

After recording please return to:

KLAMATH FIRST FEDERAL S&L
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 24, 1995. The grantors, William G. Hardin and Sandra M. Hardin, H&W AND Dustin L. Gerbing and Nancy J. Gerbing, -6W ("Borrower") The trustee is William L. Sisemore ("Trustee"). The beneficiary is KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION ("Lender"). The beneficiary is under the laws of the United States of America, and whose address is 2943 South Sixth Street, Klamath Falls, OR 97603. Borrower owes Lender the principal sum of ***Forty One Thousand Six Hundred & No/100***** Dollars (U.S. \$41,600.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note") which provides for monthly payments, with the full debt, if not paid earlier, due and payable on March 5, 2020. This Security Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances"). FUTURE ADVANCES: Upon request to Borrower, Lender, at Lender's option prior to full reconveyance of the property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Klamath County, Oregon:

Lot 3 in Block 4 of TRACT O. 1007, W NCHESTER, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Tax Acct: #3909-011CD-07'00 Key #555'16

SEE 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 RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

462 Memorie Lane, Klamath Falls, Oregon 97603
[Street] [City]
(Property Address):

FOURTH. With all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mine, oil, gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All repairs, improvements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

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 warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT contains uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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 sum ("Funds") equal to one-twelfth of (a) 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 an institution 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, and applying the Funds, analyzing the account or verifying the escrow items, unless the Funds and applicable law permit Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law 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 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 dates of the escrow items, shall 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 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 Lender shall apply the Funds to pay the escrow items, Lender shall promptly refund to Borrower any Funds held by Lender at the time of the sale of the Property or the acquisition by Lender of the Property.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraph 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, in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person or persons to whom they are due. 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 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, (b) contests in good faith the lien by, or defends against, enforcement of the lien in legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien on the Property, or (c) secures from the holder of the lien an agreement satisfactory to Lender that the lien is subject to a lien which may attain priority over this Security Instrument. If Lender determines that any part of the lien is not subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more 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 or other causes. 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. 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 a loan of loss if not 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 the insurance carrier has not answered a claim within 30 days of a notice from Lender that the insurance carrier has not answered a claim, then Lender may collect 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 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 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 destroy, damage or substantially deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. 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 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 to enforce laws or regulations), then Lender may do any and all acts necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying the sums secured by a lien which has priority over this Security Instrument, appointing a court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 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 or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, 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 abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award to 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 agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver or preclude the exercise of 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 of paragraph 12. Borrower's covenant in this Security Instrument binds and does not exonerate the Note, and the Note binds and does not exonerate the Security Instrument. Any Borrower who co-signs this Security Instrument only to mortgage, grant and convey the sums secured by this Security Instrument, and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the consent of the co-signer.

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 finally interpreted in a way that the loan exceeds the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from Borrower which exceeded the permitted limit shall be refunded to Borrower by Lender or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument 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 paragraph 17.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or, in other address designated by notice to Lender. Any notice to Lender shall be given by first class mail. Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the 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 unperfected copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate 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 or the due date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered in which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to comply, the period shall be extended until the expiration of this period. Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. Borrower may satisfy certain conditions. Borrower shall have the right to have the Security Instrument reinstated at any time prior to the earlier of: (a) 5 days for such other period as may be specified in the Security Instrument; (b) the sale of the Property pursuant to any power of sale contained in this Security Instrument; (c) the expiration of the period specified in paragraph 17; or (d) the expiration of the period specified in paragraph 17. Those conditions are that Borrower: (i) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration provisions or prepayments; (ii) pays all expenses incurred in enforcing this Security Instrument, including attorneys' fees; and (iii) takes such action as Lender may reasonably require to assure that the lien or obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NOT UNIFORM CONVENTIONS. 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 date of the breach; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given, by 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. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to set aside the acceleration and sale. If the default is not cured by the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further notice and may exercise the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including reasonable attorney's fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of default and of Lender's election to exercise its power of sale. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law. The notice shall specify the date, time, and place of sale and shall be recorded in each county in which any part of the Property is located. Lender or Trustee shall have the right to accept any offer in full of all sums secured by this Security Instrument and to sell the Property at public auction to the highest bidder at the time and place and under the terms and conditions determined by Lender or Trustee. Trustee may postpone sale of the Property at any time and place of any previously scheduled sale. Lender or its agent shall be entitled to receive the proceeds of the sale of the Property.

Trustee shall deliver to the lender the proceeds of the sale of the Property less the expenses of the sale and the costs of title evidence. The proceeds of the sale of the Property shall be paid to the lender or its agent. Lender shall be entitled to receive the proceeds of the sale of the Property less the expenses of the sale and the costs of title evidence. The proceeds of the sale of the Property shall be paid to the lender or its agent. Lender shall be entitled to receive the proceeds of the sale of the Property less the expenses of the sale and the costs of title evidence. The proceeds of the sale of the Property shall be paid to the lender or its agent.

20. Lender in Possession. If Lender is in possession of the Property, Lender (in person, by its agent, or by a receiver appointed by the court) shall have the right to take possession of and manage the Property and to collect all sums secured by this Security Instrument. Any sums collected by Lender or the receiver shall be applied first to payment of the sums secured by this Security Instrument and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment in full of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property to the borrower or its agent. Trustee shall execute and deliver to the borrower or its agent a deed of reconveyance within 60 days of the date of payment in full of all sums secured by this Security Instrument. Such person shall pay all reconveyance costs.

22. Substitute Trustee. Lender may remove 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 of the predecessor trustee hereunder and shall be bound by all the terms and conditions of this Security Instrument.

23. Use of Property. The Property shall not be used for agricultural, timber or grazing purposes.

24. Attorneys' Fees. As used in this 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 conditions 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 Box(es):]

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 2-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | |
| <input type="checkbox"/> Others (Specify): | | |

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

William G. Hardin
William G. Hardin

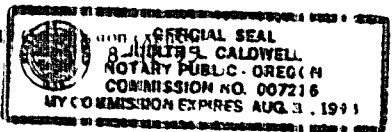
Dustin L. Gerbing (Seal)
Dustin L. Gerbing - Borrower

Sandra M. Hardin
Sandra M. Hardin

Nancy J. Gerbing (Seal)
Nancy J. Gerbing - Borrower

STATE OF Oregon
COUNTY OF Klamath } ss:

This instrument is presented as acknowledged, and before me this February 24, 1995 (date)
by William G. Hardin, Sandra M. Hardin & Dustin L. Gerbing & Nancy J. Gerbing
(person(s) acknowledging)



Judith L. Caldwell (Seal)
Notary Public

This instrument was prepared by Klamath First Federal Savings & Loan Association

ADJUSTABLE RATE RIDER **1 Year Treasury Index—Rate Caps)**

MTC #34618

4347

THIS ADJUSTABLE RATE RIDER is made this 24th day of February, 1995, and is amend and implement the Mortgage, Deed of Trust or Security Deed (the "Mortgage") given by the undersigned (the "Borrower") to secure Borrower's Adjustable First Federal Savings & Loan Association (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

4621 Madrona Lane, Klamath Falls, Oregon 97603

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, their covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES. The Note provides for an initial interest rate of 7.625%. The Note provides for changes in the interest rate and the monthly payments as follows:

C. INTEREST RATE AND MONTHLY PAYMENT CHANGES
A. Change Dates. The interest rate will pay may change on the first day of March, 1996, and on that day every 24 months 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 earnings 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 give me notice of this choice.

C. Calculation of Changes.

Beginning on a Change Date, the Note Holder will calculate my new interest rate by adding 3.875 percentage points (3.875%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section D, 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 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 on the first Change Date will not be greater than 9.625% or less than 5.625%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 9.625%.

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 changes again.

F. Notice of Changes.

The Note Holder will deliver or mail to me notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and a 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

Section Covenants of the Security Instrument is amended 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 to a Beneficial Interest in Borrower (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. Lender also will not exercise this option if: (a) Borrower causes to be submitted to Lender information required by (i) the transferee; and (ii) Lender reasonably determines that Lender's security will not be impaired by the loan; or (b) 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

William C. Hardin (Seal)
William C. Hardin
Borrower

Sandra M. Hardin (Seal)
Sandra M. Hardin
Borrower

Dustin L. Gerbing
Dustin L. Gerbing

Nancy J. Gerbing
Nancy J. Gerbing

STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 27th day
of Feb A.D., 19 95 at 1:40 o'clock P M. and duly recorded in Vol. M95
of Mortgages on Page 4343

FEE \$35.00

Bernetha G. Letsch, County Clerk
By Bernetha G. Letsch