ISCICINA 9320 ISBIG BOLT Vol_<u>m96 page</u> 16565 LYCESIOE AN I FUNT THAT OBJUT THE I ANTER I AFTER RECORDING MAIL TO: South Valley State Bank P:0 Box 5210 Klamath Falls; OR st9760 bbr u' opsiti con i ada to biorcer reis at a date to but at SALL IN BOAL SEDUE was FOV/IND 0200003 realing, for whith Lunder requiring insuranch Telsins unlines effective in an enteriner cast and for the periods the insurence ins MTC. 38254-K. Respired to the second To to a second second be used to the second agrees in writing to into payment of the obligation of turse by the lighting amaginal graphy burst transmission Laboration of the promption of the other than priority over this Sector international unless includer (a. assim white to the promption of the other than the priority over this Sector international unless includer (a. The trustee is AmeriTitle Trustee The beneficiary is South Valley State Bank, existing under the laws of an Oregon Banking Corporation is P O Box 5210, Klamath Falls, OR 97601 ("Lender ("Trustee"). , and whose address ("Lender"). Borrower owes Lender the principal sum of One Hundred Thousand Dollars and no/100 Dollars (U.S. \$100,000.00). This debt is evidenced by Borrower's note (lated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if r ot paid earlier, due and payable on "July 1, "2026 This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Socurity Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower Irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in KI amath County, Oregoniano usere precionale vice a consultativitativa e a recordena e politica Lot 3 in Block 41 of HOT SPRINGS ADDITION to the City of Klamath Falls, A factording to the official plat thereof on file in the office of the County Dow Clark of Klamath County, Oregon, I be taken one of a solution of the county of the Long part of the second of the count of t ETHCACCOUNTAINO: 3 3809=028CD=084003 2 KEYCNO: 1373474 CODE NO: 001 Funds, showing credits and dipits of the Funds of Tithe pulpor effort which each diskipations may a the that life has anel be baid on that Fonds. Londer said greato Brinowie withour charge, an an exponency whe required o pay Borrower any shair stor earslings i n'une Funds. Borrower and Lemier ma list mate i dires however, The Functional behald in an Listation who is deposite a pinet of doyal address of the consymptotic statistics of an instance who is deposite a pinet of doyal address of the construction accordance with applicable is indue on the basis of current date an Lise sonable is thratiss of expenditures of inture data same in a crimer was in and on the brain of current date at the concepts, there are no more than of their (Second Concepts) are an analy of the more than the former of the more than the text of the more than the text of the more than the text of text which has the address once is fed. Frice independent of it have to start the order of the address once is fed. Frice independent of it have to start the order of the address once is fed. Frice independent of it have to start the order of the address once is fed. Frice independent of the address of the address of the order of the address of the address of the order of the TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and focures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foragoing is referred to in this Security Instrument as the "Property." BORROWER COVENANT Sith at Borrower is lawfully selsed 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 gent rally the title to the Property against all claims and demands, subject to any encumbrances of record and containing a majorial second A test in sour cover of second and end THIS SECURITY INSTRUMENT Combines UI On pover His for reveal usingers of the company with

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FORM 3038 9/90

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

LOAN NO. 590003

MELUNIFORM COVENANTS. Borrower and Lendercc venant and agree as follows:

gud 1. Payment of Principal and Interest; Prepayment and Late Chargos. 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 ed by the Geourity Instrument, All of the foregring is relative to in it is Security in sin or en-32: 2. Funds for Taxes and Insuran: 3. Subject to applicable law or to a written walver 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') for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mottgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless 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. Borrower and Lender may agree in writing, however, that interest shall be paid 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 all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than tv/elve monthly payments, at Lender's sole discretion.

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 pare graph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Ir strument. A public state of a group at a

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

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 time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrov/er 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 lien by, or defencis against enforcement of the lien in, legal proceedings which in the 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 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 identifying the lien. Borrower shall satisfy the lien cr take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by firo, hazards included within the term "extended coverage" and any other hazards, Including floods or flooding, 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. If Borrower fails to maintain coverage described above; Lander may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with

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All insurance policies and renevrals shall be acceptable to Lender and shall include a standard mortgage clause. HOLOHOLOUN AUSSICATION CONTRACTOR URECOM-SING RE EAMILY-EAMIA/FHLI (CU / FCR V INSTBUL) WI

Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender Lender shall have the right to hold the policies and renewals. If Lender requires, borrower shall promptly give to all receipts of paid premiums and rune all notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender hay make proof of loss if not made promptly by Borrower. Unless Lender and Borrower other vise agree in writing, insurance proceeds shall be applied to restoration or repair

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oniess Lender and borrower one-wise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is accommically 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 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 Borrower. It 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, then Lender may collect the Insurance proceeds. Lender may use the insurance carrier has onered to settle a craim, then Lander 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 posipone me due date of the montuny payments referred to in paragraphs r and 2 of change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and payments. In under paragraph 21 the Property is acquired by Lender, Somower's right to any insurance poncies 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. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application;

6. Uccupancy, Preservation, Mandemance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withhold, or unless externating circumstances exist which are beyond Borrower's control. snall not be unreasonably withheid, or unless exteributing circumstances exist which are beyond borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Property. Borrower shall be in Getaurant any tonerture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment civild result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, produdes forfeiture of the Borrower's interest in the Broperty or other material impairment of the lien determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrover's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. 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 forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lende 's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs.

Although Lender may take a ction under this paragraph 7, Lender does not have to do so. Any amounts disbursed by Lander under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Urless Borrower and Lender agree to other terms of payment, these amounts shall bear

interest from the date of distursement at the Note rate and shall be payable, with interest, upon notice from Lender to 8. Mortgage Insurance). If Lender required mortgage insurance as a condition of making the loan secured by this Borrower requesting payment.

Security Instrument, Borrow er shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insumnce coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the reason, me mongage insumines develage required by Lender lapses of deases to be in energy, borrower shan pay the premiums required to obtain coverage substantially equivalent to the mongage insurance previously in effect, at a cost interaction of the previous substantial to the pre substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, mortgage insurer approved by Lender. It substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these neuments are a local together in line of mortgage insurance. Local reserve neuments may no longer by mouther at these payments as a loss reserve in lieu of moltgage insurance. Loss reserve payments may no longer be required, at these payments as a loss reserve in lieu of moltgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if moltgail is insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends

In accordance with any witten agreement between Borrower and Lender or applicable law. 9. Inspection. Lend a corits 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. 10. 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 in the event of a total rafe ing of the Prop is the properties to the applicant of the applicant of a properties and participation of the properties and the properties of the applicant of the properties and the properties

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In the event of a total taking of the Froperty, 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 in which the fair market value of the Piopa ty immediately before the taking is equal to or greater than the amount of the sums secured by this Security instrum 3. It immediately before the taking, unless Borrower and Lender otherwise agree sums secured by this Security instrument immediately before the taking, 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 a michael 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. In the event of a market value of the Property in which the fair market value of the Property immediately before the taking is less than the partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides; the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then the

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If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to whether or not the sums are then clue. make an award or settle a claim for damages, Borrover 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 monithly payments referred to in paragraphs 1 and 2 or change the amount of such

11. Borrower Not Released; For bearance 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 Borrrower'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 of or preclude the exercise of any right or remedy.

12. Successors and Assigns Eound; 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 17. Borrov/or's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrumer t but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of 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, mocify, forbear or nake any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. 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 so that the interest or other loan charges collected or to be collected in connection with the loan exceed 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 permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Eprrower 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 any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to 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

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the given as provided in this paragraph. 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 conflicting provision. To this end the 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

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument. the Note are declared to be severable.

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 whitten 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

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period federal law as of the date of this Security Instrument. of not less than 30 days from the date the notice is delivered or malled within which Borrower must pay all sums secured by this Security Instrument. If Borrover falls to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by his Security instrument without further notice or demand on Borrower. for an 2 bave the right of that the policion index nexels. I has not requere

ל ו המשר יתכים הסווסוסים אים . הפשי נופ שהמון אי מהכר אוצואי ומירפט הכימתה שיה א OREGON-SINGLE FAMILY-FN MA/THLMC UNIFORM INSTRUMENT PAGE 4 OF 6 ISC/CMDTOR//0792/3038(9-90) L

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18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at 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 any power of sale 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 would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action. as Lender may reasonably require to assure that the lien 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 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 paragraph 17. an part de care

The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times 19. Sale of Note; Change of Loan Servicer. without prior notice to Borrowe A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release other information required by applicable law. of any Hazardous Substances on cr in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in viclation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to

be appropriate to normal residential uses and to maintenance of the Property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which E orrower has actual knowledge. If Borrower learns, or is notified by any governmental or

regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall prcmptly take all necessary remedial actions in accordance with Environmental Law. As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic

petroleum products, toxic pesticicles and herbicicles, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection. NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remudico: 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 paragraph 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 to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice 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 assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before 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 demand and may invoke the power of sale and any other remedies permitted by a pplicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of

If Lender invokes the powar of cale, Lender shall execute or cause Trustee to execute a written notice of the title evidence. occurrence of an event of delouit and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bid der at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public annour cement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale. war neuw deprosection in the supervised with the process of the best in the set of the s

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Û		's deed conveying the Property without any covenant or
M	amonthe expression or implicit 11 o recitais in th	Trustee's deed shall be crima tacle evidence of the truth of
1	a statemente made therein "ruu ee shall apply	the proceeds of the sale in the following order. (a) to all
2	penses of the sale, including, but not limited to	reasonable Trustce's and attorneys' fees; (b) to all sums
H	cured by this Security institution (c) any i	xcess to the percen or persons legally entitled to it. secured by this Security Instrument, Lender shall request Trustee
-	moonway the Property and shall surrender this So	curity instrument and all notes evidencing debt secured by this
2	ocurity instrument to Trustee (Trustee Shall record)	ev the Property without warranty and without charge to the person
	r persons legally entitled to it. Such person of pers	ons shall pay any recordation costs.
ų,	223. Substitute Trustee. Lender may from time	to time remove Trustee and appoint a successor trustee to any of the Property, the successor trustee shall succeed to all the title,
	ower and duties conferred upon Trustee herein and	
۳.	24. Attorneys' Fees. As used in this Security In	nstrument and in the Note, "attorneys' fees" shall include any
al	torneys' fees awarded by an appellate court.	THE AN INTERPOLIC AND A SECOND AND A
	OF Didow to this Conwity instrument as an i	- 2011년 1912년 1912년 1월 1912년 1
lf	one or more riders are executed by Borrower and	recorded todether with this Security Instrument, the covenants and
8	greements of each such rider shall be incorporated	into and shall amend and supplement the covenants and (s) were a part of this Security Instrument. [Check applicable
Ь	ov/ce)lesses serence of the tRed to the thema	그야 한 사람은 방법을 담춰야 했는 것 같아. 한 사람은 수가 나누구들을 수 있는 것 같아. 가지 않는 것 같아. 가지 않는 것 같아.
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3		te Improvement Rider
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2	BY SIGNING BELOW BOTT WAT accepts and ac	rees to the terms and covenants contained in this Security
i,	strument and in any rider(s) executed by Borrowa	r and recorded with it.
v	Vitnesses:	
1	relation where the Property Diloc Senitrial relation	to the third of the States of
3	nd reulin chint materials. As 1990 n Pils paragret	Seal (Seal
ہ ج	ubstances by Environmental Lriw ord, the following	Borrower
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2	STATE OF BUILDING IN ASH INCTON.	personally appeared the above named
1	On this 1St day of Jime, 1996	personally appeared the above named
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8	and acknowledged the foregoing instrument to be	their voluntary act and deed.
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1	responses to the second s	
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AP# PATTON Tils foil i alesto Maio 2007.

HATAGERS AN ARE ARE THE ADJUSTABLE. RATE - RIDER ACTOR IS TRUCK (1 Year Treasury Index-Rate Caps)

LEASONS

THIS ADJUSTABLE FATE RIDER is made this / day of JUNE, 1996, 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 Fate Note (the "Note") to South Valley State Bank, South Valley (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

428 PACIFIC TERRACE, KLAMATH FALLS, OR 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 8.7500 %. The Note provides for changes in the interest rate and the monthly payments, as follows: a watch to be out the

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of July, 1997, and on that da every 12th month thematter. Each date on which my interest rate could change is called a "Change Date." , and on that day

(B) The Index of the first Change Date, my interest rate will be based on an Index. The "Index" is the Beginning with the first Change Date, my interest rate will be based on an Index. 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 give me notice of this choice.

(C) Calculation of Changes (papers) the Tourse papers) pe

Before each Charige Date, the Note Holder will calculate my new interest rate by adding Three and

One / Quarter 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 4(D) below, this rounded amount will be my new interest rate until the next Change Date. The amount of the monthly payment that would be sufficient to 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.

The interest rate (an required to pay at the first Change Date will not be greater than 10.7500 % or less than _____6.7500 ja%. Thereast at my interest rate will never be increased or decreased on any single Change Date I win are than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twillive months. My interest rate will never be greater than 14.7500 %.

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MULTISTATE ARM RIDI:R-ARM 5-2-Single Family-FNNA/FHLMC UNIFORM INSTRUMENT Form 3111 3/85 ISC/CRID**//0195/3111(0385)-L Page 1 of 2 190.063

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LN# 590003

(E) Effective Date of Changes S-84 (61, 400 - MRVV HEVIC RMACHER BASES

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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 (F) Notice of Changes used to make the address of the state the original state and the amount The Note Holder will deliver or mail to me a 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 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 DENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Ecneficial 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 required 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 a brench 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 inclice 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 BELOV, BC rower accepts and agrees to the terms and covenants contained in pages 1 and 2 of this Adjustable R ite Flider.

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MULTISTATE ARM RIDER-ARM 52-Sing Family-FNMA/FHILMCUNIFORM INSTRUMENT ISC/CRID**//0195/3111(0385)-L Page 2 of 2 Form 3111 3/85

STATE OF	OREGON:	COUNTY OF	KLANATH:

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