

RECORDED DATE IS REC'D DATE OF EXCEMBER 1998
OR FILED DATE AS OF

SOUTH VALLEY BANK & TRUST
PO BOX 5210, Klamath Falls, OR
97601

WHEN RECORDED DATE TO
SOUTH VALLEY BANK & TRUST
ATTN: DISANNA
PO Box 5210, Klamath Falls, OR
97601

ACCOUNT NUMBER
830097285.

TAX ACCOUNT NUMBER
3-010-00000-03309

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made and entered into on January 21, 1999, by and between ERIC H. REDFIELD and DEBORAH J. REDFIELD, ("Grantor"), the trustee, and AMERITITLE, 227 S 6TH STREET, Klamath Falls, ("Trustee"). The beneficiary is SOUTH VALLEY BANK & TRUST, which is organized and existing under the laws of Oregon, whose address is PO Box 5210, Klamath Falls, Oregon, Two Hundred Thousand and no/100.

This debt is evidenced by Borrower's note monthly payments, with the full debt, if not paid in full, secured by the Security Instrument secures to Lender: (a) extensions and modifications of the Note; (b) payment of all other sums, with interest, advanced under paragraph 7 to (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, the following described property located in The East one-half of the Southeastern Range 10, East of the Willamette Swan Lake Road,

and whose title is in the name of ERIC H. REDFIELD, and whose

OR 97601 BANK & TRUST, AN OREGON BANKING CORPORATION, S, OR 97601 ("Lender"). Borrower owes Lender the principal sum of

Dollars (U.S. \$200,000.00). This Security Instrument ("Note"), which provides for earlier, due and payable on January 1, 2029, repayment of the debt evidenced by the Note, with interest, and all renewals, be payment of all other sums, with interest, advanced under paragraph 7 to and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower, revocably grants and conveys to Trustee, in trust, with power of

Klamath County, Oregon; one-quarter of Section 16, Township 33, South, Meridian, Latah County, Oregon, lying North of

which is the address of 3515 SWAN LAKE
Oregon 97603
OREGON Single Family HOME FINANCIAL CORP.
RUSSELL ENT. Inc. 903515-28
SHC/N 188000.01
YH/MORTGAGE FIRMS - 18001221-2201
FIRMS - 18001221-2201
YH/MORTGAGE FIRMS - 18001221-2201
FIRMS - 18001221-2201

DAI, Klamath Falls
Zip Code
Property Address 1)

(Street, City,

IF EITHER OF THE above instruments becomes invalid before a part of the payment, All of the foregoing is referred to in CROWDWER COVENANTS that Borrower owns the Property and that the Property is defended generally the title to the Property agrees.

THIS SECURITY INSTRUMENT contains variations by jurisdiction to constitute a uniform UNIFORM COVENANTS. Borrower and

1. Payment of Principal and Interest; principal of and interest on the debt evidenced by the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over or exceed rents on the Property, if any; (c) yearly hazard or property insurance premiums, if any; and (d) 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 related to the mortgage loan may require for Borrower 1974 as amended from time to time, 12 U.S.C. sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount, the basis of current data and reasonable estimates of expenditures of future escrow law.

The Funds shall be held in an institution (including Lender, if Lender is such an institution) Escrow Items. Lender may not charge Borrower verifying the Escrow Items, unless Lender pays Lender a charge. However, Lender may require Borrower used by Lender in connection with this loan, if applicable law requires interest to be paid, Lender Borrower and Lender may agree in writing, how without charge, an annual accounting of the Fund debit to the Funds was made. The Funds are held

If the Funds held by Lender exceed the amount for the excess Funds in accordance with the requirement is not sufficient to pay the Escrow Items which shall pay to Lender the amount necessary to make twelve 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 shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender to the sum secured by this Security Instrument.

3. Application of Payments. Unless application 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

4. Charges; Liens. Borrower shall pay all which may attain priority over this Security Instrument obligations in the manner provided in paragraph 1 to the person owed payment. Borrower shall pay, If Borrower makes these payments directly, Borrower

Borrower shall promptly discharge any lien writing to the payment of the obligation secured by, or defends, against enforcement of the lien enforcement of the lien, or (c) secures from the his Security Instrument. If Lender determines that his Security Instrument, Lender may give Borrower one of the actions set forth above within 10 days

of notice it is given that the property and all easements and fixtures shall also be subject to security for the "Property."

is available so long as the property is conveyed and has the right to grant and market it or encumbrances of record. Borrower warrants and will defend the title to the property against all claims and suits, subject to the encumbrances of record.

8. Uniform Covenants for National and Non-National Coverings with Limited Security Instruments covering real property.

9. Covenants and a note is follows:

repayment and late charges. Borrower shall promptly pay when due the Note and late charges due under the Note.

10. Payment of Prepayments and Late Charges. Borrower shall pay to the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over or exceed rents on the Property, if any; (b) yearly household payments for hazard or property insurance premiums; (c) yearly flood insurance premiums, if any; and (d) 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." In an amount not to exceed the maximum amount a lender for a federally insured account under the federal Real Estate Settlement Procedures Act of section 2601 (see "RESPA"), unless another law that applies to the Funds is in effect, collect and hold Funds in an amount not to exceed the lesser amount, the basis of current data and reasonable estimates of expenditures of future escrow law.

whose deposits are insured by a federal agency, instrumentality, or entity or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the holding and applying the Funds, annually analyzing the escrow account, or Lender interest on the Funds and applicable law permits Lender to make such to pay a one-time charge for an independent real estate tax reporting service unless applicable law provides otherwise. Unless an agreement is made or shall not be required to pay Borrower any interest or earnings on the Funds. Borrower, that interest shall be paid on the Funds. Lender shall give to Borrower, showing credits and debits to the Funds and the purpose for which each is additional security for all sums secured by this Security Instrument.

its permitted to be held by applicable law, Lender shall account to Borrower amounts of applicable law. If the amount of the Funds held by Lender at any due, Lender may so notify Borrower in writing, and, in such case Borrower up the deficiency. Borrower shall make up the deficiency in no more than one month.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender to the sum secured by this Security Instrument.

11. Application of Payments. Unless application 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

12. Charges; Liens. Borrower shall pay all which may attain priority over this Security Instrument, and household payments or hazard rents, if any. Borrower shall pay the Note, or if not paid in this manner, Borrower shall pay them on time directly to Lender all notices of demands to be paid under this paragraph. Lender shall promptly furnish to Lender receipts evidencing the payments.

which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by, or defends, against enforcement of the lien enforcement of the lien, or (c) secures from the his Security Instrument. If Lender determines that his Security Instrument, Lender may give Borrower one of the actions set forth above within 10 days

5. Hazard or Property Insurance. Property insured against loss by fire, fire, flood or flooding, for which Lender requires, shall be maintained in the amounts and for the periods providing the insurance shall be maintained in the amounts and for the periods Lender requires. The insurance carrier which shall not be unreasonably withheld, option, obtain coverage to protect Lender's

All insurance policies and renewals shall have the right to hold the policies and pay premiums and renewal notices. If the Lender may make proof of loss if not made

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 not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums of not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days notice from Lender that the insurance carrier has offered to settle a claim, then Lender may apply the proceeds to repair or restore the Property or to pay sums 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 paragraph 2. If the Property is acquired by Lender, Borrower shall pass to Lender

the title to the Property prior to the acquisition immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as his/her principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the title such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling which has priority over this Security Instrument or Lender's security interest. Borrower may file a complaint for foreclosure of the Borrower's interest in the Property or other material instrument, or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process to provide Lender with any material information or representations concerning Borrower's economic household. Borrower shall comply with all the terms and the tenets shall not merge rule.

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 title of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien or other encumbrance on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

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

8. Mortgage Insurance. If Lender requires this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the insurance coverage substantially equivalent to the cost to Borrower of the mortgage insurance premium 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 paid.

Borrower shall keep the insurance in its now existing or hereafter enacted on the Property, including standard coverage and any other insurances, including liability insurance, maintained in the amounts and for the periods Lender requires. It shall be chosen by Borrower subject to Lender's approval of Borrower's choice of insurance coverage described above. Lender may, at Lender's option, require Borrower to maintain coverage in accordance with paragraph 7.

All insurance policies and renewals shall have the right to hold the policies and pay premiums and renewal notices. Borrower shall promptly give to Lender all receipts of payment of loss. Borrower shall give prompt notice to the insurance carrier and Lender.

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 not economically feasible and Lender's security is not lessened. If the restoration or repair is not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days notice from Lender that the insurance carrier has offered to settle a claim, then Lender may apply the proceeds to repair or restore the Property or to pay sums 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. If right to any insurance policies and proceeds resulting from the extent of the sums secured by this Security Instrument

shall pass to Lender. The Property; Borrower's Loan Application; Leaseholds. Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the title such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling which has priority over this Security Instrument or Lender's security interest. Borrower may file a complaint for foreclosure of the Borrower's interest in the Property or other material instrument, or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process to provide Lender with any material information or representations concerning Borrower's economic household. Borrower shall comply with all the terms and the tenets shall not merge rule.

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 title of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien or other encumbrance on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

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

8. Mortgage Insurance. If Lender requires this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the insurance coverage substantially equivalent to the cost to Borrower of the mortgage insurance premium 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 paid.

payments may no longer be required, that Lender requires) provided by an insurance company required to maintain insurance coverage in accordance with law.

9. Inspection. Lender or his agent Borrower in case at the time of or prior to the making of any payment.

10. Condemnation. The price 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 in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the 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 amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property 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 due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or 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.

11. 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 of or preclude the exercise of any right or remedy.

12. 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 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signer of this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property and 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, modify, forbear or make 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 rates of 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 sum 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 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 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 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 the end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one confirmed 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 such exercise is prohibited by federal law as of the 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 or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay by these sums within the expiratory 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. Enforcement of this Security Instrument under applicable law may specify for reinstatement of this Security Instrument or for entry of a judgment creditor all sums which then would be due under this instrument and any default of any other covenants or agreements, but not limited to, reasonable attorney fees, in the lien of this Security Instrument. Lender's obligations secured hereby shall continue until reinstated by Borrower.

19. Sale of Note; Change of Loan Servicer. This Note may be sold one or more times without notice to Borrower. 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; unless given written notice of the change in accordance with paragraph 18 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which

Borrower must pay its monthly payments. Notwithstanding the right to have notice to the creditor of a day (or such other period as the property subject to any power of sale contained in this Security Instrument) less conditions are that Borrower: (a) pays all expenses incurred in enforcing this Security Instrument, including attorney fees; (b) acts as if no acceleration had occurred; (c) pays all expenses incurred in enforcing this Security Instrument, including attorney fees; and (d) takes such actions as Lender may reasonably require to assure that its rights in the Property are not impaired. Upon acceleration, 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.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property that is in violation of any Environmental Law or any regulation or standard promulgated under any Environmental Law. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. 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; unless given written notice of the change in accordance with paragraph 18 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which

information required by applicable law.

20. Hazardous Substances. Borrower shall promptly give Lender notice of any governmental or regulatory agency or private entity involving any Hazardous Substances of which Borrower has actual knowledge. If Borrower learns of any removal or other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" mean those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, 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; Remedies. Lender will 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 of the notice 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 (d) if Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without 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 21, including, but not limited to, reasonable attorneys' fees and costs of

If Lender invokes the power of sale, occurrence of an event of default and of be recorded in each county in which any manner prescribed by applicable law to required by applicable law, Trustee, without demand or notice to Borrower, shall sell the Property at public auction to the highest bidder 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 announcement at the time and place of any previously scheduled sale. Lender or its 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. The recitals in the Trustee's deed shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees;

22. Reconveyance. Upon payment in full of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument to Trustee. Trustee shall reconvey the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under applicable law.

23. Substitute Trustee. Lender may appoint a successor trustee to any Trustee of the Property. The successor trustee shall succeed to all the title, power and duties of the original trustee.

24. Attorneys' Fees. As used in this section, "attorneys' fees" shall include any attorneys'

or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property that is in violation of any Environmental Law or any regulation or standard promulgated under any Environmental Law. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. 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; unless given written notice of the change in accordance with paragraph 18 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which

any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private entity involving any Hazardous Substances of which Borrower has actual knowledge. If Borrower learns of any removal or other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" mean those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, 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; Remedies. Lender will 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 of the notice 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 (d) if Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without 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 21, including, but not limited to, reasonable attorneys' fees and costs of

Lender shall execute or cause Trustee to execute a written notice of the 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 is located. Lender or Trustee shall give notice of sale in the Property and to other persons prescribed by applicable law. After the time specified in the notice of sale in one or more parcels and in any order designated in the notice of sale in one or more parcels and in any order any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its 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. The recitals in the Trustee's deed shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees;

22. Reconveyance. Upon payment in full of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument to Trustee. Trustee shall reconvey the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under applicable law.

23. Substitute Trustee. Lender may appoint a successor trustee to any Trustee of the Property. The successor trustee shall succeed to all the title, power and duties of the original trustee.

24. Attorneys' Fees. As used in this section, "attorneys' fees" shall include any attorneys'

23. Rider(s) to this Security Instrument: [list covenants and agreements of this instrument and rider(s) applicable to both(s)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloonic Rider
- VA Rider

24. If one or more riders are attached by Borrower and recorded together with this instrument and shall be incorporated into and shall amend and supplement this Security instrument if the rider(s) were part of this Security instrument.

- Condo Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Other(s) [specify]

- 1-4 Family Rider
- Biweekly Payment Rider
- Second Home Rider

BY SIGNING BELOW, Borrower ac-
cepts and agrees to the terms and covenants contained in this Security instrument and
Witnesses:

JACK H. REDFIELD

(Seal)

Borrower

DEBORAH J. REDFIELD

(Seal)

Borrower

(Seal)

(Seal)

Borrower

STATE OF OREGON

On this 1st day of November, 1991,
JACK H. REDFIELD and DEBORAH J. REDFIELD,

the foregoing instrument to be

County, ss:

personally appeared the above named

and acknowledged

My Commission Expires: 11-10-99
(Official Seal)



NOTARY PUBLIC - STATE OF OREGON
LISA LEGGET - NEATHERY
COMMISSION NO. 040111
COMMISSION EXPIRES: NOV. 20, 1999

before me:

Lisa Legget - Notary Public for Oregon

GH/DR 1990-08

Form 3038 6/90

AP# REDFIELD

LN# 830097215

ADJUSTABLE RATE NOTE(1) **for Treasury Index-Rate Caps**

THIS ADJUSTABLE RATE NOTE is incorporated into and shall be deemed a part of the Deed (the "Security Instrument") of the Borrower's Adjustable Rate Note (the "Note") to SOUTHERN VALLEY BANK & TRUST, (the "Lender") of the same date and covering the property described in the Security instrument and located at:

3515 SWAN LAKE ROAD, KLANITH FALLS, OR 97603

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM 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 and the monthly payment as follows:

B. INTEREST RATE AND MONTHLY PAYMENT CHANGES. (A) Change Dates. The interest rate I will pay may change on the first day of January, 2001, and on that day the note on which my interest rate could change is called a "Change Date."

(B) The Index. Beginning with the first Change Date, my interest rate will be based on an index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Home Loan Bank 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 or if there is no comparable information, The Note Holder will choose a new index which is based upon notice of this choice.

(C) Calculation of Changes. Before each Change Date, the Note Holder will calculate my new interest rate by adding Three and One / Quarter percentage points (3.2500%) to the Current Index. The Note Holder will then round the result of his addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limitations stated in Section 1(D) below, this rounded amount will be my new interest rate until the next Change Date.

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

(D) Limitation of Interest Rate Changes. The interest rate I am required to pay at the first Change Date will not be greater than 9.8750% or less than -5.8750% . The single Change Date by more than 2.00% from the rate of interest I have been paying for the preceding twelve months.

AP II: REDFIELD

LNU 43009785

(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 also the title and telephone number of a person who will answer any question I may have regarding the notice.

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

Uniform Covenant 17 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 (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 substituted 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 breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent; 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 this notice is delivered or mailed via [] in 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 remedy 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 pages 1 and 2 of this Adjustable Rate Rider.

(Seal)
Borrower

(Seal)
Borrower

(Seal)
Borrower

(Seal)
Borrower

(Sign Original Only)

MULTISTATE ARM RIDER-AIR
ISIC/CRIC#//1195/3/111/1305/4

2-Step Fixed-Rate
Form 3111 3/85

SMITH DE GREGOR COUNTY OF KLAZATH

Noted receipt of	Amer	Mar 11, 1999	the	1999
Jan 2 A.D. 1999	of	11:17	in	1999
	Vocu	0298	on	1975
\$45.00			by	Linda Smith County Clerk