

95291

090-09-15752

1-22-95P 11 P.M.

Volume 5 Page 4021

MTC 34901-MK

After Records & Please Return To:  
Klamath First Federal  
540 Main Street  
Klamath Falls OR 97601

(Space Above This Line For Recording Data)

## DEED OF TRUST

1995 THIS DEED OF TRUST ("Security Instrument") is made on February 21  
The grantor James C. Monti and Martin I. Monti  
Klamath First Federal Savings and Loan Association ("Borrower"). The trustee  
is Lam C. Sise more ("Trustee"). The beneficiary is  
which is organized and existing  
under the laws of the United States of America, and whose address is  
54 Main Street, Klamath Falls, Oregon 97601  
Principal sum: Seventy two thousand and No/100

Borrower owes Lender the  
dated the same date with  
paid earlier, due and to val  
secures to Lender (a) the  
modifications (b) the pay  
Security Instrument (c) the  
Note and (d) the repayment  
of any future advances, with interest thereon, made to Borrower by Lender pursuant to the  
terms of this Security Instrument and (e) all other sums, with interest, advanced under paragraph (b) to protect the security of this  
Performance of Borrower's covenant and agreements under this Security Instrument and the  
any unpaid Future Advances. Upon request to Borrower, Lender, at Lender's option prior  
to full re-conveyance of the property to Trustee or Borrower, may make Future Advances to Borrower. Such Future Advances,  
secured herein. For this purpose, Borrower revocably grants and conveys to Trustee, in trust, with power of sale the  
following described property located in Klamath County, Oregon:

1/4 of Lot 3 and the Westerly 4.00 feet of Lot 4, Block 29, BUNA VISTA ADDITION  
in the City of Klamath Falls, according to the official plat thereof on file  
in the office of the County Clerk of Klamath County, Oregon.

Account No. 3809-030AC-00603

Key No. 874460

\*\*Attached Adjustable Rate Rider made a part herein

"UNDER OREGON LAW, MOST AGREEMENTS PROMISES AND COMMITMENTS MADE BY US AFTER  
THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH  
ARE NOT FOR PERSONAL FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S  
RESILIENCE MUST BE IN WRITING, EXPRESSED IN CONSIDERATION AND BE SIGNED BY US TO BE  
ENFORCEABLE."

which has the address of  
Oregon 97601

231 California Avenue  
("Property Address")

Klamath Falls

To other with all the improvements now and hereafter erected on the property and all easements, rights,  
appurtenances, rents, royalties, mineral, oil and gas rights, profits, water rights and stock and all fixtures now or  
hereafter part of the property. All improvements and alterations shall also be covered by this Security Instrument. All of the  
foregoing is referred to in his Security Instrument as the "Property".

HOUSKEEPING COVENANTS that Borrower is lawfully seized of the estate, hereby covenants and agrees to grant  
and convey the Property and that the Property is unencumbered, except for encumbrances of record.  
and to defend generally the title to the property against all claims and demands, subject to all encumbrances of record  
THIS SECURITY INSTRUMENT combines uniform covenants for natural use and non-natural use covenants with  
more detailed provisions by jurisdiction to create a uniform security instrument covering real property.

OREGON Single Family FNMA/FHLMC UNIFORM INSTRUMENT

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

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

**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) same "Funds" (equal to one-twelfth of all yearly taxes and assessments which may attain priority over this Security Instrument), (b) yearly leasehold payments or ground rents on the Property, if any, (c) yearly hazard insurance premiums, and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in a non-interest bearing account the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Such an agreement is made or applicable law requires interest to be paid. Lender shall not be required to pay Borrower any interest on carrying on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due date of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly paid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sole or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sum secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied first to late charges due under the Note, second, to prepayment charges due under the Note, third, to amounts payable under paragraph 2, fourth, to interest due and last, to principal due.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them or make direct 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 priority or defers against enforcement of the lien in legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice demanding the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonable withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals if Lender requires. Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make payment of loss if no made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, the insurance carrier may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums required by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 1 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, provided always prior to the acquisition.

**6. Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If his Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Right in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay, or whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying all sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

**8. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of, or prior to an inspection specifying reasonable cause for the inspection.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation of all or part of the Property, or for exculpation in lieu of condemnation, are hereby assigned and shall be paid to Lender.

If, 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 due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is condemned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a sum for damage, 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 his Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of monthly payments referred to in paragraphs 1 and 2, or change the amount of such payments.

**10. Borrower Not Released; Forfeiture By Lender Not a Waiver.** Extension of the time for payment or modification of amortization interest of Borrower shall not release the liability of the original Borrower or Borrower's successors in interest to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy

**11. Successors and Assigns; 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 contained in this Security Instrument but does not extend to the Note. (a) co-signing this Security Instrument only to mortgage, grant and convey the sums secured by 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 accommodation with regard to the terms of this Security Instrument or the Note without the Borrower's consent.

**12. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is interpreted so that the interest or other loan charges offered for or to be collected in connection with the loan exceed the amount necessary to reduce the charge, the permitted limits will be reduced by the amount of the permitted limit, then, (a) any such loan charge shall be reduced by the amount permitted limits will be reflected in the Note or by making a partial repayment without notice.

**13. Legislation Affecting Note.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by Paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of

**14. Notices.** Any notice 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 Lender's address. Borrower shall designate by notice to Lender, any other address Lender designates by notice to Borrower. Any notice 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 jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument or a Beneficial Interest in Borrower.

**17. Transfer of the Property.** If all or any part of the Property or any interest in it is sold or transferred (or person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument and federal law as of the date of this Security Instrument.

If Lender exercises this option or not less than 60 days from the date of this Security Instrument, if notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued. 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 an acceleration clause 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 could be due under this Security Instrument and the Note had no acceleration occurred or (b) cures any default of any other covenant or agreement, (c) pays all expenses incurred in enforcing this Security Instrument including, but not limited to, reasonable attorney's fees, and (d) takes such action as Lender may reasonably require to assure that the law 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 accrued hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

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

**19. Acceleration; Remedies.** Lender may terminate or re-covenant or re-agreement in this Security Instrument (but provides otherwise). The notice shall specify 30 days from the date the notice is given to Lender before the date specified in the notice to the Property. The notice shall further (or otherwise) assert that because of a default under the instrument, or because of a default under the note, the Security Instrument without further notice, Lender shall be entitled to collect all expenses not limited to reasonable attorney's fees.

If Lender invokes the power of sale for failure of default and if Lender sells for county in which any part of the Property is located law to Borrower and to other persons without demand on Borrower, shall sell the Property designated in the notice of sale in one or any parcel of the property by public or private auction may purchase the Property at a reasonable price.

Trustee shall deliver to the purchaser implied. The details in the Trustee's documents shall be the proceeds of the sale in the following in attorneys' fees due to all sums secured by note.

**20. Lender in Possession.** Upon acceleration by judicially appointed receiver, that trustee of the Property, including those just the costs of management of the Property, receiver's bond, and reasonable attorney's fees.

**21. Reconveyance.** Upon payment in full of the Property and shall surrender instrument to Trustee. Trustee shall receive fee of not less than \$5.00. Such person is person appointed hereunder. Without conveyance of title to Trustee herein and by applicable law.

**23. Use of Property.** The Property is not currently used for agricultural, timber or grazing purposes.

**24. Attorneys' Fees.** As used in this Security Instrument and in the Note, "attorneys' fees" shall include attorney's fees awarded by an appellate court.

**25. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument, as if the rider(s) were a part of this Security Instrument. [Check Applicable Boxes]

Adjustable Rate Rider

Graduated Payment Rider

Other(s) (specify)

Condominium Rider

Planned Unit Development Rider

2-4 Family Rider

BY SIGNING BELOW, Borrower and in any rider(s) executed by Borrower at

accepts and agrees to the terms and Covenants contained in this Security Instrument recorded with:

James J. Monti

(Seal)  
Borrower

Martin L. Monti

(Seal)  
Borrower

[Space Below The Line For Acknowledgment]

STATE OF .....OREGON.....  
COUNTY OF .....KLAMATH..... } :S:

the foregoing instrument was acknowledged before me this

23rd

February 21, 1998

date

I,

James J. Monti and Martin L. Monti  
person acknowledging

My Commission expires



(Seal)  
Notary Public

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

# ADJUSTABLE RATE RIDER

(1 Year Treasury Index—Rate Caps)

4025

THIS ADJUSTABLE RATE RIDER is made this 21<sup>st</sup> day of **February**, 19**95**, and is incorporated and made a part and supplement to the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to **Klamath First Federal Savings & Loan Assn.** (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

2081 California Avenue, Klamath Falls, Oregon 97601  
Property Address

**THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.**

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

#### **A. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

The Note provides for an initial interest rate of 7.750%. The Note provides for changes in the interest rate and the monthly payment, as follows:

#### **4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

##### **(A) Change Dates**

The interest rate will pay may change on the first day of **March**, 19**96**, and on that day and each month thereafter. Each date on which my interest rate could change is called a "Change Date."

##### **(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield of United States Treasury securities adjusted to a constant maturity of 1 year, as it is available by the Federal Reserve Board. The most recent Index available as of the date 45 days before each Change Date is called the "Current Index."

If the 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 the choice.

##### **(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding 3.375% to the percentage point(s) (1.875%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-half percentage point (0.125%). Subject to the limits stated in Section 4(D) below, the rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the principal balance I am expected to owe at the Change Date in full on the maturity date of my new interest rate in equal monthly payments. The result of this calculation will be the new amount of my monthly payment.

##### **(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than 9.125% or less than 5.750%. Hereafter my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.00%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 10.750%.

##### **(E) Effective Date of Changes**

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 Change Date until the amount of my monthly payment again:

##### **(F) Notice of Changes**

The Note Holder will deliver or mail me notice of my changes in my interest rate and the amount of my monthly payment before the effective date of each change. The notice will include information required by law to be given me and provide me with a telephone number I can use to answer any question I may have regarding the notice.

#### **B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER**

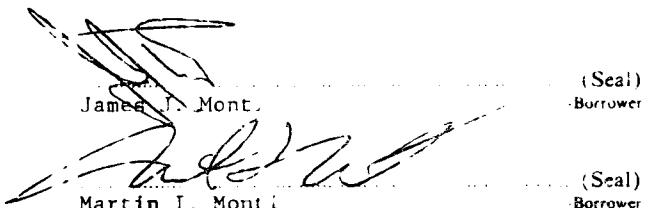
The following statement in the Security Instrument is intended to read as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or my interest in it is disposed of, sold or transferred, the security interest in Borrower's land or the natural person(s) described above will be released or consented to by Lender, at its option, require immediate payment in full of all sums secured by the Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law or the Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be issued the title of the Security Instrument; (b) Lender also shall not exercise this option if: (c) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to him; (d) Lender determines that Lender's security will not be impaired by the loan to the transferee; and (e) Lender causably determines that Lender's security interest is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the premises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 10 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 those sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

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



James T. Monti (Seal)  
Borrower

Martin I. Monti (Seal)  
Borrower

STATE OF OREGON COUNTY OF KLAUATH ss.

Filed for record at request of Mountain Title Co the 23rd day  
of Feb, 1995 at 2:11 o'clock P.M., and duly recorded in Vol. M95  
of Mortgagess on Pag. 4021.

Bernethia G. Letsch, County Clerk

FEE \$5.00

By Dorothy L. Schaefer