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After recording, please return to: Klamath First Federal Savings and Loan pie officer, recording, preder and render the per standard, rates recercing Savings and roam you another unpred by forder and render the per Klamath, Falls, OR 97601 (Thorbert render) run Lender may take action under this paragraph 7. Lender does hat fave to do so Instrument, appearing in court, paying reasonable situation fees and entering on the Provense to make opposite Au I ordinate and removable the action with 1 to a location of the first of

in the Property Aender's actions may include paying any sums secured by a tion redard pay investigation of the former and and adding reaction to the secure of the secure regulations), they Leader may do and pay for whatever is necessary in protect the options for Profession and Leader S (12) is covengets and agreements contained in this Security instrument, or there is a level pressenting such discuss the security instrument, or there is a level pressention is non-soluted level of security formation of the second security for the second se Protection and cader's flights to the propully blantages further of the many stars to probability.

There are from the fr OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on December 28, 19...8. The grantor is 'Carson S.' Kendall' and Sharon A. Kendall, Husband and Wife William L.' Sisemore KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION ("Trustee"). The beneficiary is under the laws of the United States of "Americand whose address is 540 Main Street Borrower owes Lender the principal sum of --ONE HUNDRED FOUR THOUSAND AND NO/100------dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not 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 <u>January 10, 2018</u>. This Security Instrument of the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest, and all renewals, extensions and the debt evidenced by the Note, with interest evidenced by the Note, with i 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

*(d) The repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances"). FUTURE ADVANCES. Upon request of Borrower, Lender, at Lender's option prior to

full reconveyance of the Property by Trustee 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 secured hereby: I to a new Appendix such the part of provide and the secure of the secure and the provide present the sufficient of the lien or forfeiture of any port of the Property, or (c) we dere from the helder of the lieb an appresent constructions to Landse caloridation in the lieb of the Cooperty of (c) we dere from the helder of the

Lots Pl and 2 in Block 67 The Terraces? according to the official Lots 1 and 2 in Block 6; The Terraces, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, and the North half of that portion of vacated Shasta View Street adjacent to said Lot 2 in Block 6.

ngy them of three directly to the person owed provided. Bostower shall presidely furnish to the device of periods to be available to the personal of the perso Borrower shall pay these obligations in the manner provided in paragraph 1, or if not paid in that manner. Borrower shall not paid in that manner, Borrower shall be made in the transmission oned nature and the mathematical frequences. 4. Crargest Lines. Bortever shall pay all taxes, assessments, charges, flux, and topositions attributation to the Property which any attain priority over this Security, instrument, and feasibilit review of the review to the instrument of the solition of the security instrument. The feasibilit review of the review to the review of the

More *SEE OATTACHED ADJUSTABLE: RATE // LOAN RIDER // MADE: A) PART HERE IN. Application of Payments. Unless applicable is a provider otherwise, oil payments accorded by Lender under unless and 1 chall be condiaded for the later durance and under the Networks and 1 chall be condiaded for the networks. application as pare in main such sums secured by this Security Instrument.

any Funds held by Lender (Funder Faragraph 10 the Property is sold of acquired by Lender, Dender shall graph, holiater than immediately prior to the sale of the Property of its acquiration by it addr, any Funds held of testiles at the trave of Upon payment in full of all some second by this Security Instrument, Leader shall promptly relyed to Borrows andount more stury to much up the deficiency in one of more required by Lender. amount of the Frinds held by Lenderiz not sufficient to pay the sectow items where the Dearcover, shell on yor Lender 20, and a suf-

If the amount of the Funds held by I ender, together, with the future monthly parments of Funds parent to the due dates of the excess items shall exceed the amount required to pay the excess items (can be called a future) in the future of the excess items and the at Horrowe's aption, either promptly regain to Borrowei or credited to Borrowei on monthly payments of the excess items in the future of the Funds held by I ender the amount required to pay the excess items (can be called a future) in the area of the Funds held by Funds in the future of the future

which has the address of <u>2120</u> Huron Street <u>Klamath Falls</u>, <u>Uncover 101 Autor toop dependence of the control of the control of the property and property and property in the property of the control o</u>

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 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. to 1 oug 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. A proceeding the the principal of and interest on the debt evidenced by the Mote and any prepayment and fairs charges are under the Note.

1, Poynom of Principal and Interest, Prepayment and Late Charges. Morrower shall promotive pay some dis-OREGON—Single Family—FNMA/FHLMC UNIFORM INSTRUMENT

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows: 1. Payment of Principal and Interest; Prepayment 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 der on the day monthly normanic are ducumder the Note written is not in fulling sum ("Eurode") could to to Lender on the day monthly payments are due under the Note; until the Note is paid in full; a sum ("Funds") equal to meetwelfth of: (a) wardy taxes and accompany which may attain a sum ("Funds") equal to to Lender on the day monthly payments are due under the Note, until the Note is paid in tull, a sum ("Funds") equal to 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 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 the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or the funds that the funds is the deposite the sector of the funds of 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 analying the Europe explanate the constraint to varifying the escrow items basis of current data and reasonable estimates of future escrow items.

state agency (including Lender it 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 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. Jonder 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 rise to Borrower without observe on applicable for the Funds about a construction of the Funds about a requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds and the shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the survey for which each debit to the Funds use mode. The Funds are pledged as additional security for the survey secured by shall give to Borrower, without enarge, an annual accounting of the Funds snowing creats 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 sums secured by

curity instrument. If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to a dates of the secrow items, shall exceed the amount required to nay the excrow items when due, the excess shall be 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 promotive regard to Borrower or credited to Borrower's option, either promotive regard to Borrower's option. and the function of the Function of the Function of the function of sufficient to nave the endorse when due. Borrower shall nave to Lender and this Security Instrument.

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 Uncersary to make up the denciency in one of more payments as required by Lender. Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower unde held by Lender. If under paragraph 10 the Bronerty is sold or acquired by Lender Lender chall apply no later amount of the runds new by Lender is not sunderent to pay the escrow hems when due, but amount necessary to make up the deficiency in one or more payments as required by Lender. Upon notiment in full of all sums secured by this Security Instrument I ender sholl Upon payment in tuil of all sums secured by this Security Instrument, Lender shall promptly retund 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 application as a credit against the sume secured by this Security Instrument

application as a credit against the sums secured by this Security Instrument.

 application as a credit against the sums secured by this Security Instrument.
3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note; second, to prepayment charges due under the Note; to principal due 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; 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 Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any.

Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, it 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 naid under this paragraph. If Borrower makes these payments directly Borrower shall promptly furnish to Lender 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 s evidencing the payments. 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 receipts evidencing the payments.

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

Takin 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 intervent satisfactory to Londer subordination the lien to this Security Instrument. If Londer determines that any part of prevent the enforcement of the lien of forfeiture of any part of the Property; or (c) secures from the nolder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property's subject to a lien which may attain priority over this Security Instrument. I and a new strain priority over the Security Instrument.

agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property'is subject to a lien which may attain priority over this Security Instrument, 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 styling of notice. 5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property d against loss by fire herarde included within the term "extended coverage" and any other herarde for which I ender 5. Hazard insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insurance 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

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 intereasonably withheld Mall insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all respirate of raid premiums and renewals to the average flags. Lender snall 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 unreasonably withheld.

and Lenger. Lenger may make proof or loss if not made promptly by borrower. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair Property damaged, if the restoration or repair is aconomically feasible and I ender's security is not becomed. If the 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 restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be of the property damaged, if the restoration or repair is economically leasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sume secured by this Security Instance proceeds to be discussed to the sume secure of the sum secure of the secur

restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has 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

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 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 the nonce is given. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or the due date of the monthly payments of the navyments. If

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property 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 this Security Instrument immediately prior to the acquisition. 6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially be Property allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold o. rreservation and Maintenance of rroperty; Leasenolds, Borrower shall not desiroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply with the provisions of the loss and is Borrower shall comply and the provisions of the loss and is Borrower shall comply and the provisions of the loss and is Borrower shall comply and the provisions of the loss and is Borrower shall comply and the provisions of the loss and the provisions of the loss and the provision of the provision o Instrument immediately prior to the acquisition.

change the Froperty, anow the Froperty to deteriorate or commit waste. If this Security instrument is on a leasenoid, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender arrest to the merger in writing If Borrower fails to perform the Covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect I ander's rights in the Property (such as a proceeding in bankrupter, probate, for condemnation or to enforce laws or fee title shall not merge unless Lender agrees to the merger in writing. 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 provide the London and any for the property (such as a proceeding in bankruptcy), the London and a such as the property of t

Lender's fights 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 in the Property Lender's actions may include paying any sums secured by a lien which has priority over this Security. regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's actions may include paying any sums secured by a lien which has priority over this Security.

In the Property. Lender's actions may include paying any sums secured by a lien which has priority over this becurity Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7. Lender does not have to do so Instrument, appearing in court, paying reasonable attorneys itees and entering on the Froperty to make repairs. Attrobug 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 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 requesting payment

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If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

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8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

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

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 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 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 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 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 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 shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions 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 that Borrower's consent.

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 partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights.⁽¹¹⁾ 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 paragraph 17. Convert and the probability of all sums accured paragraph 17. Convert and the second paragraph of paragraph 17. Convert and the probability of the pr

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 provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

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 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 declared to be severable.

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.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other, covenants or agreements; (c) pays all expenses incurred in enforcing this 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 fight to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

manuscription of anotheration of the surge scened by the second Carson 10. Bartower, rade managers in associated by the second Carson 10. Burtawer Not Released: Furdearines By Lander 7. 1/ s. posipone the due date of the mu tilty payments referred to an FV Kendall(Seal) Lighes Lender and borrower otherwise agree in writing and a Sparou . V. -Borrower sums a sturyed by this security instruments . 007 62 The state of the s ...(Seal) Kendall wake an award of Fedden Claup for damages. Burfower finds is the second for and weather strains and the property of the proper Borrow Hitlie Property is abandoned by Berrower, or Brather-nobes by Lenger to Berrower then the segmentation efforts to STATE OF THE COLOR STATE OF THE WALL AND A STATE OF THE PROPERTY OF THE PROPER Instrument, a heider of oot then due, with any excess paid to finiteway. In the sparts, a carrier caching with a brequer and earlier and the provide a provident of the sum scarred matter factor in the statement of the provident provident of the sum scarred matter of the sum ant conternation of other memory any fail of the Bioperty of by Carson S. Kendall and Sharon A. Kendall . j.?. TP 25 mill sent face homower monife at the inner of the bird, or **person(s) acknowledging)** is a subsectioner provided of the affect under there have a bird burger bird and a bird and be the sent subsection of the affect in the sent subsection of the sent subsect annin;; (date) LHILE Industrice in the presence of the anear and fingle intermediated and the second presence of My Commission expires: 7 6-8 Cod to training a rest in the second 0 Ve in clices parti Nung ng P. 2 **See** 40 alle

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By Signing Below, Borrower accepts and agrees to the terms and covenants contained in this Security

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supplement the covenants and agreements of this Security, Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)], nurence checker providence and the second states and the second states

this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and

24. Attorneys' Fees, As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court. 25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with

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

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

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

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess

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.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows: NON-UNIFORM COVENANTS, DUITOWCI and Lender Intrine Covenant and astronomy of the second secon 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,

KTC #K-40176

I.____ 9

ADJUSTABLE RATE LOAN RIDER

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

This Rider is made this .28th. day of December ..., 19. 87..., 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 KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and

Property Address

Modifications. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an "Initial Interest Rate" of 9.00%. The Note interest rate may be increased or decreased on the .1st day of the month beginning on ... March. 1,, 19.89. and on that day of the month every

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the: [Check one box to indicate Index.]

(1) 2* "Contract Interest Rate, Purchase of Previously Occupied Homes, National Average for all Major Types of Lenders" published by the Federal Home Loan Bank Board.

지하는 것은 사람에서 가장에서 가장에서 가장에 관망하고 있는 것이 없다.

[Check one box to indicate whether there is any maximum limit on changes in the interest rate on each Change Date; if no box is checked there will be no maximum limit on changes.]

□ There is no maximum limit on changes in the interest rate at any Change Date. (1)

The interest rate cannot be changed by more than 1.0.0 percentage points at any Change Date. *SEE NOTE(2) BELOW

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 could be that the loan secured by the Security Instrument is subject to a law which sets maximum loan charges and that law is interpreted so that the interest or other loan charges collected or to be collected in connection with the loan would exceed permitted limits. If this is the case, then: (A) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (B) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower.

C. PRIOR 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 interest rate change (if there is a limit), or (3) a change in the Base Index figure, or all of these, as a condition of Lender's waiving the option to accelerate provided in paragraph 17.

By signing this, Borrower agrees to all of the above

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Carson S. Ke .(Seal) Borrower (Seal) Shraon A. Kendall Borrower

re than one box is checked or if no box is checked, and Lender and Borrower do not otherwise agree in writing, the first Index named will apply. ADJUSTABLE RATE LOAN RIDER-6/81-FHLMC UNIFORM INSTRUMENT 44295-4 SAF Systems and Forms

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ Klamath County Title Company _ the _ 4th day A.D., 19 <u>88</u> at <u>9:18</u> o'clock <u>A.M.</u>, and duly recorded in Vol. <u>M82</u> of <u>Mortgages</u> on Page <u>5</u> January of _ of _ on Page _____

By

Evelyn Biehn, County Clerk Am -