID NOTION PUBLIC FOR STATE VOP VI to El suffille (and Rank) o month My commission expires 3-22-89

STATE OF OREGON: COUNTY OF KLAMATH: ss. Filed for record at request of	COUNTSSIONER.
of Mortgages FEE \$21.00 INDEXED	o'clock P M., and duly recorded in Vol. M85 day on Page 16130 Evelyn Biehn County Clerk By

belubanoz yinsingar J. Single Family Montgage Purchase Program the amount of the credit so betermined

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Housing Division
Department of Commerce
State of Oregon
Aspen#M28648 Aspen#M28648

The Lender intends to assign its rights under the attached Deed of Trust to the Housing Division, Department of Commerce, State of Oregon (the "Division"). In the event the Division accepts such assignment, the rights and obligations of the parties to the attached Deed of Trust are expressly made subject to this Addendum. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust or Note, the provisions of this Addendum shall control.

- 1. The Borrower agrees that the Division may, at any time and without notice, accelerate all payments due under the Deed of Trust and Note and exercise any other remedy allowed by law for breach of the Deed of Trust or Note
 - a. The Borrower sells, rents, or fails to occupy the Property; or
 - The Housing Division determines that the mortgage eligibility requirements established under Section 103A of the Internal Revenue Code which are applicable to the loan secured by the Deed of Trust have not been met or that any statement contained in the Affidavit is untrue.

The Borrower understands that the agreements and statements of fact contained in the Affidavit are necessary conditions for the granting of this The Borrower further understands that in the event the Division waives its right to accelerate all payments due or exercise other remedy in law upon a specific violation under paragraph 1(a) of this Addendum, the Division may, in consideration therefor, increase the interest rate on this loan or require payment of a reasonable fee.

In no event will the Division waive its right to accelerate if the rights and obligations of this loan are assumed by an ineligible Borrower. This means the property cannot be sold to a person who is ineligible to receive a loan from the Division unless the loan is paid in full. If the property is sold to an ineligible party, the Division or the Lender may refuse to allow the sale and demand immediate full repayment of the loan.

- 2. The Borrower agrees that no future advances will be made under this Deed of Trust without the consent of the Housing Division, Department of
- 3. As provided in Section 103A(i)(4) of the United States Internal Revenue Code, the Division has elected to credit certain amounts which may become available to its mortgagors rather than the United States Treasury. The Division will make periodic determination of the overall amounts subject to credit and will distribute such credits among its mortgagors so as to maintain compliance with said Section. The amount of any credit to be made to the Borrower will be applied against the final payment of princion the Note, whether such payment occurs as a result of the discharge

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of the indebtedness at; or incadvance of, the last regularly scheduled If at any time the amount of the credit so determined equals or exceeds the amount of the outstanding balance on the Note, the Note will be considered discharged and any excess will be applied against interest due. Nothing in this paragraph creates any express or implied right on the part of the Borrower other than to receive a credit, if any, The Division assumes no obligation to invest any as herein provided. funds so as to increase or even provide an amount to be so credited nor is it obligated to make equal amounts available to all borrowers. The Borrower is not hereby granted any right to claim or maintain any action other than to obtain the benefit of any credit which may properly be allocated to the Borrower in discretion of the Division in order to achieve compliance with the above stated law.

The Borrower understands and agrees that the above provisions and the interest rate set forth in the Note shall be in effect only if this loan is purchased by the Division or its assigns. In the event, for any reason, that it is not so purchased, or if such purchase is rescinded, then the above provisions shall cease to be effective and the interest rate may be increased to $\frac{1}{2}$.000 % per annum, and the monthly installment of principal and interest may be 380.59 increased to \$

THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS NOTICE TO BORROWER: LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.

I hereby consent to the modifications of the terms of the Deed of Trust and Note which are contained in this Addendum.

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Dated this 3rd day of October	, \$5.
Dowster of laher Cyn	This L. Schmid
Borrower	Borrower THIA L. SCHMID
DOUGLAS J. SCHMID CYN STATE OF OREGON ,)	
County of Klamath	्रम् । •
/ (1985, personally appeared the
on this 3rd day of October, above-name 8003AS J. SO-MID AND CANINA L. SO-MID	and acknowledged the
foregoing instrument to be Their	voluntary act and deed.
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After recording, mail to:	
THE BENJ. FRANKLIN FEDERAL SAVINGS & LOAN ASSOCIATION	MAIL ALL TAX INFORMATION TO:
ONE S.W. COLUMBIA STREET	DOUGLAS J. SCHMID
	CYNTHIA L. SCHMID
PORTLAND: OR 97258	3128 CREST STREET KLAMATH FALLS, OR 97603
Afth: LORRAINE GARNER	REMINITION OF STREET
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STATE OF OREGON: COUNTY OF KLAMATH: ss.	
STATE OF OREGON. COUNTY OF REALITAIN. 33.	0.1
Filed for record at request of	the 8th day
of October A.D., 19 85 at 10:34 o'clock	on Page 16278
Evel	yn Biehn County Clerk
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