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FIRST INTERSTATE BANK OF CREGON

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P.O. Box 3131

Portland, Oregon 1,97208-3131 as fores and distributed to the 7DFKing american Europia Baharon ia asalahinnipita tah kesara irradian alam alama ara

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Loan No.

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THIS DEED OF TRUST ("Security Instrument") is made on

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October 13 . The grantor is

SERIO L des Raymond K Anderson and Gracie L Anderson

("Borrower"). The trustee is Mountain Title Company of Klamath County, An Oregon Corp

The State of Language and ("Trustee"). The beneficiary is "FIRST INTERSTATE BANK OF OREGON, N.A.

which is organized and existing under the laws of The United States of America address is P.O. BOX 3131, Portland, OR 97208-3131

, and whose

("Lender"). Borrower owes Lender the principal sum of

should were encounted in page a 21 month in Forty Thousand and 00/100

Dollars (U.S. \$

40000.00 ).

This debt is evidenced by Borrower's note 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 01, 2009 . This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (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 the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described County, Oregon: property located in paragalor i riquo ir ralino.

April official

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which has the address of 97603 Oregon

1248 Madison Street, Klamath Falls ("Property Address");

[Zip Code]

OREGON - Single Family - FNMA/FHLMC UNIFORM INSTRUMENT

-6H(OR)(9403)

Page 1 of 6

-6H(OR)(8403) Form 3038 9/90 Amended 3/94 VMP MORTGAGE FORMS - (800)521-7291

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[Street, City].

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument.

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.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note. Borrower shall promptly pay when due the

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") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow liens."

Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related. mortgage loan may require for Borrower's escrew account under the federal Real Estate Sentement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. 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. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, and the funds agree in writing the state of the funds. 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 all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is the excess rungs in accordance with the requirements of applicable law. It the amount of the rungs need of accordance with the requirements of applicable law. It the amount of the rungs need to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than tweive

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 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

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 (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

5. Hazard or Property 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, including floods or flooding, 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 withheid. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall use the right to hold the policies and renewals. If Lender requires Recrower shall promptly give to Lender all society of raid have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid DOUGE. nave me right to note me poucies and renewals. It Lender requires, Borrower shall give prompt notice to the insurance carrier and Lender. Lender premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender

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 restoration or repair is not economically feasible or Lender's security would be lessened. Property damaged, it me restoration of repair is economically reasible and Lender's security is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums the commically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums the commical to the commical to the sum of the committee of the com repair is not economicany, teasible or Lender's security, would be lessened, the insurance process 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 Borrower within 20 days a notice from I ander that the insurance corrier has offered to cattle a claim, then secured by this becauty instrument, whether or not men due, with any excess paid to borrower, it borrower abandons the roperty, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then I ander may called the insurance may call the may call the insurance may call the Property, or does not answer within 30 days a nouce; from Lender may use the proceeds to repair or restore the Property or to pay sums secured Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured the third security leading the proceeds. Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the rioperty 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 distribution of the payments. It under paragraphs the ground of the payments.

Unless Lender and Borrower omerwise 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 1 the Property is acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I ander Decoupted right to any insurance religious and acquired by I and I are the acquired by I are the acquired by I and I are the acquired by I are the acquired by I and I are the acquired by I are the acquired b me due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments, it under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquired by Lender, and I and I and I are to the extent of the sums secured by this Security Instrument immediately. 21 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. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of Borrower snau occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the prior to the acquisition. mis Security instrument and snan continue to occupy the Property as Burrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless agrees in writing, which consents shall not destroy damage as impaint the Property agreements of the Property damage as impaint the Property agreements of the Property agreements of the Property as payond Portographic Property Proper extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, extenuating circumstances exist which are beyond Borrower's control. Borrower snau not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lies greated by this Security Instances of London Could result in Property in Prope proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in foresture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a content of the lien created in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in the property of other material impairment of Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property of other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower during the Lenger's good rain determination, precious torredure of the norrower's interest in the Property of other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the the nen created by this Security Instrument or Lender's security interest, burrower shan also be in detailed in Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with non-application process, gave materially raise or maccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a less hold. Borrower any material information) in connection with the floar evidenced by the Project, mentaing, but not infined to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall snan comply with an the provisions of the lease. It portower adjuncts fee the to the rioperty, the leasehold and the fee and snan not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in the Property.

this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruntey, probate for condemnation or forfeither or to an arrange laws or regulations), then I and a property or to a security in the property of the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property or to a security in the I and a property of the I and a property or to a security in the I and a property of the I and a property or to a security in the I and a property of the I and uns accumy instrument, or mere is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeithire 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 Deposity. proceeding in pankrupicy, probate, for concennation or foreither 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 for whatever is necessary to protect the value of the Property and Lender's rights in the Property. 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 renairs. Although I ander may take action under the property to make renairs. paying any sums secured by a nen which has priority over uns 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

s not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Any amounts discurred by Lender under this paragraph / snan 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 dischargement as the Note and add shall be appealed with interest the paragraph of the Note and add shall be appealed with interest the paragraph of the Note and add shall be appealed with interest the paragraph. disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. 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 mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to maintain the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to the mortgage insurance coverage required by Lender lapses or ceases to be in effect, borrower shall pay the premiums required to the mortgage insurance previously in effect, at a cost substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the obtain coverage substantially equivalent to the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If one to be a substantially controlled to the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If one to be a substantially controlled to the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurance and month a sum equal to substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to one-twenth of the yearly mortgage insurance premium being pain by Borrower when the insurance coverage tapsed of ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an incurer approved by Lender again becomes available and is obtained. Possessor about the control of the period by Lender again becomes available and is obtained. payments may no longer be required, at the option of Lender, it mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the usa Lenuer requires) province by an insurer approved by Lenuer again becomes available and is obtained. Borrower snau pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance and is considered with any register providers. insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

issurance enus in accordance with any written agreement perween sorrower and Lender or appurable law.

19. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give

Borrower nouce at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. 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 reid to a reader.

shall be paid to Lender. HE ESCH STORES TOWNED TO THE SERVICE STORES OF THE and white (a) is the contract from the contract of the contrac the fairness of the thirty than the fairness of the fairness o The secure of the mass variable and employed in the secure of the secure

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 in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, 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 taking. Any halance shall be read to Borrower in the event of a partial taking of the Property in which the fair market value of the Property in which the fair market value of the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking unless applicable law otherwise provides, the proceeds shall be applied to the

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

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.

11. 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

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this 12. 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 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.

13. 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 exceed the permitted minns, then: (a) any such toan charge snall 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

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.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the property is located. In the event that any provision or clause of this Security Instrument or the Note that any provision of this Security Instrument or the Note that any provision of this Security Instrument or the Note that any provision of this Security Instrument or the Note that the security Instrument 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

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 paymer 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

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

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 as if no acceleration had 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

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19. Sale of Note: Change of Louis Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one a more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be one or will construct the sale of the change in accordance with paragraph 14 shows and applicable law. The notice will construct the name and more changes of the Loan Servicer unrelated to a sate of the roote, it there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law governmental or regulatory agency or private party involving the Property and any mazardous substance of any Hazardous Substance affecting the Property is necessary Romann chall promptly take all removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrowc shall promptly take all

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows: 21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) and date not less than 30 days from the date the notice is given to Borrower by which the default must be cured: and (d) applicable law provides otherwise). The notice suan specific (a) the default; (b) the action required to cure the default; (c) adde, 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 when this Committee Instrument and sole of the Property. The notice shall further inform Represent of the right to reinstate 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 21, including, but not limited to, reasonable

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 of an event of default and of Lender's election to cause the Property to be soid and small cause such nonce to be recurred 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 without demand on Roprover chall call the Deposity at public quotion to the highest higher at the 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

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 evidence of the truth of the statements made expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made expressed or implied. The rectains in the Trustee's deed shall be prima facte evidence 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 to the sale and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess

22. 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 to the person or persons legally entitled to it. Such person or persons a fee for reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under applicable

23. 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 awarded by an appellate court.

24. Attorney's Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees

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25. Riders to this Security Instrumen	t. If one or more riders are executed by E eements of each such rider shall be incorpora ty Instrument as if the rider(s) were a part of	ated into and shall amend and supplem	ent
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## EXHIBIT "A" LEGAL DESCRIPTION

A portion of tract 71 of FAIR ACRES SUBDIVISION NO. 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, described as

Beginning at a point on the East line of said Tract 71, 161 feet South of the Northeast corner of said Tract 71; thence South along the East line of Tract 71, 100 feet to a point; thence West and parallel to the North line of said Tract 71, 173 feet to a East and parallel to the East line of said Tract 71, 100 feet to a point; thence as a point of beginning.

SUBJECT TO a 30 foot existing roadway along the Easterly line of said Parcel.







## ADDENDUM TO DEED OF TRUST

The Lender intends to assign its rights under the attached Deed of Trust to the Oregon Department of Veterans' Affairs (ODVA). In the event the ODVA accepts such assignment, the rights and obligations of the parties to the attached Deed of Trust are expressly made subject to this Addendum. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust or Note, the provisions of this Addendum shall control. All provisions of the Deed of Trust not inconsistent with this Addendum shall, and do, remain in full force and effect, including, but not limited to, the remedies available to the lender or its successors or assigns in the event of a default as described therein.

As long as this Deed of Trust is held by the ODVA, or its successors or assigns, the holder may declare all sums secured by this Deed of Trust to be immediately due and payable if:

All or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) by Borrower to a purchaser or other transferee, or

Borrower rents, leases, or within 60 days after the loan is closed, fails to occupy as the borrower's principal residence, the property described in the Deed of Trust, or

Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for this loan.

Consideration, if any;	
Signature of year	
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PORTLAND, OREGON 97208	1248 MADISON STREET
	(Address of Borrower)
as responsibly to the suppressions are nable so-	KLAMATH FALLS, OR 97603

The Borrower understands that the agreements and statements of fact contained in the Addendum to Residential Loan Application are necessary conditions for granting this loan.

NOTICE TO BORROWER: THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.

hereby consent to the modifications of the t this Addendum.	erms of the Deed of Trust and Note which are contained to the product of the prod
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N TESTIMONY WHEREOF, I have hereunto set in	y hand and affixed my official seal this day and year last
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STATE OF OREGON: COUNTY OF KLAMATH: ss.	
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