

AFTER RECORDING RETURN:  
ComUnity Lending, Inc  
15895 SW 72nd Ave Ste 200  
Portland, Or. 97224

98894 04-24-95P03:44 RCVD

Vol. 1195 Page 10345

Loan No. 8429603603-4A

mtc 35263

LINE OF CREDIT MORTGAGE  
DEED OF TRUST

PARTIES: This Deed of Trust is made on April 14, 1995, among the Grantor, BENJAMIN F. BALME, LENOR K. BALME

("Borrower"), MOUNTAIN TITLE COMPANY of Klamath County ("Trustee"),  
and the Beneficiary, COMUNITY LENDING, INC., A CALIFORNIA CORPORATION  
a corporation organized and existing under the laws of CALIFORNIA, whose address is 175 BERNAL ROAD, SUITE 260 SAN JOSE, CALIFORNIA 95119 ("Lender").

CONVEYANCE: For value received, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the real estate described below and all rights, easements, appurtenances, rents, leases and existing and future improvements and fixtures (all called the "property").

PROPERTY ADDRESS: 1620 COVE POINT ROAD, KLAMATH FALLS, ± Oregon 97601  
(Street) (City) (Zip Code)

LEGAL DESCRIPTION:

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".  
A.P.N.: 3808-001CC-01200

located in KLAMATH County, Oregon.

TITLE: Borrower covenants and warrants title to the property, except for

SECURED DEBT: This Deed of Trust secures to Lender repayment of the secured debt and the performance of the covenants and agreements contained in this Deed of Trust and in any other document incorporated herein. Secured debt, as used in this Deed of Trust, includes any amounts Borrower owes to Lender under this Deed of Trust or under any instrument secured by this Deed of Trust, including all modifications, extensions, and renewals thereof.

The secured debt is evidenced by (List all instruments and agreements secured by this Deed of Trust and the dates thereof.):

☒ Revolving credit agreement dated April 14, 1995. Advances under this agreement may be made and repaid and again made subject to the dollar limit described below.

Future Advances: The above debt is secured even though all or part of it may not yet be advanced. Future advances are contemplated and will be secured to the same extent as if made on the date this Deed of Trust is executed.

The above obligation is due and payable on April 14, 2020 if not paid earlier.

The total unpaid balance secured by this Deed of Trust at any one time shall not exceed a maximum principal amount of NINETY TWO THOUSAND EIGHT HUNDRED FIFTY AND 00/100 Dollars (\$ 92,850.00), plus interest, plus any amounts disbursed under the terms of this Deed of Trust to protect the security of this Deed of Trust or to perform any of the covenants contained in this Deed of Trust, with interest on such disbursements.

☒ Variable Rate: The interest rate on the obligation secured by this Deed of Trust may vary according to the terms of that obligation.

☐ A copy of the loan agreement containing the terms under which the interest rate may vary is attached to this Deed of Trust and made a part hereof.

RIDERS: ☐ Commercial ☒ PUD RIDER ☐

SIGNATURES: By signing below, Borrower agrees to the terms and covenants contained in this Deed of Trust, including those on page 2, and in any riders described above signed by Borrower. Borrower also acknowledges receipt of a copy of this Deed of Trust on today's date.

Benjamin F. Balme  
BENJAMIN F. BALME

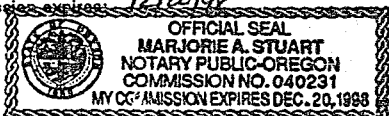
Lenor K. Balme  
LENOR K. BALME

ACKNOWLEDGMENT: STATE OF OREGON, Klamath County ss:

On this 14th day of April, 1995, Benjamin F. Balme and Lenor K. Balme personally appeared the above named and acknowledged the foregoing instrument to be their voluntary act and deed.

(Official Seal)

My commission expires: 12/22/98



Before me:

Margaret A. Stuart  
Notary Public for Oregon

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date: .....

OREGON  
(page 1 of 2)

## COVENANTS

**1. Payments.** Borrower agrees to make all payments on the secured debt when due. Unless Borrower and Lender agree otherwise, any payments Lender receives from Borrower or for Borrower's benefit will be applied first to any amounts Borrower owes on the secured debt exclusive of interest or principal, second to interest, and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any scheduled payment until the secured debt is paid in full.

**2. Claims Against Title.** Borrower will pay all taxes, assessments, and other charges attributable to the property when due and will defend title to the property against any claims which would impair the lien of this Deed of Trust. Lender may require Borrower to assign any rights, claims or defenses which Borrower may have against parties who supply labor or materials to improve or maintain the property.

**3. Insurance.** Borrower will keep the property insured under terms acceptable to Lender at Borrower's expense and for Lender's benefit. All insurance policies shall include a standard mortgage clause in favor of Lender. Lender will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within Lender's discretion, to either the restoration or repair of the damaged property or to the secured debt. If Lender requires mortgage insurance, Borrower agrees to maintain such insurance for as long as Lender requires.

**4. Property.** Borrower will keep the property in good condition and make all repairs reasonably necessary.

**5. Expenses.** Borrower agrees to pay all Lender's expenses, including reasonable attorneys' fees, if Borrower breaks any covenants in this Deed of Trust or in any obligation secured by this Deed of Trust. Borrower will pay these amounts to Lender as provided in Covenant 9 of this Deed of Trust.

**6. Prior Security Interests.** Unless Borrower first obtains Lender's written consent, Borrower will not make or permit any changes to any prior security interest. Borrower will perform all of Borrower's obligations under any prior Mortgage, Deed of Trust or other security agreement, including Borrower's covenants to make payments when due.

**7. Assignment of Rents and Profits.** Borrower assigns to Lender the rents and profits of the property. Unless Borrower and Lender have agreed otherwise in writing, Borrower may collect and retain the rents as long as Borrower is not in default. If Borrower defaults, Lender, Lender's agent, or a court appointed receiver may take possession and manage the property and collect the rents. Any rents Lender collects shall be applied first to the costs of managing the property, including court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amount of rents will then apply to payments on the secured debt as provided in Covenant 1.

**8. Leaseholds; Condominiums; Planned Unit Developments.** Borrower agrees to 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 a planned unit development, Borrower will perform all of Borrower's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

**9. Authority of Lender to Perform for Borrower.** If Borrower fails to perform any of Borrower's duties under this Deed of Trust, Lender may perform the duties or cause them to be performed. Lender may sign Borrower's name or pay any amount if necessary for performance. If any construction on the property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the property. This may include completing the construction.

Lender's failure to perform will not preclude Lender from exercising any of its other rights under the law or this Deed of Trust.

Any amounts paid by Lender to protect Lender's security interest will be secured by this Deed of Trust. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect on the secured debt.

**10. Default and Acceleration.** If Borrower fails to make any payment when due or breaks any covenants under this Deed of Trust or any obligation secured by this Deed of Trust, Lender may accelerate the maturity of the secured debt and demand immediate payment and may invoke the power of sale and any other remedies permitted by applicable law.

**11. Power of Sale.** If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and at Lender's election to cause the property to be sold and shall cause such notice to be recorded in each county in which the property or some part thereof is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons as applicable law may require. After the lapse of such time as may be prescribed by applicable law, Trustee shall sell the property (in gross or in parcels) at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale. Lender or Lender's designee may purchase the property at any sale. Trustee shall deliver to the purchaser Trustee's deed conveying the property without any covenant or warranty, expressed or implied. Trustee shall apply the proceeds of the sale in the following order: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (2) to all sums secured by this Deed of Trust; and (3) the excess, if any, to the person or persons legally entitled thereto.

**12. Inspection.** Lender may enter the property to inspect it if Lender gives Borrower notice beforehand. The notice must state the reasonable cause for Lender's inspection.

**13. Condemnation.** Borrower assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.

**14. Waiver.** By exercising any remedy available to Lender, Lender does not give up any rights to later use any other remedy. By not exercising any remedy upon Borrower's default, Lender does not waive any right to later consider the event a default if it happens again.

**15. Joint and Several Liability; Co-signers; Successors and Assigns Bound.** All duties under this Deed of Trust are joint and several. Any Borrower who co-signs this Deed of Trust but does not co-sign the underlying debt instrument(s) does so only to grant and convey that Borrower's interest in the property to the Trustee under the terms of this Deed of Trust. In addition, such a Borrower agrees that the Lender and any other Borrower under this Deed of Trust may extend, modify or make any other changes in the terms of this Deed of Trust or the secured debt without that Borrower's consent and without releasing that Borrower from the terms of this Deed of Trust.

The duties and benefits of this Deed of Trust shall bind and benefit the successors and assigns of Lender and Borrower.

**16. Notice.** Unless otherwise required by law, any notice to Borrower shall be given by delivering it or by mailing it addressed to Borrower at the property address or any other address that Borrower has given to Lender. Borrower will mail any notice to Lender at Lender's address on page 1 of this Deed of Trust, or to any other address which Lender has designated.

Any notice shall be deemed to have been given to Borrower or Lender when given in the manner stated above.

**17. Transfer of the Property or a Beneficial Interest in the Borrower.** If all or any part of the property or any interest in it is sold or transferred without Lender's prior written consent, Lender may demand immediate payment of the secured debt. Lender may also demand immediate payment if the Borrower is not a natural person and a beneficial interest in the Borrower is sold or transferred. However, Lender may not demand payment in the above situations if it is prohibited by federal law as of the date of this Deed of Trust.

**18. Release.** When Borrower has paid the secured debt in full and all underlying agreements have been terminated, Lender shall request Trustee to reconvey the property. Borrower agrees to pay all costs to record such conveyance.

**19. Substitute Trustee.** Trustee shall resign at the request of Lender and may resign at its own election. Upon the resignation, incapacity, disability or death of Trustee, Lender shall appoint a successor trustee by an instrument recorded in the county in which this Deed of Trust is recorded. The successor trustee shall thereupon be vested with all powers of the original Trustee.

**20. Use of Property.** The property subject to this Deed of Trust is not currently used for agricultural, timber or grazing purposes.

**21. Attorneys' Fees.** As used in this Deed of Trust and in the Note, "attorneys' fees" shall include attorneys' fees, if any, which shall be awarded by an appellate court.

**22. Severability.** Any provision or clause of this Deed of Trust or any agreement evidencing the secured debt which conflicts with applicable law will not be effective unless that law expressly or impliedly permits variations by agreement. If any provision or clause in this Deed of Trust or any agreement evidencing the secured debt cannot be enforced according to its terms, this fact will not affect the enforceability of the balance of the Deed of Trust and the agreement evidencing the secured debt.

Property Address:  
1620 COVE POINT ROAD  
KLAMATH FALLS, OREGON 97601

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "A"  
LEGAL DESCRIPTION

A parcel of land situated in the SW1/4 of Section 1, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin which lies West along the Section line a distance of 1398.6 feet and North 44 degrees 30' West a distance of 784.9 feet from the iron pin which marks the quarter section corner of Sections 1 and 12, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, and running thence:

North 7 degrees 00' East a distance of 136.8 feet to an iron pin; thence North 74 degrees 28' West a distance of 180.3 feet to an iron pin; thence South 21 degrees 28' West a distance of 152.2 feet to an iron pin; thence South 14 degrees 02' East a distance of 62.4 feet to an iron pin; thence South 76 degrees 08' East a distance of 121.15 feet to an iron pin; thence North 89 degrees 41' East a distance of 58.8 feet to an iron pin; thence North 24 degrees 30' East a distance of 51.7 feet, more or less to the point of beginning, said tract in Government Lot 3, Section 1, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.



## PLANNED UNIT DEVELOPMENT RIDER

Loan No. 8429603603-4A

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 14<sup>th</sup> day of April, 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 Note to COMMUNITY LENDING, INC., A CALIFORNIA CORPORATION

(the "Lender")

of the same date and covering the Property described in the Security Instrument and located at:

1620 COVE POINT ROAD, KLAMATH FALLS, OREGON 97601

[Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in covenants, conditions, and restrictions

(the "Declaration"). The Property is a part of a planned unit development known as

COVE POINT

[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

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

**A. PUD Obligations.** Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the: (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

**B. Hazard Insurance.** So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in the Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage provided by the master or blanket policy.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, with any excess paid to Borrower.

**C. Public Liability Insurance.** Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

**D. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant ~~XX~~ 9.

**E. Lender's Prior Consent.** Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

**F. Remedies.** If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this PUD Rider.

*Benjamin F. Balme* (Seal)  
BENJAMIN F. BALME Borrower

*Lenor K. Balme* (Seal)  
LENOR K. BALME Borrower

\_\_\_\_ (Seal)  
Borrower

\_\_\_\_ (Seal)  
Borrower

\_\_\_\_ (Seal)  
Borrower

\_\_\_\_ (Seal)  
Borrower

STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of Mountain Title Co the 24th day  
of April A.D., 19 95 at 3:44 o'clock P M., and duly recorded in Vol. M95  
of Mortgages on Page 10345

FEE \$30.00

By *Bernetha G. Leisch* Bernetha G. Leisch, County Clerk