83549

LINE OF CREDIT MORTGAGE TRUST DEED

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This is a revolving adjustable rate Deed of Trust

After recording return to:

BENEFICIARY: Mellon Financial Services Corporation
Branch Office 028
address 2603 Crosby Ave.
Klamath Falls, OR 97603

The maximum amount to be advanced pursuant to the Line of Credit Agreement secured by this Trust Deed is $ 16500.00 The term of the Line of Credit Agreement secured hereby is 20 years.

Grantors (Borrowers)
name Richard D. Neathamer and Bonita R. Neathamer; Husband and Wife
address 6525 Appaloosa Ct.
Klamath Falls, OR 97603

The Grantors above named are or may become indebted under the terms of a Revolving Loan Agreement dated 1/13/88 in the maximum principal amount of $ 16500.00 to the beneficiary named above at the above office and evidencing advances made by said beneficiary up to the actual amount of the maximum principal thereof. Advances shall not be made more than 20 years from the date of the Revolving Loan Agreement and any balance remaining after 20 years shall be paid in full within 15 years, which is the date of maturity if not sooner paid.

The indebtedness secured by this deed of trust is a revolving line of credit. Funds may be advanced by beneficiary, repaid by grantor and subsequently readvanced by beneficiary. Notwithstanding the amount outstanding at any particular time this deed of trust secures the total indebtedness to the Maximum Principal Amount. Absent a default by grantor under the terms of the Revolving Loan Agreement all advances thereunder by beneficiary are obligatory and are secured by this deed of trust. All such obligatory advances will have the same priority as the funds initially advanced under the Revolving Loan Agreement. Default in making any payment shall, at the option of the beneficiary hereof and without notice or demand, render the entire outstanding balance unpaid thereon at once due and payable. The interest rate, premiums or payment terms on the revolving loan agreement may be indexed, adjusted, renewed or renegotiated.

Grantors hereby convey to Trustee, Aspen Title and Escrow in trust with power of sale the following described property:

Lot 13, Block 2, Rolling Hills, Tract No. 1099, in the County of Klamath, State of Oregon.

The Grantors covenant to the Beneficiary that they are the owner of said property free of all encumbrances except

Department of Veterans' Affairs

and that they will warrant and forever defend the same against all persons.

Grantor warrants that the Real Property described herein is not used for agricultural, timber, or grazing purposes.

The Grantors agree: to maintain the property in good condition, not to remove or demolish any building; to provide insurance on the buildings now or hereafter erected in an amount of not less than the principal balance due upon this note or any note hereafter given for which this trust deed shall be security, said insurance to name the Beneficiary as the loss payee to the extent of an outstanding indebtedness, the policy to be delivered to the beneficiary; to keep the property free of all liens of any nature and to pay all taxes and assessments levied upon the property. In the event of the Grantors' failure to pay any taxes or liens, the Beneficiary may do so and add said sums to the Grantors' obligation at the rate of interest described thereon to be paid on the demand of the Beneficiary. In the event the right of eminent domain or condemnation is exercised in regard to said property any moneys received from said proceeding shall be applied to the above indebtedness until it is paid in full. If the Grantor sells or transfers the above described property such sale or transfer shall be an event of default.

Upon default by the Grantor hereunder, it is agreed Beneficiary may at any time enter upon and take possession of said property and may either proceed to foreclose this trust deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or direct the Trustee to foreclose this trust deed by advertisement and sale in the manner provided for foreclosing a trust deed in ORS 86.705 to 86.795. Upon the foreclosure the Trustee shall apply the proceeds of the sale first to expenses of the sale, including reasonable attorney fees and compensation of Trustee in the proceeding, then to the obligation secured by the trust deed, then to all recorded liens subsequent to the interest of the Trustee as they may appear in the order of their priority and the surplus, if any, to the Grantors, or to their successors and interests entitled to such surplus.

The Beneficiary may from time to time appoint a successor or successor trustees. The successor trustee upon such appointment shall be vested with all title, powers and duties of the Trustee herein named. Grantors agree to pay all filing fees as well as the costs and disbursements in any proceedings to enforce this obligation.

Receipt of an exact copy of this document is hereby acknowledged by the undersigned.

State of Oregon
County of Klamath) :ss:
Personally appeared the above named)
Richard D. Neathamer and Bonita R. Neathamer
and acknowledged the foregoing instrument
to be their
voluntary act and deed

Notary Public for Oregon
RICHARD J. WICKLINE
NOTARY PUBLIC OREGON
My commission expires
My Commission Expires 11-11-90

Richard D. Neathamer
Grantor
Bonita Neathamer
Grantor

Request for Full Reconveyance
To be used only when obligations have been paid.

TO: , Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the name. Mail reconveyance and documents to

Dated: , 19

Beneficiary

36-04535 10-87

800

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow, Inc. the 15th day of January A.D., 19 88 at 11:05 o'clock A M., and duly recorded in Vol. M88 of Mortgages on Page 799.

FEE $10.00

Evelyn Biehn, County Clerk
By