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Loan #10315275

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ADJUSTABLE RATE MORTGAGE 2010 DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on October 19th 9.87 The grantor is 'JAMES L. THILL, a married Individual, as his separate estate ("Borrower") The trustee is KLAMATH COUNTY TITLE COMPANY. il our q PUGET SOUND SAV INCS BANK under the laws of the state of Wash Ington, and whose address is 815. SECOND AVENUE,

SEATTLE, WA 98104 ("Lender").

("Lender"). Borrower owes Lender the principal sum of EIGHTY-FIVE THOUSAND FIVE HUNDRED & 00/100----Dollars (U.S. \$. 85,500.00.....). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("New") which be dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on November 1st. 2017. This Security Instrument paid earlier, due and payable on November 1st. 2017. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and 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

ACCORDING TO THE OFFICIAL, PLAT THEREOF ON FILE IN THE OFFICE, OF THE COUNTY CLERK OF KLAMATH COUNTY, aOREGON. a succession and the read concurring of states of the succession of the succe

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which has the address of STAR ROUTE 1. BOX 1010 LA PINE

[Street] City Oregon 97739 (A compared of the start of the start

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 foregoing is referred to in this Security Instrument as the "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 limited variations by jurisdiction to constitute a uniform security instrument covering real property.

PIEORM CONTRACTOR Designed and Lender coveriant and agree as follows OREGON-Single Family-FNMA/FHLMC UNIFORM INSTRUMENT

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Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due 1. Fayment or Frincipal and interest: Frepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note; until the Note is paid in full, a sum ("Funds") equal to one-twelfth of. (a) yearly taxes and assessments 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 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

The Funds shall be held in an institution the deposits of accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. 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 shall give to Borrower without observations and provide the provide the provide 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. Lender purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

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 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 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 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

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.

 A Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold 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

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's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an 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 insured against loss by fire, hazards 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

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. An insurance poncies and renewals share be acceptable to Lender and share include a standard montgage 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.

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 lessened. If the 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 restore 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

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 is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting for database to the Department of the payments will be the lender to the attent of the sume secured by this Security from damage to 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. Instrument immediately prior to the acquisition. 6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially acquisition and Maintenance of Property; Leaseholds. o. Preservation and maintenance or property; Leasenous. Dontower shan not desiroy, damage or substantiany 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 lease, and if Borrower acquires fee title to the Property, the leasehold and

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 Lender's rights in the Property (such as a proceeding in 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 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.

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 reduesting payment.

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enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) S 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 Security Instrument; on (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 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 Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

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 self/Borrower meets certain conditions, Borrower shall have the right to have

of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument. 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 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 federal law as of the date of this Security Instrument.

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 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

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 first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice to Borrower to Borrower to Borrower. Any notice to Borrower to B provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided

under the Note of 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 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

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 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

shall not be a waiver of or preciude the exercise of any right or remeay. 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 the successors and assigns bell being and several Lability; Any Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and assigns of Lender and Borrower, subject to the provisions the successors and the successors and assigns of Lender and Borrower, subject to the provisions the successors and the successors and assigns of Lender and Borrower, subject to the provisions the successors and the su 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 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 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. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or prodification of emertion of the such payments of the such payment or the such payment or the such payment of the such payment payment of the such payment payment of the such payment pa modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in 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

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security In the event of a total taking of the Property, the process shalloe applied to the sums secured of this secure 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

29. 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

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 20502 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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ocolin Non-Uniform Covenants, Borrower, and Lender-further-covenant and agree as follows: norrower prior, to acceleration; Remedies: Lender shall give notice to Borrower prior, to acceleration following Borrower 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,

reasonable attorneys' fees and costs of title evidence. See Series Design and in 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 cyidence 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

to the person or persons legally entitled to it. Disconting further of 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 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

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 legally entitled to it. Such person or persons shall pay any recordation costs.

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. To that the nuclear resource to the 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

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By SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it. 2000 and any second s

Instrumentance in any noer(s) executed by morrower and recorded with it. Free a transmission of the secure of the (Seal) (Seal) -Borrowe

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Janet: M. Jordan and the second period of the second period period period of the second period period period of the second period perio and is (are) known or proved to me to be the person(s) who, being informed of the contents of the foregoing instrument, have executed same,

and acknowledged said instrument to be h) S/her free and voluntary act and deed and that he/she executed said instrument for the

purposes and uses therein set form.	29thda		(SEAL)
Witness my hand and official sear una-			- ADIESCON
purposes and uses therein set form. Witness my hand and official seal this My Commission Expires: 10-1-88 This instrument was prepared byPUGE 44771	CAN LACS BANK	- (fander inder	5,10
mit interment was prepared by PUGE	T. SOUNU SAY INVA . HAN	JANE I W. SOURILC . O	RECON
This insumment was por		NOTARY PUBLIC O	0-1-88
		Let. Commission Expires	

ADJUSTABLE RATE RIDER (1 Year Treasury Index-Rate Caps)

incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to PUGET SOUND SAVINGS BANK, a Washington Corporation

the Security Instrument and located at:

(the "Lender") of the same date and covering the property described in

10315275

STAR ROUTE 1 BOX 1010, LA PINE, OR 97739

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BOR-

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ADDITIONAL COVENANTS. 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

The Note provides for an initial interest rate of 8.7.50.....%. The Note provides for changes in the interest rate and the 4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice. (C) Calculation of Changes

percentage points (.2.875....%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

The interest rate I am required to pay at the first Change Date will not be greater than10.750......% or less than

6.7.50

....%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twelve months. My

(E) Effective Date of Changes My new interest rate will become effective on each Change Date I will pay the amount of my new monthly payment

beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes (F) Notice of Changes

Feuderud on Borrower

Borrower in writing

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice. B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

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 federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made fo^{of}the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to

expiration of this period, Lander may invoke any romedies permitted by this Security instrument section further sparse which Borrower must pay all sums second by this Security Instruments. If Bourdower halfs to perform a prior to the tion. The notice shall provide a period of not less than 30 days from the date the notice is dolywred or malled within

Uniform Covenant 17 of the Security Instrument is amended to read as follows: 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 person)

If Lender exercises the option to require non-adiate payment in rall. Lender shall give Burrhaut notice of scalato-Instrument. Borrower will continue to be obligated ander the Note and this Sucurity Instrument unless Lender reference Lender and that obligates the transferee to keep all the printises and ajfreements made in the twate and it this decision. MULTISTATE ADJUSTABLE RATE RIDER ARM 5-2 Signal Family Family Freddle Mac Uniform Instrument Form 3111 3/85

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(1 Year Treasury Index-Rate Cars.) ADJUSTABLE RATE RIDER

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The BS Har on him and

meorporated into and shall be decined by anyond and supplement the Meripage. Deed of Itas, or security Deed (the "Security Instrument") of the same date given by the understand (the "Borrow of 1 to secure hertewet. Adjustable Rate Note (the "Note") to PUGET SQUIND SAVINGS BANK, a Mashington Corporation in decembed in THIS ADJUSTAULE PATE RIDER is much that 1946 & day of an October In ST. ... and ..

the Security Instrument and located at-

STAR ROUTE 1 BOX 1010, LA PINE, OR 97739

INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BOR AND THE MONTHLY PAYMENT THE HOTE LIMITS THE AMOUNT THE BOCHOWER'S THE MOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTERECT RATE

ROWER MUST PAY.

and Lender further covenant and sprease follow Appriliated Costs as its. In addition to ineconstraints and agreements mode in the Secondry Instrument, burease

Fire Now provides for an initial interest rate of (0, 1,50, 2,20, 17,5 Note (1809)) is interiminating the interest rate and the INTEREST RATE AND MONTHIN PANATEST CHANCES

INTEREST RATE AND MONTHLY PANALENT CHANCES monthly payments as follow

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The interest rate 1 will not may change on the bratiday of the Novamber 19, 58, and on every 12th month thereafter. Each date on which my interest rate could change is culled a "Change Date every 12th month thereafter.

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weeks awrage yield an United States Freakury securibles adjusted to a constant maturity of a year, as made available by the second second securibles adjusted to a constant maturity of a year, as made a subject of a second second

Federal Reserve Boards. The must recent Index lighte available as of thirdate 15 days before each Changes Date seculied

If the Index is no longer available, the Supto Molder will choose a new indox which is tracel approximpted is information. The Note Molder will give me notice of this choice.

The Note Holder will then determine the amount of the menifity privent that would be sufficient to reprive Before each Change Date, the Note Polder will calculate mynew interest and by define [2,875], percentage points (2,825]. T) to the Current lates: The Note Polder will non-stand the result of this addition to the nearest one signification percentage point [0,155]. Super tathe industrated in Section 4(D) below, this robuded amount will be mynew interest creating the next Change Date in the super tathe the determined amount will be mynew interest creating the next Change Date in the super tathe tathe task.

By

Klamath County Title Company November A:D., 19 87 a 10:36 o'clock A M., and duly recorded in Vol. on Page 20500 FEE \$30.00 Evelyn Biehn, 7 County Clerk

SS.

STATE OF OREGON: COUNTY OF KLAMATH Filed for record at request of

The Mole Holds, will deliver of multiple a notice of any changes in my advector rate (20,4), we assume that in the duly payment will not be shown as the providence of any change. The police will include information of an environment of a payment will include information of an environment of a payment will include information of an environment of a payment will include information of an environment of a payment of an environment of a payment of Same Service of the

the the se sold or transferredi for it's beneficial musics; in Borroner is our admis numari is talment is tal of all man Borrows (Scal) transfer of the Property or a Beachcial Interest in Borrow 1/ er en al serred und Borras es sert a same al prisert. Uniform Coverant 17 of the Security Instrument is an areas in trace in the If all of part of the Property of any interestion to C. TRANSFER OF THE PROPERTY OF A BENEFICIAL INTEREST IN BORROWER also the first apdrekephone number of a person who will answer agy question (stor) (see second on the name . (Scal) -Borrower

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 ""BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider: threateness and (b) I construction of frages there is and covenants contained in this Adjuster of the covenants of the covenants contained in this Adjuster of the covenants of the covenan

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases If Lender exercises the option to require immediate payment in full, 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

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<u>12th</u>