

74685

After recording please return to
Church First Federal
P. O. Box 5170
Klamath Falls, OR 97602

State of Oregon To Use For Recording Book

DEED OF TRUST

THIS DEED OF TRUST (Security Instrument) is made this 14th day of May, 1997, by and between Richard G. Bergman and Jeanine S. Bergman, husband and wife, the grantors, and Church First Federal Savings and Loan Association, a corporation organized and existing under the laws of the State of Oregon, and whose address is 202 1/2 West Street, Klamath Falls, Oregon 97602, the lender.

Borrower owes Lender the principal sum of Twenty Thousand One Hundred Fifty and no/100 Dollars (\$21,150.00). A Pay-Off Agreement by Borrower's wife dated the same date as the Security Instrument ("Note") which provides for monthly payments, with the first date of any payment due on the date of recording.

The Security Instrument contains the terms and conditions of the debt evidenced by the Note, with interest, and all necessary covenants and conditions for the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of the Security Instrument and for the performance of Borrower's covenants and agreements under the Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Lender, in trust, with power of sale, the following described property located in Klamath County, Oregon:

1. The repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances").

2. Upon request of Borrower, Lender, at Lender's option prior to full repayment of the Property by Borrower 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 general liability.

Lot 2, Block 2, WILLIAMS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

See attached Adjustable Rate Loan Rider made a part hereof.

This loan is assumable at the same rate of interest upon approval by Church First Federal Savings and Loan Association.

This is to be done at 202 1/2 West Street Klamath Falls Oregon 97602 ("Property Address")

Borrower owns all the improvements now or hereafter erected on the property, and all easement, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and creek and all fixtures now or hereafter a part of the property. All improvements and additions shall also be covered by the Security Instrument. All fixtures, furnishings and contents in the Security Instrument shall be "Property."

Borrower covenants that Borrower is a legally married of the state hereby conveyed and has the right to grant and convey the Property and that the Property is encumbered, 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 contains uniform covenants for national use and non-uniform covenants with limited variation by jurisdiction to constitute a uniform security instrument covering real property.

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Trust Agreement Between Lender and Borrower and Special Servicer

1. Payment of Principal and Interest, Prepayment and Late Charge. Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Payment of Interest. Subject to applicable law or a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum of "Funds" equal to one month of the (a) yearly taxes and assessments which may attach primarily over the Security Instrument, the party having insurance premiums, if any. These items are called "escrow items." Lender may release the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency. Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, including 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 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 to additional security for the sums secured by the Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the date of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be in Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. 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 deficiency in one or more payments as requested by Lender.

Upon payment in full of all sums secured by the Security Instrument, Lender shall promptly return to Borrower any Funds held by Lender. If under paragraph 2 of the Property or its acquisition by Lender, Lender shall apply, or later apply, in a lien against the sums received by the Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied first to late charges due under the Note, second to prepayment charges due under the Note, third to amounts payable under paragraph 2, fourth to interest due, and last to principal due.

4. Charges, Lien. Borrower shall pay all taxes, assessments, charges, fees and expenses attributable to the Property which may attach primarily over the Security Instrument, and household payments or ground rents, if any. 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 person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over the Security Instrument unless Borrower has agreed in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender. In no event shall the lien be, or default against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property or (2) accrue from the holder of the lien as a result of the lien. Lender shall advise the holder of the Security Instrument. Lender may give Borrower a notice of default if the lien is not paid within 30 days of the date of the notice.

5. Escrow Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, lightning included within the term "extended coverage" and any other hazards for which Lender requires insurance. The insurance shall be maintained in the amount and for the period that Lender requires. The insurance cover providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and contracts shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and contracts. If Lender requires, Borrower shall promptly give to Lender all receipts of past 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.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged. If the restoration or repair is economically feasible and Lender's security is not impaired, the insurance proceeds shall be applied to the sums secured by the Security Instrument, whether or not then due, with any excess paid to Borrower. If the restoration or repair is not economically feasible or not then due, with any excess paid to Borrower, if the insurance proceeds are not used to pay sums secured by the Security Instrument, Lender may use the proceeds to repair or restore the Property or to pay sums secured by the Security Instrument, whether or not then due. The 30-day period will begin when the amount is paid.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not entitle or preclude the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 5 of the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by the Security Instrument immediately prior to the acquisition.

6. Preservation and Maintenance of Property, Liens. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or become waste. If the Security Instrument is in a lien position, Borrower shall comply with the provisions of the lease, and if Borrower acquires for 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. If Borrower fails to perform the covenants and agreements contained in the Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property, such as a proceeding on bankruptcy, probate, for condemnation or to enforce laws or 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 the Security Instrument, appearing in court, paying reasonable attorney's fees and carrying on the Property or make repairs. Although Lender may take action under the paragraph 7 shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree in writing, these amounts shall bear interest from the date of determination of the Note due and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender requires 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 agents may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice in the case of a prior or an inspection specifying reasonable cause for the inspection.

9. Contamination. The proceeds of any event or claim for damage, direct or consequential, or connection with any contamination or other taking of any part of the Property, or for consequence in loss 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 Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the actual amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if after notice by Lender to Borrower that the abandonment offers to make at once or within a time for damage, 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, or its option, either to reconstruct or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone for the date of the monthly payments referred to in paragraph 3 and 4 or change the amount of such payments.

10. Borrower Not Released From Liability. By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any borrower or servicer 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 borrower in interest or refuse or 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 instrument by Lender in exercising any right or remedy shall not be a waiver of or prejudice the exercise of any right or remedy.

11. Successors and Assigns Bound Joint and Several Liability, Co-owners. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-owns this Security Instrument but does not execute the Note, (a) is co-owning this Security Instrument only as 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 correct, modify, enforce or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. Lien Charge. If the sums secured by this Security Instrument is subject to a lien which was maximum lien charge, and that lien is finally interpreted so that the interest or other than charge collected or to be collected in connection with the loan exceed the permitted limits, then (a) any such lien charge shall be reduced by the amount necessary to return 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 a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable law 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 14. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 14.

14. Notice. 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 that is given to first class mail or Lender's address, e-mail address 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 in this paragraph.

15. Governing Law, Venue. This Security Instrument shall be governed by federal 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 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 Note are intended to be severable.

16. Borrower's Cops. Borrower shall be given one confirmed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower or Sold or Transferred and Borrower is not a Tenant. If a sold or transferred for a beneficial interest in Borrower is sold or transferred and Borrower is not a tenant, the sums secured by this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

18. Lender's Right to Accelerate. If Borrower fails to pay the sums secured by this Security Instrument or the Note as provided in this Security Instrument, Lender shall have the right to accelerate the sums secured by this Security Instrument and to exercise any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Prepay. If Borrower wants to prepay the sums secured by this Security Instrument, 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.

20. Borrower's Right to Subrogate. If Borrower wants to subrogate, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of (a) 7 days after each other period as applicable law may specify for nonpayment under this Security Instrument, or (b) the date of the last payment on the Security Instrument or the Note. These conditions are that Borrower (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no nonpayment occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including but not limited to, reasonable attorney's fees; and (d) takes such action as Lender may reasonably require to ensure that the law of this Security Instrument, Lender's rights in the Property and Borrower's obligations to pay the sums secured by this Security Instrument shall continue unchanged. Upon satisfaction by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if an acceleration had occurred. However, this right to subrogate shall not apply in the case of acceleration under paragraphs 18 or 19.

Non-Defaulting Co-Borrower and Lender further covenant and agree as follows:

11. **Acceleration.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument that are prior to acceleration under paragraphs 11 and 17 unless applicable law provides otherwise. The notice shall specify the date of default, the action required to cure the default, and the date on or before the date the notice is given to Borrower, by which the default must be cured and all then due to Lender shall be paid in full. If the default is not cured on or before the date specified in the notice, Lender shall have the right to bring a court action to enforce the non-cancellation of a default or any other default of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender shall have the power to make immediate payment in full of all sums incurred by this Security Instrument without further notice and may exercise 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 11, including, but not limited to, reasonable attorney's fees and costs of litigation.

12. **Power of Sale.** Lender shall execute or cause Lender 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 provided by applicable law to Borrower and to other persons provided by applicable law. After the time required by applicable law, Lender, 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 Lender determines. Lender may purchase a whole or any part of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designees may purchase the Property without any consent or approval of Borrower or Trustee. The proceeds in the Trustee's hand shall be given back to the mortgagor or the mortgagor's estate under the terms of the promissory note in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorney's fees and costs of litigation; (b) to all sums secured by this Security Instrument; and (c) any excess to the mortgagor or person legally entitled to it.

13. **Power of Foreclosure.** Upon acceleration under paragraph 11 or abandonment of the Property, Lender or Trustee, 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 bond and reasonable attorney's fees, and then to the sums secured by this Security Instrument.

14. **Reimbursement.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to convey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall satisfy the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any reasonable costs.

15. **Substitution.** Lender may from time to time accept Trustee and assign a successor trustee in any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Lender hereunder by applicable law.

16. **Chain of Property.** The Property is not currently used for agricultural, ranch or grazing purposes.

17. **Attorney's Fees.** As used in this Security Instrument and in the Note, "attorney's fees" shall include any attorney's fees awarded by an appellate court.

18. **Notes to this Security Instrument.** None of the notes are executed by Borrower and recorded together with this Security Instrument. The covenants and agreements of each such note shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the notes were a part of this Security Instrument. (Check applicable box(es))

- Adjustable Rate Note
- Graduated Payment Note
- Other (specify)
- Continuous Note
- Planned Unit Development Note
- Family Note

19. **Shoreline Easement.** Borrower accepts and agrees to the terms and covenants contained in the Security Instrument and any related documents by Borrower and recorded with it.

Richard S. Parsons (Signature)
Richard S. Parsons (Printed Name)

Jessie M. Parsons (Signature)
Jessie M. S. Parsons (Printed Name)

STATE OF INDIANA
COUNTY OF CLAYTON

The foregoing instrument was acknowledged before me this May 14, 1992 by Richard S. Parsons and Jessie M. S. Parsons (Names)
(Printed Name)

My Commission expires 5-14-98

Richard Parsons (Signature)
Notary Public

This instrument was prepared by Flannick Price, Federal Savings and Loan Association

ADJUSTABLE RATE LOAN RIDER

NOTICE: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING THE CREDITOR IN THE EVENT OF INCREASES IN THE INTEREST RATE WILL RECEIVE HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS.

8-250

This Rider is made this 14th day of May, 1987, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to First National Bank of Oregon (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at 1000 Western Street, Clatsop Falls, Oregon 97111.

Modification. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenants and agrees as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an "Initial Interest Rate" of 2.5%. The Note interest rate may be increased or decreased on the 1st day of the month beginning on September, 1987, and on that day of the month every 12 months thereafter.

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the LIBOR as hereinafter defined:

LIBOR "Current Interest Rate, Purchase of Previously Outgoing Issues, National Average for all Major Types of Loans" published by the Federal Reserve Bank Board.

There are two methods of determining the Index: (1) the Index is the rate of change in the LIBOR (as hereinafter defined) as of the date of the last change in the interest rate on the Change Date.

- 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. Increases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments.

B. LOAN CHARGES

It shall be that the loan secured by the Security Instrument is subject to a fee which sets maximum loan charges and that fee 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 that is the case, 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 exceed the permitted limits will be returned to Borrower. Lender may choose to make this refund by crediting the principal owed under the Note or by making a direct payment to Borrower.

C. PRIORITY LIENS

If Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien 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 payment charge (if there is a limit), or (3) a change in the floor index figure, or all of these, as a condition of Lender's agreeing the option to accelerate provided in paragraph 17.

By signing this, Borrower agrees to all of the above. ± shall a limit on the interest rate adjustments during the life of the loan of plus or minus three (±3.00) percentage points.

Richard O. Parsons
Richard O. Parsons

Janet E. S. Parsons
Janet E. S. Parsons

*Provision on this contract is to be printed on loan and borrower documents only when it is the intent of both parties to include this rider. If not, the rider shall not be included.

STATE OF OREGON: COUNTY OF CLATSOP

Filed for record at request of First National Bank of Oregon & Trust on May A.D. 1987 at 1:57 o'clock P.M., and duly recorded in Vol. 1007 of Worcester on Page 9721.

WITNESSES: Debra K. Smith, County Clerk
By Debra K. Smith