

After recording return to:
Clasch Trust Federal
P. O. Box 1170
Clasch Falls, Oregon 97424

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DEED OF TRUST

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THIS DEED OF TRUST ("Security Instrument") made on May 20
1987, by the grantors, Clark J. Pederson and Lisa J. Pederson, husband and wife
of the County of Clasch, the grantors ("Grantors") hereinafter referred to as "Grantors",

CLASCH TRUST FEDERAL SAVINGS AND LOAN ASSOCIATION ("Lender"), the beneficiary,
under the laws of the State of Oregon, which is organized and existing
under the laws of the State of Oregon, and whose address is
1000 So. 4th St., Clasch Falls, Oregon 97424

hereby have loaned the principal sum of One Hundred Eight Thousand and No/100 ("Lender")
Dollars (\$ 108,000.00) to the borrower, Clark J. Pederson and Lisa J. Pederson, ("Borrower")

and the same due in the Security Instrument ("Note"), which provides for monthly payments, with the full due, if not
paid earlier, due and payable on November 15, 1987.

The Security Instrument and the payment of the debt evidenced by the Note, with interest, and all renewals, extensions and
modifications, by the payment of all other sums, with interest, advanced under paragraph 10 to protect the security of the
Security Instrument and by the performance of Borrower's covenants and agreements under the Security Instrument and
the Note. For the purpose, Borrower irrevocably grants and conveys to Lender, in trust, with power of sale, the following
described property located in Clasch, Clasch County, Oregon:

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

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

Lots 24 and 25 of Block 2 of Sub 2111 Subdivision located
in Clasch Falls, Clasch County, Oregon; excepting a portion
of lot 24 more particularly described as follows: Beginning
at a 1/2" iron pin at the westerly right-of-way of Northwest
1/4 Sec. 24, starting the property corner of Lots 24 and 25:
thence South 23 degrees 25'30" East, 52.90 feet along said
right-of-way to a 1/2" iron pin marking a point of curve;
thence, along said right-of-way on a curve to the right having
a Δ = 27 degrees 24'15" 0=24.21' to a 1/2" iron pin marking
the property corner of Lots 27 and 28; thence leaving said
right-of-way North 52 degrees 34'29" East, 111.21 feet to
a 1/2" iron pin marking a property corner of Lots 21, 22
and 23; thence, North 57 degrees 34'29" East, 9.29 feet to
a point; thence, North 40 degrees 25'39" East, 63.92 feet
to a point on the property line common to Lots 23 and 24;
thence, South 61 degrees 26'29" East, 93.24 feet along the
property line common to Lots 23 and 24 to the point of beginning.

Witness the hand of Clark J. Pederson and Lisa J. Pederson Clasch Falls
Oregon May 20 1987 ("Trustee Address")

HEREBY GRANTORS WARRANT that Borrower is lawfully seized 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 is a condition precedent to the national use and non-advance agreement with
Federal Reserve by procedure to construct a future security instrument covering said property.

Debtors Obligations, Borrower and Lender covenants and representations

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

2. Funds for Taxes and Insurance. Subject to applicable law and to a written waiver by Lender, Borrower shall pay to Lender on the due monthly payments see due under the Note, until the Note is paid in full, a sum of Funds equal to one-twelfth of full yearly taxes and assessments which may attach priority over the Security Instrument, the yearly household payments or ground rents on the Property, if any, full yearly household insurance premiums, and all yearly mortgage insurance premiums, if any. These items are called "taxes items." Lender may estimate the Funds due on the basis of current bills and reasonable estimates of future taxes items.

The Funds shall be held in an institution the deposit or accounts of which are insured or guaranteed by a federal or state agency directing Lender if Lender so elects as custodian. Lender shall apply the Funds to pay the taxes items, unless Lender may not charge for holding and applying the Funds, including the account or verifying the taxes 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 as additional security for the debt 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 due date of the taxes items, shall exceed the amount required to pay the taxes 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 amount of the Funds held by Lender is not sufficient to pay the taxes 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.

Open 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 2 of the Property is sold or acquired by Lender, Lender shall apply, as soon as practicable prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender as the time of application as a credit against the sums secured by the Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraph 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 amounts due and last to principal due.

4. Charges Liens. Borrower shall pay all taxes, assessments, charges, fees and impositions attributable to the Property which may attach priority 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 or cause 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 when Borrower has agreed in writing to the payment of the obligation secured by the lien as a matter acceptable to Lender. (b) except in good faith, the lien by or through anyone endorsement of the lien or legal proceedings which in the Lender's opinion appear to prevent the enforcement of the lien or foreclosure of any part of the Property, or all secured from the holder of the lien or agreement satisfactory to Lender subordinating the lien to the Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach priority over the 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 of the giving of notice.

5. Hazard 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. 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 Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to audit 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 good 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. If the restoration or repair is not economically feasible or Lender's security would be impaired, 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 Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or rebuild the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

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 2 of the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from coverage on 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, Landscaping. Borrower shall not destroy, damage or substantially change the Property, allow the Property to become or remain water, or if the Security Instrument is in a residential district, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the household and the title shall not merge unless Lender agrees in the merger in writing.

7. Protection of Lender's Rights in the Property, Mortgage Insurance. If Borrower has or performs the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, the administration or an estate, lease or organization), then Lender may demand pay for whatever 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 attorneys' fees and charges on the Property or make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts demanded by Lender under this 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 demand at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower respecting payment.

If Lender required mortgage insurance as a condition of making the loan secured by the 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 shall give Borrower notice of the time of or place of an inspection specifying reasonable cause for the inspection.

9. Completion. The proceeds of any loan or claim for damage, theft or consequential, or connection with any modification or other taking of any part of the Property, or for consequence in loss of cash, insurance, 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 the Security Instrument, whether or not they 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 total 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 an award or with a claim 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 agent, either to satisfaction or repair of the Property or to the sums secured by this Security Instrument, whether or not they due.

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 such payments.

10. Borrowing Not Substantiated. Payments by Lender Not a Waiver. Except as of the time for payment or modification of amortization of the sums secured by the Security Instrument or Borrower's accounts in arrears, notices 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 release of any interest made by the original Borrower or Borrower's successors in interest. Any discharge by Lender is continuing any right or remedy which may be a source of or against the estate of any right or remedy.

11. Successors and Assigns Bound. Lender and Successors and Assigns of Lender and Borrower, subject to the provisions of paragraph 12, Borrower's successors and assigns shall be bound and bound by the Security Instrument, and the provisions of paragraph 12, shall not extend to the Successor or Assigns of the Security Instrument, but does not extend to the Successor or Assigns of the Security Instrument, by a not personally obligated to pay the sums secured by this Security Instrument, and (c) against the Lender and any other Borrower may agree to extend, modify, release or make any arrangements with regard to the sums secured by this Security Instrument in the future without the Borrower's consent.

12. Loan Changes. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally unamended so that the amount or other loan charge collected or to be collected is necessary to collect the charge to the permitted limits, then (a) any such loan charge shall be reduced by the amount permitted limits will be reduced to Borrower, Lender may choose to make this reduction by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refusal 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 the Security Instrument unenforceable according to its terms, Lender, in its option, may require immediate payment in full of all sums secured by this Security Instrument, and may provide any other remedy 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 or demand provided for in this Security Instrument shall be given by delivering it to the first class mail with return receipt 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 first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in the Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. 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 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 declared to be severable.

16. Borrower's Duty. Borrower shall be given the undivided and undisturbed use of the Property and of the Security Instrument, and the use of the Property or a beneficial interest in Borrower is sold or transferred and Borrower does not intend to transfer the Property or a beneficial interest in Borrower, 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 federal law or the law of the State of the Security Instrument.

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 those sums prior to the expiration of this period, Lender may exercise the remedies permitted by this Security Instrument without further notice or demand on Borrower.

17. Borrower's Right to Rescind. If Borrower meets certain conditions, Borrower shall have the right to have the Security Instrument discharged at any time prior to the earlier of (a) 1 year or such other period as applicable law may specify for rescission, before sale of the Property pursuant to any power of sale contained in the Security Instrument, or (b) entry of a judgment enforcing this Security Instrument and the Note had no acceleration. (a) pays all sums which then would be due under this Security Instrument and the Note had no acceleration; (b) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees; and (c) takes such action as Lender may reasonably require to assure that the law of this Security Instrument shall remain unchanged. Upon rescission by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to rescind shall not apply in the case of acceleration under paragraphs 13 or 14.

17. **Acceleration.** Borrower, Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument that may give to acceleration under paragraph 14 and if notice applicable law provides otherwise. The notice shall specify the default, the action required to cure the default, the date and time for the default, 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 maintain 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 cured prior to 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 revoke the power of sale and any other remedies provided by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 17, including, but not limited to, reasonable attorneys' fees and costs of this evidence.

18. **Lender's power of sale.** Lender shall exercise or cause Trustee to exercise a written notice of the acceleration 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 any or every parcel and in any order Trustee determines. Trustee may designate sale of all or any part of the Property by public auction 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 Lender's deed conveying the Property without any covenant or warranty, expressed or implied. The records in the County's deed shall be prima facie evidence of the truth of the statements made therein. Lender shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Lender's and attorney's fees, (b) to all sums secured by this Security Instrument and to any claims in the payment or persons legally entitled to it.

19. **Lender in Possession.** Upon acceleration under paragraph 17 or foreclosure of the Property, Lender (or person, by agent or by publicly 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 paid 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 costs, 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.

20. **Discharge.** 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 other evidence held in connection with this Security Instrument to Trustee. Trustee shall convey 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.

21. **Substitute Trustee.** Lender may from time to time remove Trustee and appoint a successor trustee in any Town or appointed hereunder. Without impairment of the Property, the successor trustee shall assume to all the title power and duties conferred upon Trustee herein and by applicable law.

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

23. **Attorneys' Fees.** As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

24. **References to this Security Instrument.** Forms or other notices are provided by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such notice shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the notices were a part of this Security Instrument. (Check applicable boxes):

- Adjustable Rate Note
- Condominium Note
- 2nd Family Note
- Graduated Payment Note
- Planned Unit Development Note
- Other(s) [specify]

By SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any other instrument by Borrower and recorded with it.

Clark J. Peterson Eric J. Peterson
 Clark J. Peterson Eric J. Peterson

TOWN OF ORSON
 COUNTY OF CLATSOP

The foregoing instrument was acknowledged before me this 25th day of May, 1987

By Clark J. Peterson and Eric J. Peterson
(Borrower acknowledged)



Clark J. Peterson
 Notary Public

This instrument was prepared by NW Bank First Federal Savings and Loan Association

9318

STATE OF OREGON COUNTY OF CLATSOP

FILE NO. _____
of _____ A.D. 19__ at _____
of _____

FEE \$11.00

Notary Public _____
By _____