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LN #0100943831
KCT #47545

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Vot MCS page 4063

After recording please return to:

KLAMATH FIRST FEDERAL SAV
2943 SOUTH SIXTH STREET
KLAMATH FALLS OR 97603

[Space Above This Line For Recording Data]

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on February 21, 1995. The grantor is Marc Estep, and Deborah W. Estep, husband and wife ("Borrower"). The trustee is William L. Sisemore.

KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION ("Trustee"), which is organized and existing under the laws of the United States of America, and whose address is 2943 South Sixth Street, Klamath Falls, OR 97603.

Borrower owes to Lender the principal sum stated the same date as this Security Instrument, and further amounts payable on account to Lender for the repayment of modifications, by the payment of all the security instrument, or the performance of Note, and for the repayment of any outstanding balance of Future Advances, plus full recovery, if at the property by Lender interest thereon shall be secured as is secured hereby. For this purpose Borrower is conveying described property located at

*Thirty Six Thousand Seven Hundred & No/100***** Dollars (U.S. \$ 36,700.00). This debt is evidenced by Borrower's note dated March 1, 2025 ("Note"), which provides for monthly payments, with the full debt, if not paid in full, due on March 1, 2025. The Security Instrument is evidenced by the Note with interest, and all renewals, extensions and substitutions with interest advance under paragraph 7 to protect the security of this Borrower's covenants and agreements under this Security Instrument and the advances, with interest thereon, made to Borrower by Lender pursuant to the CREDIT ADVANCE S. Upon request of Borrower, Lender at Lender's option prior to Borrower may make Future Advances to Borrower. Such Future Advances, Deed of Trust, when evidenced by promissory notes stating that said notes are irreconcilably payable and convey to trustee, in trust, with power of sale, the

Klamath County, Oregon

Lot 5, Block 1 of Sunnyside, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Tax Acct # 809-34CD-1300 Key #444479

SEE ADJUSTABLE RATE RIDER MADE A PART HEREIN.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDER AFTER THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL USE OR PURCHASE OF RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY LENDER TO BE ENFORCEABLE. WHO HAS THE ADDRESS OF "1605 Avant's Feet", Klamath Falls

Oregon 97603

(Property Address)

The Borrower agrees all the improvements, now or hereafter erected in the property, and all easements, rights, appurtenances, to royalties, mineral, oil and gas rights, air rights, water rights and stock and fixtures now or hereafter a part of the property. All replacement and additions shall also be covered by this Security Instrument. All of the foregoing are referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower does own the Property and that the Property is held and generally bequeathed to the Person.

The Security Instrument contains uniform covenants for national use and non-uniform covenants with uniform security instrument covering real property.

OREGON Single Family FNMA/FHLMC UNIFORM INSTRUMENT

FIRM #220-489

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 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 sum ("Funds") equal to one-twelfth of (a) yearly taxes and (b) household payments or ground rents, (c) 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 assumptions.

The Funds shall be held in an account on the deposit or accounts of which are insured or guaranteed by a federal or state agency (including Lender or Lender's such an institution). Lender shall apply the Funds to pay the escrow items. Lender may no 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. There is an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower without charge an annual accounting of the Funds showing receipts and disbursements to the Funds and the purpose for which each debitor 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 at Borrower's option, either promptly or at any time, exceed the amount required to pay the escrow items when due, the excess shall be repaid to Borrower or credited to Borrower on monthly payments of Funds. If the excess is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any deficiency in one or more payments required by Lender as set forth in this Security Instrument. Lender shall promptly refund to Borrower paragraph 19 if Property is sold or a quieted by Lender. Lender shall apply, no later than immediately prior to the start of application, as credit against the amounts payable under paragraph 2, first, to interest due, and last, to principal due.

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

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on trust directly to the persons to whom they are due. If Borrower makes these payments directly, Borrower shall furnish to Lender receipts evidencing the payment.

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 or (b) contests in good faith the lien by or defends against the enforcement of the lien in legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender that the Property is subject to a lien which may attain priority over this Security Instrument. Lender may give Borrower notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

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

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause under which Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender evidence of paid premiums and renewals. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender may make proof of loss and make promptly to Borrower

any less Lender and Borrower if the Property is damaged, if the cost of repair is not economically feasible and Lender's security is not lessened. If the damage is less than Lender's security would be lessened, the insurance proceeds shall be applied to the Security Instrument whether or not then due, with any excess paid to Borrower. If Lender does not answer within 30 days a notice from Lender that the insurance carrier has not collected the insurance proceeds, Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not the same are due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, an application of proceeds of 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 quitclaimed by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

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

Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument or there is a legal proceeding that may significantly affect Lender's rights in the Property, such as a proceeding in bankruptcy, probate, for condemnation or enforcement laws or regulations, then Lender may claim in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument appearing in court, paying reasonable 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 Agent may make reasonable entries upon and inspections of the Property. Lender

may give Borrower notice at the time of inspection to make reasonable entries upon and inspections of the Property. Lender

9. Condemnation. The proceeds of an insurance claim or other taking of the Property shall be paid to Lender.

In the event of a partial taking of the Property, whether or not then due, any excess paid to Borrower by Lender otherwise than the amount of the proceeds multiplied by the fraction of the risk disclosed by (b) the fraction paid to Borrower.

If the Property is abandoned by Lender in awarding or settling a claim for damage, Lender authorized to collect and apply the sums secured by this Security Instrument. Lender and Borrower are responsible for the collection of monthly payments.

10. Borrower Not Released: Borrower shall not be relieved of the obligations of this instrument if Borrower has been released from liability for the original note or be entitled to a claim against Lender for a deficiency in the amount of the principal balance outstanding at the date of release or if the note is paid off by Lender.

11. Successors and Assigns Bound: This Security Instrument shall bind and enure to the benefit of Borrower's covenants and the right but does not execute the Note in Borrower's interest in the Property and sums secured by this Security Instrument notwithstanding or make any accommodation or Borrower's consent.

12. Legal Charges. If the loan exceeds the sum which is finally interpreted to be the amount which Lender is entitled to charge to the permit holder, the balance will be refunded to Borrower. If the Note is being paid in direct payment of principal without any prepayment or

13. Legislation Affecting Lender's Rights. If a provision of applicable law has the effect of rendering any provision of the Note or this Security Instrument unenforceable, payment in full shall be permitted by paragraph 12. If Lender exercises

14. Notices. All notices to Borrower shall be given by the lessor or less applicable Post Office Address than the address Borrower has supplied to Lender's address stated herein provided for in this Security Instrument shall be given by

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the state in which the Property is located. Any conflict with applicable law such as conflict with the Note or the Note and the Security Instrument shall be severable.

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

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in Borrower is sold or transferred and Borrower is not a natural person, without Lender's prior written consent secured by this Security Instrument. However, if the law of the state where this Security Instrument is registered gives Lender the right to require acceleration of the note or the note and this Security Instrument, Lender may exercise this right.

18. Borrower's Right to Reinstate. If Lender accelerates the note or the note and this Security Instrument, Borrower shall have the right to reinstate the note or the note and this Security Instrument by paying all amounts due under the note or the note and this Security Instrument, plus costs of collection, attorney's fees, and expenses incurred in enforcing this Security Instrument. Lender's rights in the Property and Borrower's interest in the Property shall continue unchanged. Upon reinstatement by Borrower, the note and this Security Instrument and the obligations secured hereby shall remain full effective as if no acceleration had

occurred. However, no right to reinstate shall be given if the note and this Security Instrument is registered in the state of California. In such case, the note and this Security Instrument and the obligations secured hereby shall remain full effective as if no acceleration had occurred. However, no right to reinstate shall be given if the note and this Security Instrument is registered in the state of California. In such case, the note and this Security Instrument and the obligations secured hereby shall remain full effective as if no acceleration had

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

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given, on or before which the default must be cured; and (d) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (e) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (f) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (g) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (h) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (i) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (j) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (k) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (l) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (m) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (n) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (o) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (p) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (q) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (r) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (s) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (t) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (u) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (v) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (w) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (x) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (y) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured; and (z) that failure to cure the default may result in acceleration of the sums secured by this Security Instrument and sale of the Property by Lender, by which the default must be cured;

Lender may invoke the power of sale if the event of default and Lender's right to do so, in which case, part of the Property, as applicable, as to Borrower and the other, as to the undemanding Borrower, shall be sold at a designated or noticed sale, or if the undemanding Borrower fails to pay the property by public auction, or if the property is not sold at such sale, the Property can be sold at a subsequent sale.

This is a short form to the public as specified below, and the Trustee's fee upon the proceeds of the sale in the following manner: fees, interest, and reasonable attorney's fees.

20. Lender in Possession. Upon a request by Lender, appointed receiver or the undemanding Borrower, including the payment of expenses of management of the Property, reasonable attorney's fees, and reasonable attorney's fees.

21. Reconveyance. Upon payment received by Lender, Trustee shall reconvey the Property and shall issue an instrument of reconveyance to the person or persons legally entitled to it for a fee of not less than \$5.00. Such person or persons shall pay any recordation costs.

22. Substitute Trustee. Lender appointed by Lender. Without conveyance conferred upon Trustee herein and by application of law.

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

24. Attorneys' Fees. Assured in the Security Instrument and in the Note, attorneys' fees shall include any attorneys' 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 this Security Instrument, as if the rider(s) were a part of this Security Instrument. [Check Applicable Boxes]

Adjustable Rate Rider

Co-Common Rider

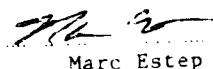
1-4 Family Rider

Graduated Payment Rider

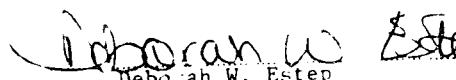
Planned Unit Development Rider

Other(s) (specify)

BY SIGNING BELOW, Borrower accepts and agrees to the terms and Covenants contained in this Security Instrument and any rider(s) executed by Borrower and recorded, in that:


Marc Estep

(Seal)
Borrower


Deborah W. Estep

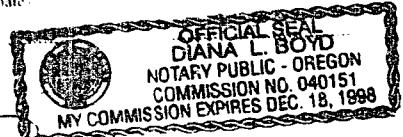
(Seal)
Borrower

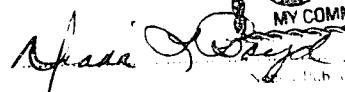
Space Below for Acknowledgment

STATE OF Oregon _____
COUNTY OF Klamath _____ } SS:

The foregoing instrument was acknowledged before me on February 22, 1995
By Marc Estep and Deborah W. Estep (Signature(s) of persons acknowledging)

My Commission expires 12-18-93




(Seal)

This instrument is prepared by

Klamath First Federal Savings & Loan Association

ADJUSTABLE RATE RIDER

(1 Year Treasury Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 22nd day of February 1995, 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 Borrower's Adjustable Rate Note (the "Note") to Klamath First Federal Savings & Loan Association, the "Lender" of the same date and covering the property described in the Security Instrument and located at

1605 Avalon St., Klamath Falls, Oregon 97603
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 of agreement 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 8.75%. The Note provides for changes in the interest rate and the monthly payment as follows:

B. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of March 1996, and on that day every 12th 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 upon Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure 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 receive notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding 2.875 percentage points (2.875%) to the Current Index. The Note Holder will then round the result (to this addition to the nearest one-thousandth of one percent) to 1257. Subject to the limits stated in Section 4.D below, this 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 unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate is required to be at the first Change Date will not be greater than 8.75% or less than 6.25%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than 2.875 percentage points (2.875%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 12.75%.

E. Effective Date of Changes

My new interest rate will become effective in 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 changes again.

F. Notice of Changes

The Note Holder will deliver to me, to me a notice of any change in my interest rate and the amount of my monthly payment before the effective date of the change. The notice will include 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 regarding the notice.

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

Uniform Convention. If 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 any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if (a) Borrower causes to be submitted to Lender information requested by Lender to evaluate the intended transferee as if a new loan were being made 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 breach of any covenant or agreement in this Security Instrument 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 promises 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 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

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

Marc Estep

(Seal)
Borrower

Deborah W. Estep

(Seal)
Borrower

Deborah W. Estep

(Seal)
Borrower(Seal)
Borrower

STATE OF OREGON COUNTY OF Klamath ss

Filed for record at request of Klamath County Title Co the 23rd day
 of Feb, A.D. 1991 at 3:24 o'clock P.M. and duly recorded in Vol M95,
 of Mortgages on Page 4063.

Bernetha G Leisch, County Clerk

By Deborah W. Estep

FEE \$ 35.00