

01-04-95A09:24 RCVD

Account No. 300

This instrument was prepared by:

FIRST UNION HOME EQUITY BANK, N. A.
NATIONAL ACCOUNTS GROUP

(Name)

NC 0373

CHARLOTTE NC 28288

(Address)

MTC 34297-HF
DEED OF TRUST

LINE OF CREDIT INSTRUMENT

THIS DEED OF TRUST is made this 12th day of December, 1994, among the Trustor, STEWART W CLEAVE and JUDITH H CLEAVE, whose mailing address is the property address (herein "Borrower"), and MCUNTIAN TITLE CO, whose mailing address is 222 S 6TH STREET KLAMATH FALLS, OR 97601 (herein "Trustee"), and the Beneficiary, FIRST UNION HOME EQUITY BANK, N. A., a corporation organized and existing under the laws of North Carolina, whose address is CONS-14 0361 CHARLOTTE, NC 28288 (herein "Lender").

This Deed of Trust is given to secure the outstanding and unpaid obligatory loan advances made pursuant to the Note and made after this Deed of Trust is delivered for record to the recorder of the county in which the below described real property is located. The maximum amount of loan indebtedness, exclusive of interest thereon, which may be outstanding at any time and which is secured hereby shall not at any time exceed \$ 80,000.00. The entire indebtedness evidenced by the Note, if not sooner paid, will be due and payable on December 1, 2014.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, with interest thereon; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby grant and convey to Trustee in trust with power of sale the following described property located in the County of KLAMATH, State of Oregon:

Lots 1 and 2 in Block 3 of TRACT NO. 1145, NOB HILL REPLAT, a Resubdivision of portions of Nob Hill Irvington Heights, Mountain View Addition and Eldorado Heights, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

which has the address of 402 MCUNTIAN VIEW BV
(Street)

KLAMATH FALLS OR97601

(City)

(State)

(Zip Code)

(herein "Property Address");

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property".

Any Rider ("Rider") attached hereto and executed of even date is incorporated herein and the covenant and agreements of the Rider shall amend and supplement the covenants and agreements of this Deed of Trust, as if the Rider were a part hereof.

Borrower covenants that Borrower is lawfully seized 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 covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

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

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note. This Deed of Trust secures payment of said Note according to its terms, which are incorporated herein by reference.

2. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraph 1 hereof shall be applied by Lender first to interest due on the Note, second to any outstanding late charge or other fee due on the Note, and then to principal due on the Note.

3. Adjustable Rate Loan. This Mortgage secures a Note which provides for changes in the interest rate as more particularly described in said Note.

4. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations, under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payment when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such actions as are necessary to protect Lender's interest.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon from the date of disbursement, at the Note rate, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. The Borrower shall remain liable for full payment of the principal and interest on the Note (or any advancement or obligation) secured hereby, notwithstanding any of the following: (a) The sale of all or a part of the premises, (b) the assumption by another party of the Borrower's obligations hereunder, (c) the forbearance or extension of time for payment or performance of any obligation hereunder, whether granted to Borrower or a subsequent owner of the property, and (d) the release of all or any part of the premises securing said obligations or the release of any party who assumes payment of the same. None of the foregoing shall in any way affect the full force and effect of the lien of this Deed of Trust or impair Lender's right to a deficiency judgment (in the event of foreclosure) against Borrower or any party assuming the obligations hereunder, to the extent permitted by applicable law.

Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Deed of Trust, but does not execute the Note: (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Lender under the terms of this Deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

12. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by first class mail addressed to Borrower or the current owner at the Property Address or at such other address as Borrower may designate in writing by notice to Lender as provided herein, and any other person personally liable on this Note as these person's names and addresses appear in the Lender's records at the time of giving notice and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

13. Governing Law; Severability. The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision of clause of this Deed of Trust or the Note conflicts with applicable law, such conflicts shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provision of this Deed of Trust and the Note are declared to be severable. As used herein "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein. "Attorney's fees" means reasonable attorneys' fees at trial, on appeal and on petition for review.

14. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note, this Deed of Trust and Rider(s) at the time of execution or after recording hereof.

15. Rehabilitation Loan Agreement. Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Borrower may have against parties who supply labor, materials or services in connection with improvements made to the Property.

16. Transfer of the Property or a Beneficial Interest in Borrower, Assumption. 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 Lender's option, for any reason, declare all the sums secured by this Deed of Trust to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is prohibited by Federal law as of the date of this Deed of Trust.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. If Borrower fails to pay in full Lender may invoke any remedies permitted by this Deed of Trust and applicable law without further notice or demand on Borrower.

This Deed of Trust may not be assumed by a purchaser without the Lender's consent. If an assumption is allowed, the Lender may charge an assumption fee and require the person(s) assuming the loan to pay additional charges as authorized by law.

ARTICLE II

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

17. Acceleration; Remedies. Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums under the Note secured by this Deed of Trust, Lender, at Lender's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without demand or notice and may invoke the power of sale and may invoke any other remedies permitted by applicable law. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees and costs of documentary evidence, abstracts and title reports.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall record a notice of sale in each county in which the Property or some part thereof is located and shall mail copies of such notice and any other notice or statement in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law and after publication and posting of the notice of sale, Trustee, without demand on Borrower shall sell the Property at public auction to the highest bidder for cash at the time and place designated in the notice of sale. Trustee may postpone sale of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser the Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to reasonable Trustee's fees and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto or to the clerk of the circuit court of the county in which the sale took place.

18. Assignment of Rents; Appointment of Receiver. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that so long as Borrower is not in default hereunder Borrower shall have the right to collect and retain such rents as they become due and payable.

Lender shall have the right to have a receiver appointed as a matter of right, which receiver may serve without bond if permitted by law. Employment by Lender shall not disqualify a person from serving as a receiver.

Upon Borrower's default or abandonment of the Property, Lender shall be entitled to collect all rents directly from the payors thereof, or have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. The receiver shall be liable to account only for those rents actually received.

19. Loan Charges. If the loan secured by this Deed of Trust 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 permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) 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 under the Note.

20. Legislation. If, after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the Note, the Deed of Trust or any Rider, unenforceable according to their terms, or all or any part of the sums secured hereby uncollectible, as otherwise provided in this Deed of Trust or the Note, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Deed of Trust to be immediately due and payable.

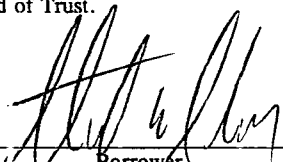
21. Release. At any time when the outstanding balance secured by this Deed of Trust is zero, you shall at Borrower's request, return the Deed of Trust to Borrower appropriately marked as satisfied and satisfy this Deed of Trust of record in the Office of the Judge of Probate, however, Borrower will pay the recording costs of that satisfaction. Absent Borrower's request, this Deed of Trust will remain in full force and effect for the period of time indicated in this Deed of Trust.

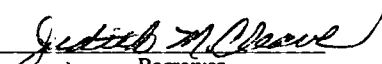
22. Waiver of Homestead. Borrower hereby waives all right of homestead exemption in the Property.

23. Substitute Trustee. Lender may from time to time at Lender's discretion, and without cause or notice, 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 conferred upon the Trustee herein and by applicable law.

24. Time of Essence. Time is of the essence of each covenant of this Deed of Trust.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.


Borrower
STEWART W. CLEAVE


Borrower
JUDITH M. CLEAVE

STATE OF OREGON Klamath COUNTY SS:

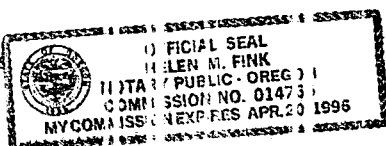
The foregoing instrument was acknowledged before me this December 12, 1994

(Date)

by STEWART W. CLEAVE AND JUDITH M. CLEAVE
(person acknowledging)


Notary Public

My Commission Expires



PRIME EQUITY LINE RIDER

THIS PRIME EQUITY LINE RIDER is made this 12th day of December 1994, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure the Prime Equity Line Agreement and Disclosure Statement executed by the Borrower of the same date (said Agreement is referenced in the Security Instrument and this Rider as "Note") to FIRST UNION HOME EQUITY BANK, N.A. (the "Lender") and covering the property described in the Security Instrument and located at:

402 MOUNTAIN VIEW BLVD KLAMATH FALLS, OR 97601
(Property Address)

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree to the following additional terms and conditions:

Adjustable Rate Loan

The Security Instrument secures a Note which provides for changes in the interest rate, as more particularly described in said Note.

Maturity Date

The first paragraph on page one of the Security Instrument shall read as follows:

KNOW ALL MEN BY THESE PRESENTS: That Lender has made a loan to Borrower the maximum indebtedness at any one time shall not exceed Eighty Thousand and no/100 Dollars which loan is an open-end line of credit with an initial advance of _____ Dollars (\$ _____), evidenced by Borrower's Note and extensions, modifications and renewals thereof which provides for obligatory advances of all or part of the loan proceeds from time to time, subject to provisions in the Note. The entire indebtedness evidenced by the Note, if not sooner paid, will be due and payable on December 11 2014.

Application of Payments

The paragraph on Application of Payments shall read as follows:

Unless applicable law requires otherwise, all payments received by Lender under the Note and paragraph 1 of the Security Instrument shall be applied by Lender in the following order: first, to pay interest then due on the Note; second, to pay delinquency charges, if applicable, and then the remainder of the payment to pay principal due on the Note.

Obligation To Lend

Lender is absolutely obligated under the terms of the Note to make advances not to exceed, at any one time in the aggregate, the amount stated in the Note and Borrower has agreed to repay any advances under the terms of the Note. Lender's absolute obligation to make advances to Borrower under the Note ends when Lender terminates advances and demands repayment of the outstanding obligation or prohibits additional extensions of credit under the Note or the Security Instrument. Nevertheless, Lender may waive the right to terminate or prohibit additional advances. If Lender does not terminate or prohibit additional advances, Lender remains obligated to make advances to Borrower under the terms of the Note. However, that waiver does not bind Lender if the same or a different event occurs or is continuing at a later time. Lender's obligation to make advances under the terms of the Note also terminates when the Note is terminated or advances suspended by Borrower in accordance with the terms of the Note.

Note Provisions - Conflict

In case of a conflict between the terms of the Note and the Security Instrument governing remedies of default or termination of advances, the priority of controlling terms shall be the Note and then the Security Instrument.

Release

The paragraph on Release shall read as follows:

When the balance of all outstanding sums including finance charges and other charges, if any, secured by the Security Instrument is zero, the Lender shall upon request of the Borrower, release the Security Instrument without a charge to the Borrower, however Borrower will pay any costs of recordation, if any, of the satisfaction or release. Absent a request from the Borrower, the Security Instrument shall remain in full force and effect for the term set forth above. Lender, at Lender's option, may allow a partial release of the Property on terms acceptable to Lender and Lender may charge a release fee.

By signing below, Borrower accepts and agrees to the terms and conditions contained in this Rider.

Stewart W. Cleave (SEAL)
STEWART W. CLEAVE Borrower

Judith M. Cleave (SEAL)
JUDITH M. CLEAVE Borrower

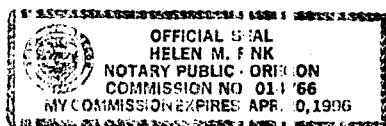
STATE OF OREGON
COUNTY OF KLAMATH

STEWART W. CLEAVE AND
JUDITH M. CLEAVE, whose names ARE signed to the foregoing conveyance and who
ARE known to me, acknowledge before me on this day, that, being informed of the contents of
this conveyance, THEY executed the same voluntarily on the date the same bears date.

GIVEN under my hand and official this 12 day of December, 1994

Helen M. Fink
Notary Public

My Commission Expires: 4/20/96



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 4th day
of Jan A.D., 19 95 at 9:24 o'clock A. M., and duly recorded in Vol. M95
of Mortgages on Page 130.

FEE \$35.00

Bernetha G. Letsch County Clerk

By Pauline Melendore