(M) Washington 9301/2

Loan No. 01-983-508305-0 MCUNIAIN TITLE CC 33896-JW AFTER RECORDING, MAIL TO:

WASHINGION MUTUAL BANK Loan Review P.O. Box 91006, SV S0304

Seattle, WA 98111

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1997年199日(1997年199日) - 1997年1月1日(1997年19月) - 1997年1月1日(1997年19月)

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vol.m94 Page 39077

MTL 33890 w DEED OF TRUST

12-29-94411:26 RCVD

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| THIS DEED OF TRUST ("Security Instrument") in made on December 20th 1994 The grantor is ROBERT L KELLC(S and LISA E LELLOGG, husband and wife | |
|--|--------------|
| ("Borrower"). The sustee is MOLINTAIN. TITLE COMPANY, an ("Trustee"). The beneficiary is , which is organized and existing | |
| WASTINK TON MUTUH, BANK , and vit ose address is 1201 THIRD AVENUE ("Lender"). | |
| SEATTLY, VIA 981 J1 Borrower c wes Lender the principal sum of NIN ET (THOUSAND) NE HUNDRED FILTY & 00/100 Doll ars (J.S. \$ 90, 95) .00). This debt is evidenced by Borrower's Doll ars (J.S. \$ 90, 95) .00). This debt is evidenced by Borrower's | ; t |
| Doll ars (J.S. S. 90, 95).00). This doubt is of some with the full debt, if not note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not This Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not This Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not This Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not This Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not this Security Instrument ("Note"), which provides for monthly payments, and all renewals, extensions and secures to Lender: (a) the repayment of the dibt (videnced by the Note, with interest, and all renewals, extensions and the note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security modifications of the Note; (b) the payment of all other sums, with interest of Borrower's circle renants and agreements under this Security Instrument; and (c) the performance of Borrower's circle renants and agreements under this Security Instrument; and the Note. For this purpose, Borrower irrevo ably grants and core eyes to Trustee, in trust, with power of sale, the following described property located in KTAMATH | , ∕ it |
| | |

LOT 4, BLOCK 3 TRACT 1126, FIRST (DDITION TO FERNDALE, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE: OF THE COLLTY CLERK OF KLAMATH COUNTY, OREGON.

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(Pror arty Address*);

Oregori 976.C3

TOGETHER WITH all the improvements now or hereafter erect ad on the property, and all easements, appurtenances, and focures 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."

HORROWER COVENANTS that Borrower is lawfully seised to the estate hereby conveyed and has the right to grant and convey the Property and that the Property is une cumbered, exix pt for encumbrances of record. Borrower warrants and will defend generally the title to the Property against a claims and den ands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines inform covenings for national use and non-uniform covenants with limited variations by jurisd clion to constitute a uniform si curity instrumen covering real property,

OREGON - Single Family - Fannle Mae/Freddio Mac JNIFORM INSTITUMENT 427A 8/94

Form 3038 9/90 (page 1 of 4 pages) TO RE RECORDED

Loan #: 01-983-508305-0

not 10 5 39078

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows: 1. Payment of Principal and Interest; Freps ment and Late t harges. Borrower shell promptly pay when due the principal of end interest on the debt evidenced by the Note and argy propayment and late tharges. Borrower shell promptly pay when due the principal of end interest on the debt evidenced by the Note and argy propayment and late tharges. Borrower shell promptly pay when due the principal of end interest on the debt evidenced by the Note and argy propayment and late tharges due under the Note. 2. Funds for Taxes and Insurance. Subject to applicable laws to a written weiver by Lender, Borrower shall pay to Londer on the day month by payments are due under the Note, until the totis is paid in full a sum ('Funds') for: (a) rearly taxes and assessments which may attain month by payments are due under the Note, until the totis is paid in full a sum ('Funds') for: (a) rearly taxes and assessments which may attain month by payments are due under the Note, until the totis property (b) yearly (e) yearly montgage insurance premiums, if any; (a) (e) yearly montgage insurance premiums, if any; (a) (e) yearly is urance premiums; (d) yearly to dissurance premiums, if any; (e) yearly montgage insurance premiums, if any; and (f) any sums bayable by Borrower to Lender, in a score ance with the pro-isions of paragraph 8, in lieu of the payment of mottgage insurance premiums. These items are called "Escrow Item." Lender may, at any me, collect and hold F inds in an amount not to exceed the maximum procedures Act of 1974 as amended from time to trie, 12 U.S.C. Sect in 2601 et seq ("RESP(-Y), unless another law that applies to the Funds sate lesser amount. If so, Lender may, at any time, cillect and hold F in ds in an amount not to exceed the lesser amount. Londer may estimate the amount of Funds due on the basis of current lata and reasor a le estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

essidence. In this security instrumenties on a lease loto, borrower's it in comply with an dis provisions of th the Property, the teasehold and the fee title shall in at merge unless, under agrees to the merger in writing.

accordance with applicable law. The Funds shall be held in an institution who is deposits are in a red by a federal agency, instrumentality, or entity (including Lender, if Lend is such an institution) or in any Federal is one Borrower for holding and applying the Funds in an ally analyzing the escrow account, or virifying the Escrow items, unless Lender pays Borrower for holding and applying the Funds in an ally analyzing the escrow account, or virifying the Escrow items, unless Lender pays Borrower interest on the Funds and applicable law is emits Lender to thake such a charge. However, Lender may require Borrower to pay a constitution, unless are agreement is made or applicable law is emits used to the paid. Lender shall not be required to pay Borrower any interest or eximities. Unless are agreement is made or applicate a law requires in the est to be paid. Lender shall not be required to pay Borrower any interest or eximities. Borrower and Lender minic agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the shunds, showing predits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged a lad thonal security for all sums secured by this Security Instrument. If the Funds held by Lender exceed the a mour is permitted to be held by applicable law. Lender shall account to Borrower for the excess

If the Funds was made the Funds are predged a rad interaction to be reliable by applicable law, Lender shall account to Borrower for the excess If the Funds held by Lender exceed the a notin's permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicible law. If the arbum of the Funds held by Lender at any time is not sufficient to pay the Escription of the such as the requirements of applicible law. If the arbum of the Funds held by Lender at any time is not sufficient to pay the Escription of the such as the requirements of applicible law. If the arbum of the Funds held by Lender the amount necessary to make up the deficiency. Borrower shall make up the leficiency in no more to in twelve monthly payments, at Lender's sole discretion. Upon payment in full of all sums secured by this Security Instrument in Lender shall promptly refund to Borrower any Funds held by Lender. Upon payment in full of all sums secured by the Property Lend to prior to the acquisition or sele of the Property shall apply any such as the Property shall apply any funds.

Upon payment in full of all sums secured by this Security instruminint, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lendir, 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 redit against the sims secured by this Security Instrument. **3.** Application of Payments. Unless applied law provides of envise, all payments received by Lender under paragraph 1 and 2 shall be applied: first, to any prepayment charges due under the Note; seccirity instrument secure day the Linder 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 axes, assessment, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leas hold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2 or if not paid in that manier, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts in the paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender all notices of amounts in the paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender all notices of amounts in the payments.

promptly runnish to Lender receipts evidencing the pryments. Borrower shall promptly discharge any tien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lient in a manner accepted to be been to be prevent the enforcement of the lient by, or defends against enforcement of the hen in, legal proceedings which to the Lender's option operate to prevent the enforcement of the lient of the lient as the cander's option operate to prevent the enforcement of the lient as the satisfactory to under subordinating to the subject to a lient which may attain provide our this Security Instrument. Lender may give Borrower a notice identifying the lient. Property is subject to a lien which may attain pricitly over this Sex rity Instrument. Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set for thabove within 10 days of the giving of notice.

Borrower shall satisfy the lien or take one or more of the actions set to that above within 10 days of the giving of notice. 5. Hazard or Property Insurance. Forrower shall keep the improvements now existing or hereafter erected on the Property insured agring to solve the property insurance of the term fextended cover get and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be multituded in the amount that for the periods that Lender requires. The insurance carrier providing the insurance shall be multituded in the amount that for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approximation and to be unreasonably withheld. 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 coverage to protect Lender's rights in the Property in accordance with

Paragraph 7. All insurance policies and renewals shall be acceptable to Len ler and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender equires, 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

Unless Lender and Borrower otherwise agrine in writing, in: L ance 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 damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically derived by the restoration or repair is economically the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not their due, with any excess part to 3 prover. If Borro vir abandons the Property, or does not answer within 30 days a notice from use der that the insurance carrier has offered to set e a claim, then Leider may collect the insurance proceeds. Lender may use the proceeds to use der that the insurance carrier has offered to set e a claim, then Leider may collect the insurance proceeds. Lender may use the proceeds to notice is given.

notice is given. Unless Ler der and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date Unless Ler der 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 paragraph sit and 2 or or a rige the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any i sure ce policies and proceeds resulting from camage to the Property prior to the acquisition shall prise to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition. 6. Occurrency Preservation Mainter and Protection 1 the Property: Borrower's Lean Application: Leaseholds. Borrower shall

6. Occupancy, Preservation, Mainter ance and Protection y the Property; Borrower's Loan Application; Leaseholds. Borrower shall or cupy establish and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and stall continue to occupy the Property as Borrower's principal residence within sixty days after the date of occupancy, unless Lender otherwise st all continue to occupy the Property as Borr we opencipal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not by ur pasonably withhelp or unless externuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or in pair the Property is low the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civity or or riminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially is pair the line ore are do by this Security instrument or Lender's security interest. Borrower may is good faith determination, proclude, for dure of the Borrow er's interest in the Property or other material impairment of the line created by this Security instrument or Lender's security in arest. Borrower all all also be in default if Borrower, during the loan application process, gave by this Security instrument or Lender's security in arest. Borrower is all also be in default if Borrower's occupancy of the Property as a principal the loan evidenced by the Note, including out is the lines to Lender is in the provisions of the lease. If Borrower acquires fee title to residence. If this Becurity instrument is on a lease hold, Borrower is ill comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the basehold and the fee title shall is an arge unless is ander agrees to the merger in writing.

Assidence. If this security instrument is on a lease fold, dorrower six if comply with all the provisions of the lease. If Borrower acquires fee the to the Property, the seasehold and the fee title shall hat mange unless ander agrees to the merger in writing.
Protection of Lender's Rights in the I roperty. If Borr we rails to perform the covenants and agreements contained in this Security instrument, or there is a legal proceeding that may significantly a feet Lender's rights in the Property (such as a proceeding in bankruptoy, include the Property and Lender's rights in the 'roperty' to make repairs. Although a and under agree to other this paragraph 7, and does not hild eat oneys' fees and intering on the Property to make repairs. Although and under this base of the 'roperty' Lender's a amounts shall be an interest from the date of disturbanent at the Note rate inder shall be privable, with interest, upon no lea in the lender to Born wer requesting payment.
Borrower shall pay the premiums required to rights in the roote the instrument, the as a condition of rhaking the loan secured by this Security Instrument, and the fee title to the ferrie of gave monts hall be an interest from the date of disturbanent at the Note rate and shall be privable, with interest, upon no lea in the feet Bornower shall be and mergage insurance coverage insurance. If Londer (such at a cost aubstantially equivalent to the cost to Bornower of the montgage insurance coverage equired by Lender larges or ceases to be in effect. Lender is and retain these payment as a loss reserve in lieu of mortgage insurance coverage in the anottage insurance and retain

39079 Loan #: 01-983-508305-0

Inspection. Lender or its age nt n + y make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection as self-1 in proceed and shall give Borrower notice.
 Condemnetton. The proceeds of any sward or cit is for the inspection.
 Other taking of any part of the Property. or for any sward or cit is for the inspection are by reby assigned and shall be paid to Lender.

 Borrower's Right to Reinstate. | Bor over meets cert un conditions, Borrower shall have the right to have enforcement of this in the section of 18. Borrower's hight to Heinstate. I bo' over meets centul concisions, borrower shall have the right to have enforcement or this Security Instrument discontinued at any time prior to the earlier c : (a) 5 days (or such other period as applicable law may specify for the Security Instrument; or (b) entry of a judgment enforcing the Constitution and the Security Instrument; or (b) entry of a judgment enforcing the Security Instrument. These conditions are that it is provide all sums which then would be due under this Security. Instrument; or (b) entry of a judgment enforcing the Security Instrument. this security instrument. Those conditions are that IS and the Note as if no acceleration had occurred (b) enforcing this Security Instrument, including, but not require to assure that the lien of this Security Instrument

Paragraph 17. 19. Sale of Note; Change of Loan Servicer, 11. 19. Sale of Note; Change of Loan Servicer, 13. 19. Sale of Note; Change of Servicer, 13. 19. Sale of Servicer, 13.

NON-UNIFORM COVENANTS. Borrow: an Lencer further 3 venant and agree as follows

10. Condemnation. The procet ds at any sward or dist i for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for onveyance in fice a discondemnation; are hereby assigned and shall be paid to Lender. In the event of a total taking of the Property, in the proceed a shall be applied to the sums secured by this Security Instrument, whether or not taking, unless Borrower and Lender otherwise agree in writing of the sums secured by this Security Instrument immediately before the faking of the Property in which the fair market value of the Property in which the fair market value of the Property in which 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 immediately before the taking, in the taking, any talance shall be paid to 3 orrower. In the event of a partial taking divided by (b) the fair market value of the Property in mediately before the taking, any talance shall be paid to 3 orrower. In the event of a partial taking divided by (b) the fair in which the fair market value of the Property in mediately before the taking, any talance shall be paid to 3 orrower. In the event of a partial taking divided by (b) the fair in which the fair market value of the Property in mediately before the taking is less than the amount of the sums secured immediately before the taking of the Property and to 3 orrower and Lender othe wise agree in writing of unless applicable law otherwise provides, the proceeds shall be explicit to the sums secured immediately before the taking of the Property in the taking of the Pr in which the "air market value of the Proparty | mediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender othatwise agree in writing of unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument, when an or not the sums are then due.

sums secured by this Security instrument, vie that on not the sums are then oue. If the Property is abandoned by Bolrowel, 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 egree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphics 1 and 2 or chain to the amount of such playments.

of the monthly payments referred to in part grap is 1 and 2 or chebie the amount of such payments. 11. Borrower Not Released; Forbiarrice By Lender No a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument manted by Lender or any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Le we er shall not be required to commence proceedings against any successor in neterest or refuse to extend time for payment or otherwise modify a mortization of the sums secured by this Security Instrument by reason of any temand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy to be a waiver of or preclude the exercise of any right or remedy.

demand made by the original Borrower or Borrover'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.
12. Successors and Assigns Bo and Joint and Sever I Liability; Co-signers. The covenants and agreements of this Security instrument shall bind and benefit the successor and assigns of Linder and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint ard several. Any Borrower who co-signs this Security Instrument only to nong age, grant and cover the Borrower's interest in the Property under the terms of this Security instrument; (b) is not personally obligated to play the sums seclared by this Security Instrument; and (c) agrees that Lender and any other without that Borrower's consent.

A thout that Borrower's consent. **13. Loan Charges.** If the loan seconed is 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 low charges collect a or to be collected in connection with the loan exceed the permitted limits, it has used loan charge shall be reduced by the amount nex sarry to reduce the charge to the permitted limit; and (b) any sums already or borower which exceeded permitted limits will be reluided to Borrower. Lender may choose to make this refund by reducing the charge is a partial with the loan by making a direct payment to Born wer. If a refund reduces principal, the reduction will be treated as a partial section. principal owed uncler the Note or by making a dire it payment to Bc nower. Lencer may choose to make this return by reducing the principal owed uncler the Note or by making a dire it payment to Bc nower. If a refund reduces principal, the reduction will be treated as a partial proparment without any prepayment charge under the Note.

prepayment without any prepayment charge inder the Note.

 Notices. Any notice to Borrower provided for in this Sec inty Instrument shall be given by delivering it or by mailing it by first class multiplicable law requires use of an other method. The notive shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to be revealed for in this Sec in the given by first class mail to Lender's address stated herein or any other address Borrower designates by notice to Borrower. Any notice a provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph. Lander designates by notice to Borrower. Any notifie 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 S is unity instrument is all be governed by fed and have and the law of the jurisdiction in which the Property is located. In the event that any provision of clause of this becurity Instrument or the Note conflicts with applicable law, such conflict shall not an one conformed copy of the Note and of this Security Instrument.

provisions of this Security Instrument and the Note side declared to be silverable.
16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.
17. Transfor of the Property or a Beneficial interest in Borrower is a low of the Note and of this Security Instrument.
conder may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be if Lender exercises this option, Lender shall give a Beneficial interest in 10 year of the security Instrument.
for the date the notice is delivered or mailed within which Borrower in ust pay all sums secured by this Security Instrument. If Borrower fails to approve the expiration of this period and may involve any remedies permitted by this Security Instrument. If Borrower fails to approve the expiration of this period and may involve any remedies permitted by this Security Instrument.

From the date the notice is delivered or malled within which Borrower h ust pay all sums secured by this Security Instrument. If Borrower tails to pay these sums prior to the expiration of this period – ender may invole any remedies permitted by this Security Instrument without further notice

in power of same officianed in this Securit / Instrument; or (b) entry or a judgment enforcing frower (a) pays L ander all sums which then would be due under this Security Instrument ures any defaule if any other covenants or agreements; (c) pays all expenses incurred in mited to, reason at le attorneys' fees; and (d) takes such action as Lender may reasonably to Lender's rights in the Property and Borry works obligation to pay the sume posted by the entorcing this security instrument, including, out not intred to, reason it is attorneys toes; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security instrument is the Property and Borrower's obligation to pay the sums secured by this Security instrument shall continue unchanged. U on r instatement by Ex rower, this Security Instrument and the obligations secured by this remain fully effective as if no acculention had been red. However, the right to control the resolution of the target in the property and Borrower's obligation to pay the sums secured by this remain fully effective as if no acculention had been red. remain fully effective as if no acceleration had occured. However, it is right to reinstate shall not apply in the case of acceleration under paragraph 17.

Paragraph 17.
Sale of Note; Change of Loan Servics r. The Note or a part a interest in the Note (together with this Security Instrument) may be sold on a or more times without promotice to Borrower. A sile may result in a shange in the entity (known as the "Loan Service") that collects monthly payments due under the Note and this Security instrument. There also it ay be one or more changes of the Loan Service" that collects monthly and the Note. If there is a change of the Loan Servicer, B is nower will be give a written notice of the change in accordance with paragraph 14 above and the origination required by applicable av.
The notice will also contain any other information required by applicable av.
Substances on or in the Property. Borrower shall not allow any it is else to do, anything affecting the Property that is in violation of any Hazardous Substances that are generally recognized to a papiportiate to rimal residential uses and to maintenance of the Property. Borrower shall not appropriate to rimal residential uses and to maintenance of the Property that is in violation of any Hazardous Substances that are generally recognized to a appropriate to rimal residential uses and to maintenance of the Property. Borrower shall not to appropriate to rimal residential uses and to maintenance of the Property. Borrower shall not to appropriate to rimal residential uses and to maintenance of the Property. Borrower shall not to appropriate to rimal residential uses and to maintenance of the Property. Borrower shall not apply and any Hazi for requires use, or storage on the Property distal is involving the frop ty and any Hazi for the appropriate to rimal residential uses and to maintenance of the Property. Borrower shall not to a papiportiate to rimal residential uses and to maintenance of the Property. Burnowing the frop ty and any Hazi for the appropriate to rimal residential uses and to maintenance of the Property. Burnowing the frop ty and any Hazi four y agancy or prise to ap

At used in this paragraph 20, "Hazardous Si bstill ces" are those substances defined as toxic or nazardous substances by Environmental Law and the following substances: gasoline, kero; enc., other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formalcohyde, and radioactive insterials. As used in this paragraph 20, "Environmental Law" means federal is we and laws or the jurisdiction where the Property is located that ratio to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrow() an "Lender further 5 wenant and agree as follows: 21. Acceleration; Remedies. Lender shall () renotice to Bcr ower prior to acceleration following Borrower's breach of any covenant or agreement in this Security instrument () ut not prior to a sceleration under paragraph 17 unless applicable law provides date the notice is given to Borrower, by which the ds auit must be cure d; and (d) that failure to cure the default. (c) a date, not less than 30 days from the specified in the notice may result in acceleration of the sums secured 1 y this Security Instrument and sale of the Property. The notice a default or any other defause of Borrower as celeration, and the right to bring a court action to assert the non-existence of and the power of the right to reinstate at er acceleration, and the right to bring a court action to assert the non-existence of and fault or any other defense of Borrower as celeration and sale. I the default is not cure do nor before the date specified in the non-existence of and may invoke the power of sale and any other is mit in full of all is ims secured by this Security Instrument without further demands incurred in pursuing the remedies provided in this same fraction to the phylicable law. Lender shall be entitled to collect all expenses avidence.

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Page 3 of 4

TO BE RECORDED

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|---|--|--|--|--|
| If Lender In the | | | | |
| event of default and of Lender's elect whit hany part of the Property elect | f sale, L end e tion to cause | Shall execute i | Cause Trustee to exe | 39 such notice of the occurrence of a such notice to be recorded in each county in the manner prescribed by applicable law to applicable law, Trustee, without domand |
| Bornower, shall eall the persons prese | ated. enc e | Por Trustee shi | sold and shall cause | ute a written notice of the occurrence of a such notice to be recorded in each county in the manner prescribed by applicable law to applicable law, Trustee, without demand or lace and under the terms designated in the |
| notice of sale in che or more parcel | sublic a letio | to the highest | the time required by | applicable law Tribed by applicable law to |
| Property at any sale. | the time and | place of any p | termines. Trustee ma | V postoone and under the terms designated in the |
| | | | | |
| attornays' foor the sale in the following | leed shall be | rima facie evid n | ong the Property without of the trutho | ut any covenant or woment |
| Property in the UDOD Dours | | A construction of the second s | | at not limited to receive a single apply |
| reconvey the Property without this Security | nent of all su | ns secured by H | s Security Instrument | but not limited to, reasonable Trustee shall apply person or persons legally entitled to it. ender shall request Trustee to reconvey the s Security Instrument to Trustee. Trustee shall int allowed by applicable law. Such percent |
| persons shall pay any recordation costs | nd Lencer sha | charge Borrower | ing debt secured by this | Security Instruction Trustee to reconvey the |
| hereun der. Without conveyance of the Par | may fron tin | • • to time remova | Trust | person or persons legally entitled to it. ender shall request Trustee to reconvey the s Security Instrument to Trustee. Trustee shall int allowed by applicable law. Such person or successor trustee to any Trustee appointed e, power and duties conferred upon Trustee |
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| agreements of this Security Instrument as if t X Adjustable Rate Rider | the rider 's) v | rider shall be in c | provided by Borrow | er and recorded together with this Security |
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| BY SIGNING BELOW, Borrower an | | _ | · · · · | |
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| ecknowled ged the foregoing instrument to WITNESS my band and information | be his | erthait | | <u>in_fact.</u> |
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| The unders igned is the holder of the note of indebtedness secured by this Deed of Tru- and this Deed of Trust, which are delivered his Deed of Trust to the parson or persons | 2000 - 2000 2000 - 2000 - 2000 - 2000 - 2000 - 2000 - 2000 - 2000 - 2000 - 2000 - 200 | WASHINGIC L | MUIUAL BANK | TO BE RECORDED |



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ADJUSTABLE RATE RIDER

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Interest Rate Cap

Loan #01-983-508305-0

1 YEAR TREASURY SECURITIES INDEX 1.10

THIS ADJUSTABLE FATE RIDER is made this ... Oth day of 1 ecember and shall be deemed to amend and supplement the I fortgage, Deed. of Trust, or Security Deed (the "Security Instrument") of the same cate giver by the undersigned (the "Borrower") to sec are Borrower's A djustable Rate Note to WASHINGTON MUTUAL BANK, a of the same date and covering the property described in the Security instrument and located at (the "Lender") 4868 TONY COURT', KLAMATH FALLS, OR 97603

(Property Ac tress)

THE NOTE CONTAINS PROVISIONS / LLOWING FOR CHANGES IN THE INTEREST RATE SUBJECT TO THE LIMITS STATED IN THE NC' E. IF THE INT REST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGH IR. IF THE INT IREST RATE DECREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE LOW : 3.

THE INTEREST RATE AND MONTHLY PAYMENTS WILL REMAIN THE SAME FOR THE OF THE LOAN AND WILL BE ADJUSTED EVERY YEAR THEREAFTER.

ADDITIONAL COVENANTS. In addition to the covenants and ag eements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST PATE AND MONTHLY PAYMENT CHI NGES

The Note provides for an initial interest rate of 6.000 % The Note provides for changes in the interest rate and the

4. INTEREST RATE AND MONTHLY PAYMENT CHINGES

(A) Change Dates

The interest rate I will pay may change on the 1st day of January, 1996 that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date".

Beginring with the first Change Date, my interest the will be based on the <u>1 Year Theasury Securities Index</u> (the "Innex"), which is the weekly av mage yield on United States Treasury securities adjusted to a constant maturity of 1 year, as make available by the Federal Reserve

The most recent applicable index figure available is of the date 45 tays before each Change Date is called the "Current Index". If the applicable index is no longer available, the Note Holder will choose a new index which is based upon comparable

information. The Note Holder will give me notice of this choice.

(C) Calculation of Charges

Before each Change Date, the Note Holder will calculate my new interest rate by adding IWO & SEVEN-EICHTHS percentage points (2.875 %) to the Currert Incax. The Note Holder will then round the result of this addition to the nearest one-eight of one percentage point (0.125). Subjec to the limits statec in Section 4(D) below, this rounded amount will be my new

The Note Holder will then determine the amount of the monthly pays ent that would be sufficient to repay the unpaid principal that it am expected to owe at the Change Date in full on the meturity date at my rew interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly pay nent.

(D) Lirr it on interest Rate Changes

24 53 0

Except as provided in any Addendum or Rider to this Note, the rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than TV) percentage points (2.000%) from the rate of interest I vias paying immediate) prior to that Change Date, and my interest rate shall never be greater than

TEN & THRFE-EIGHTH:3 _____ percent (____ 0.375 %).

to the co ANTITATION IF L MEFLOSE D THIS C. (E) Effective Date of Changes SUME My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the CI angle Date until the at rount of my monthly payment changes again. The Note Holder will mail or deliver to me inotice of any changes in my interest rate and the amount of my monthly payment before the effective cate of any change. The notice will include information required by law to be given me and also the title and B. TRANSFER OF THE PROPERTY OR A BENEF CIAL INTEREST IN BORROWER Uniform Covenant 17 of the Security Instrument is amended to a star follows. Transfer of the Property or a Beneficial Interest in Borrovar. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrover is sold or transfer ed and Borrower is not a natural person) without Lender's prior

written consent, Lender may at its option, require in mediate payment in fuil of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borro ver causes to be sult mitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being mace to the transferee and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is To the extent permitted by applicable law, Lett fer may charge a reasonable fee as a condition to Lender's consent to the loan

shall provide a period or not less than 30 days from the date the notice is mailed or delivered within which Borrower must pay all sums

assumption. Lender may also require the transforce o sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be bligated under the Note and this Security Instrument inless Lender rateases Borrower in writing. If Lender exercises the option to require immediate payment in 1, Lender shall give Borrower notice of acceleration. The notice

secured by this Security Instrument. If Borrower alls o pay these sun s prior to the expiration of this period, Lender may invoke any remedies parmitted by this Security Instrument without arther notice or temand on Borrower. BY SIGNIN() BELOW, Berrower accepts and agress to ne terms and correnants contained in this Adjustable Rate Rider.

After recording mail to: WASHINGTON MUTTAL BANK Loan Review P.O. 30x 91006, SAS0304 Seattle, WA 98111

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DDENDULI TO DJUSTABLE RATE RIDER

(Fixed-Rate Conversion Option)

a defaqu Loan #01-983-508305-0

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THIS ADDENDUM TO ADJUSTABLE RATE RIDER Is made this 20th cay of December. ancis incorporated into and shall be deemed to amend and an plement the Aujustable Rate Rider to the mortgage, deed of trust, or dend to secure dept (the "Security instrument"), of the same dere which has been given by the undersigned (the "Borrower") to secure Bo rower's Adjustable Rate Note of the same date (the "Nore"), a simcdified by a Addendum to Adjustable Rate Note of the same date, to W.SHINGTON MUTUAL BANK, a Washington Joy pration which Security Instrument covers the property described therein and located at the address shown below (the "Property"):

a year en er er

50 d .

4868 TONY COURT, KLAMATH FALLS, OR 97603 Pror arty Address)

Defined terms in the Note or the Security Instrument shall have the same meaning when used herein. To the extent that this Ac dendum conflicte with the terms and conditions set for thin the Security Instrument or in the Adjustable Rate Rider, the terms and conditions set forth in this Addendum shall control.

IN ADDITION THE PROVISIONS SET FORTH IN THE ADJUSTABLE RATE RIDER, THE ADDENDUM TO ADJUSTABLE RATE NO TE PERMITS THE BORROWER TO CONVERT THE BORROWER'S ADJUSTABLE RATE LOUN INTO A FIXED RATE, LEVEL PAYMENT, FULLY AMORTIZING LOAN.

ADDITIONAL COVENANTS: The Note provides for an initial interest rale and for changes in the interest rate and the monthly payments as set forth in Section A of the Adjustable Rate Rice c. In addition, Buctions A through F of the Addendum to Adjustable Rate Note permit the Berrower to convert the Berrower's acjuster le rate loan in c a fixed rate, level payment fully amortizing loan in the manner described below. Accordingly, and in addition to the covenants and a greements contained in the Security Instrument and the Adjustable Rate Rider, Borrower and Lender further cover ant and agree as for tws:

A. OPTION TO CONVERT TO FIXED PLATE

Mashincric n

Viutual

Notwithstanding anything to the contrary in the Acjuster le Rate Note or the Adjustable Rate Rider, I may choose to convert my 19 96 or as of the first day adjustable rate loan to a fixed rate loan as of the 1st day of February of each of the following 47 calendar months. Each late as of which I could choose to convert my loan to a fixed rate loan is al ed a 'Conversion Date". The ast possible Conversion Date is January 1st 2000 (1. , 19.00). Pagree conversion vill be subject to: (i) no payment under the Note or Security instrument having been more than thirty (30) days past due and the loan peing current and otherwise free from default; (ii) Lender's datermination that the Property is in satisfactory condition and that the fair market value of the Property is not less than that set forth in the appraisal which Lender was provided in connection with the initial making of the loan; and (iii) if this is a combination construct on/permanent can, the residence and other improvements to the Property nave been completed, the loan has been fully disbursed, an I principal and it terest payments have commenced (or will commence on the next payment due date after the Effective Conversion Date as hereinafter d afined).

If I choose to make this conversion, I must give the Not Holder a written request to convert at least ten (10) days before the next Conversion Date (the 'Effective Conversion Date'). Lat on ust sign and give to the Lender a document (the "Modification Document"), in any form that the Lender may require, changing the terms of the Note and & ecurity Instrument as necessary to reflect the conversion.

The Modification Document must be signed by: (i) ever one who originally signed the Note and/or Security Instrument unless the Note Holder has since released them in writing from liability on the loan and they no longer have an ownership interest in the Property; (ii) anyone who has subsequently assumed liability for repayment of the loan unless the Note Holder has since released them in writing from liability and they no longer have an ownership interest in the Propery; and (iii) anyone else with an ownership interest in the

I may make inquiry and request verbal quotes of the current conversion rate applicable to my loan at anytime. However, if I have Property. provided a written request to convert and I do not, for any eason, satisfy a I requirements to conversion and return the fully executed Nodification Document to the Note Holder by the dead ine coplicable under 'aragraph E below, I will forfeit any future right to convert to a fixed rate. In that event, the provision of this Adder duri shall be null at 1 void and my loan will remain an adjustable rate loan as provided in my Adjustable Rate Note.

Page 1 of 2

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Beginning with the Effective Conversion Date, if such conversion has been my interest rate will be equal to the Federal National Mortgage Association's (FNMA) published Raquired Net Yield for thirty (30)-year, fixed rate mortgages covered by sixty (60)-day mandetory scheduled/actual delivery commitments that was in effect as of the date fifteen (15) days before the Effective .625 %) rounded to the nearest 1/8% of % If I do not occupy the Property as my principal reside ice on the Effective Conversion Date, my new fixed interest rate will be Conversion Data, plus FIVE-EIGHTHS on 3-half of one percent (1/2%) higher than the rate other wis 3 payable. If the Linpaid balance of the Note as of the Effective Conversion Date exceeds the then-applicable limits for purchase by FN11A, my new fix at interest rate will be three-eights of one percent (.375%) higher than the rate otherwise payable. If such Required Net Yield is not available, the Note Holder will determine my new, fixed interest rate by using a comparable figura. In any event, my fixed rate will not exceed TEN & THREE-FIGHTHS 1).375 %)

DETERMINATION OF NEW PAYMENT AMOUN"

If choose o convert to a fixed rate of interest as provided in Section A above, the Note Holder will then determine the monthly payment amount that would be sufficient to repay in full the principal, I am a pected to owe, on the Effective Conversion Date, together with interest at my new interest ate, in substantially equal payments by the matter turity date (the "New Payment Amount").

C. PAYMENT OF NEW PAYMENT AMOUNT; COM INULATION OF FIXED RATE Beginning with my first monthly payment that becomes due after the Effective Conversion Date, I will, if I have chosen the foregoing conversion, pay the New Payment Amount as my month / payment, and the interest rate I pay will not change from the fixed rate

established as of the Effective Conversion Date.

CONVERSION FEE Ð.

percent (

For choosing to convertiny adjustable rate loan to a fixed rate loan as provided above, I will pay the Note Holder a conversion fee percent (_________%) of the part of principal that, as of the Effective Conversion Date, has not been paid. I will pay the conversion fee at least one business day o lor to the Effective Conversion Date.

NOTICE BY NOTE HOLDER

Before the Effective Conversion Date, the Note Hold of will mail or deliver to me a notice of my new interest rate as of the Effective Conversion Date; the amount of my New Monthly Payment; the amount of the conversion fee; and a date (not later than one business day prior to the Effective Conversion Date) by which I must have obtained all required signatures on the Modification Document and actually delivered it to the Note Holder. The notice will include all information required by law to be given me and also the title and telephone number of a person who will answer any question I may have ray larding the notice.

F. FAILURI: TO CHOOSE CONVERSION

If I do not, at least 10 days before the last possible Conversion Date specified in Section A above, give notice to the Note Holder that I choose to convert my adjustable rate loan to H fixed rate loan and (c the other things that I must do under this Addendum within the applicable times specified in this Addendum, i vill r c longer have the right to convert my adjustable rate loan to a fixed rate loan in the manner cescribed in this Addendum.

TRANSFER OF THE PROPERTY OR OF BENEFICIAL INTEREST N BORROWER Uniform Covenant 12 of the Security Instrument, an ended by the Adjustable Rate Ricer, prohibits the Lender from withholding its consent to a sale or transfer of the property (or a ber eficial interest in the Borrower If other than a natural person) if the purchaser or transferea meets the Lencier's standards of cred twor niness applicable to similar new loans and the Lender's security would not

Following conversion of my adjustable rate loan to a fixed rate loar as provided above; the above limitations on the Lender's right to withhold its consent shall no longer be applicable and the Lender mar, in its sole discretion, either: (i) arbitrarily withhold its consent; otherwise be impaired. or (ii) condition the graming of its consent upon the phyment of a fee, adjustment in the interest rate payable under the Note, or such other modifications to the terms of the Borrower's loan is the Lender, in its sole discretion, may require.

IN WITNESS WHEFEOF, Borrower has executed this Addendum to Adjustable Rate Rider as of the day and year first written above.

FY L KELLOGG. CAROLE

After recording, mail to: WASHINGTON MUTUAL BANK, LOW Review P.O. Box 91005, SAS0304, Seattle WA 98111 Page 2 x 2 £54Ei (8-64)

TO BE RECORDED

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