FORM #220 4-89

limited variations by jurisdiction to constitute a uniform security instrument covering real property. the principal of and intervention for definitional dy the years and any protecting real property.

12 1 52 THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with

Search entry on the search of the search of the search of the state 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.

1 100 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."

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at Borrower's option, either promptly repaid to Berrower beereinted to Borrower on crowing) parameter of house it the the due dates of the events at all exceed the amount required to pay the events are the second start of the se If the amount of the Funds held by Lender, together with the future monthly payment of the analysis of the traction

Open payment in full of all sums secured by this Security Instrument. I reader shall present to react when ancount receivery to make up the deficiency mone or fricte payments as required by Lender annual of facilings beld by Lender is not sufficient to pay the early fights when due. Borrow or that population out contracts

application as a credit against the sourissicated by this Security Instrument . J. Application of Payments. Unless applicable law provides otherwise, all provide the source of the source of t then inmediately prior to the sale of the Property or its adjutation by Lender, any Plants and the Lender at the time of any Ennis held by Lenner. If under paragraph 1X for Property is sold or acquired by Lender Arnet shall go in a darr

Note: third, to appoint - payable under paragraph 2, fourth, to interest dury and last, to measure or a paragraphs I and 2 shall be applied that, to late charges due mater the frate, second, to prepared at charges due over the

receipts content the payments. to be paid ander this paragraph. It Borrover makes these paraletic directly, terrover shall provide a second success pay them on time directly to the person owed payment. Horrowor shall promptly furnish to Lender all concession amounts Property, which may attain priority over this Security Instruction, and Jeaselved research of second construction Borrower shall pay these obligations in the manner provided in paragraph 2, or il net and instructions of the second standard *See Attached Adjustable Rate Loan Rider made a part herein.

Lot 3 in Block 5 of TRACT NO. 1019, WINEMA PENINSULA UNIT NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon's suistancey to hence subordinating the tien to this Security Instrument. If I caller community and part of bleach an choiceach a' na ha an choiceann a' na han a' na har a' na ha Acct a' #3407–02800–00300 a' threachan a' na har na har a' na har a' 196184. agrees in writing to the payment of the obligation sectors by the heating a manufar associated to be a sector as borryset shell promptly discharge any new which has privity, over this becaust has presented in the second second

paid earlier, due and payable on _______ July 20, 1999 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 nament of all other security interest. modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; 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 to 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 County, Oregon:

 Willfam L. Sisemore
 ("Borrower"). The trustee is

 Willfam L. Sisemore
 ("Trustee"). The beneficiary is

 KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION
 which is organized and existing

 under the laws of the United States of America
 and whose address is

 540
 Main Street, Klamath Falls, OR 97601
 ("Lender").

 Borrower owes Lender the principal sum of
 Thirty-three' thousand six hundred and no cents
 ("Lender").

 Dollars (U.S. \$, 33, 600,00
 .) This debt is evidenced by Borrower's note

 Thirty-three', which provides for monthly payments, with the full debt, if not

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To Protection of Lender's Rights in the Property Monthage Lenderance (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenderance) (12 Protection of Lender's Rights in the Protection Monthage Lenders) (12 Protection of Lender's Rights in the Protection of a partient the statement of

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tednernúš bakusni the date of dispursement at the Note rate and shall be payable, wild thin estimption apoil ecurity Instrument, Unless Bostowar and Lender agree to other lertits of payments these areas and see and After recording please return to: "Klamath First Federal and the second se

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Vol. mgg Page 13545 Mountain Title Co. #21787



DHECOM= 225 A-1000 (LHT NC: OMEORIE INCISIONENL 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. 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 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 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 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 sums secured by SUC 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 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 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. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over 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 of the sixing of indice. 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, 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 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 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.

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 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 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 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 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

fee title shall not merge unless Lender agrees to the merger in writing. 7. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in 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.

VILE XAny 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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co. 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 8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender

Michath First Federal Savings & Loan Acad

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This insurances was prepared by

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 assigned and shall be paid to Lender. 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

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 paid to Borrower. given, Lender is authorized to collect and apply the proceeds; at its option; either to restoration or repair of the Property or

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend 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

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of shall not be a waiver of or preclude the exercise of any right or remedy 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

10 wet is consent. 12. 12 Loan Charges. 11 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. The provision of applicable laws has the effect of 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, any require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies 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.

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.

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's interpret. [Lusice stated course with the conflicting provision].

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. 1976 116. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument. 1976 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

reuctation as of the date of this security distrument. federal law as of the date of this Security Instrument interes of it 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 enforcement of this Security Instrument discontinued at any time prior to the carnet of (a) 5 days (of 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 (a) 'pays' Lender all' sums which then would be due under this Security (a) pays the sum of the sum o (a) pays Lenger an sums which then would be the index this security instrument and the root 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 Security instrument, menoung, our not minicu to, reasonable attorneys rees, and (u) 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 reasonably require to assure that the nen of this security instrument shall continue unchanged. Upon reinstatement by folligation to pay the sums secured by this Security instrument shall continue unchanged. 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.

octaniNon-UNIFORM COVENANTS: Borrower and Liendenfurther covenant and agree as follows: Dis 13 of 1 Potter 19. Acceleration: Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's 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, Lenderat 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."

11/11 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.

215 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 prime facte 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 to the person or persons legally entitled to it. 1,010 2007,110, 1000,000 and 000,000 an

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 21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Prustee 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. A successor trustee and appoint a successor trustee to any time remove 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, a transferred upon Trustee herein and by applicable law, through a case nerce 23. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes. county 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: so thus the intercer prompt your charge construction in the construction of 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 Instrument: [Check applicable box(es)] Linucut and (c) all can be used to box and a part of this Security [15] D[A] Adjustable Rate Rider (Rider 10) and (c) all can be used to be used to be used and a part of this Rider [15] D[A] Adjustable Rate Rider (Rider 10) and (c) all can be used to b pi bare 🛐 : Graduated : Payment- Rider, 469 321 🗊 : Planned ; Unit : Development: Rider, a statistication of the statistication of 1515 Se Opper(e) [specify] Astens Bound: doint and Several Lability (co-sumers) of the communication of the successors and passens of Lender and Ferrow (constraint processors).

shall not be a waiter of or preclude the exercise of any right of termoly 12.144 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: any runs consume

Instrument and in any rider(s) executed by borrower and recorded with the residence of the particular to communic biococquite form of the particular of the instrument and in any rider(s) executed by borrower and recorded with the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite form of the instrument and in any rider(s) executed biococquite biococquite and the instrument and in any rider(s) executed biococquite biococquite and the instrument and in any rider(s) executed biococquite biococquite and biococquite and the instrument and in any rider(s) executed biococquite and the second biococquite and the instrument and in any rider(s) executed biococquite and the second biococquite and the instrument and in any rider(s) executed biococquite and the second biococquite and Seal) -Borrower

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Notary Public

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This instrument was prepared by Klamath First Federal Savings & Loan Assn.

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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 . 19th. . day ofJuly, 19.89..., and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instru-

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

.1.2. months thereafter.

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) D* "Contract Interest Rate, Purchase of Previously Occupied Homes, National Average for all Major Types of Lenders" published by the Federal Home Loan Bank Board. (2) EM Federal Home Loan Bank of San Francisco Eleventh District Institutions

Monthly Weighted Average Cost of Funds

[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.] (1)

There is no maximum limit on changes in the interest rate at any Change Date. *See Note(2)

The interest rate cannot be changed by more than . 1.00 percentage points at any Change Date. 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. *With a limit on the interest rate adjustments during the life of the loan of plus or minus three (± 3.00) percentage points.

Arlene Mae Sigurdson -Bonover

.. (Seal) Borrower

STATE OF OREGON: COUNTY OF KLAMATH: ss

Filed for record at request of _____ Mountain Title Co. 25th the day M89 County Clerk FEE \$28.00 By Qauline Mullenalar