

RECEIVED
RECORDED
SOUTH VALLEY BANK
P.O. Box 5210, Klamath Falls,
OR 97601

BEEN RECORDED MAIL TO
SOUTH VALLEY BANK & TRUST
P.O. BOX 5210
KLAMATH FALLS, OR 97601

ATTN: JANNA REED
ACCOUNT NUMBER
830094629

TAX ACCOUNT NUMBER
3809-031AC-16900

K-53359

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on DECEMBER 22, 1998, by the grantor or

ARLENE HECKENLIVELY
(Borrower"). The trustee is FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON
422 MAIN STREET, KLAMATH FALLS, OR 97601 ("Trustee"). The beneficiary is SOUTH VALLEY BANK & TRUST

which is organized and existing under the laws of OREGON BANKING CORPORATION and whose address is PO Box 5210, Klamath Falls, OR 97601.

Thirty Five Thousand Eight Hundred

This debt is evidenced by Borrower's monthly payments, with the full debt, this Security Instrument subject to extensions and modifications of the Trustee, the security of this Security Instrument and the Note. For sale, the following described property, Lot 588, Block 108, MILLS officia plat thereof, off of Oregon, ACOT NO: 3809-031AC-16900, is sold to the City of Klamath Falls, according to the Office of the County Clerk of Klamath County, DOB: 000, KEY NO: R47975.

THIS IS BEING RECORDED TO ADD CRITERIA TO THE TIME BUYOUT PROGRAM RIDER.

which has the address of 821 MARTIN STREET, Klamath Falls, OR 97601. (Street, City, State)

CHENIC-Simplifying Financial Instruments

INSTRUMENT FORMS

100% PROTECTED FORMS

Page 66 MM 1/01/01

IN WITNESS WHEREOF, it is hereby agreed by the parties hereto that the Property is now and hereafter a part of the instrument, all of the foregoing is set forth in this Security Instrument in law.

COVENANTS THE PARTIES AGREE:

1. **POSSESSION.** The Possession of the Property is hereby acknowledged by the Borrower and that the Purchaser generally the title to the Property.

2. **THIS SECURITY INSTRUMENT.** THIS SECURITY INSTRUMENT variations by jurisdiction to constitute a uniform security instrument.

UNIFORM COVENANTS. Borrower and Lender agree as follows:

1. **Payment of Principal and Interest.** Payment of principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Lender on the day monthly payments are made and assessments which may attain priority of ground rents on the Property, if any, (a) yearly taxes over this Security Instrument as a lien on the Property; (b) yearly household payments; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; and (e) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of which Lender may, at any time, collect and hold related mortgage loan may require for 1974 as amended from time to time, 12 sets a lesser amount. If so, Lender may, Lender may estimate the amount of Funds Escrow Items or otherwise in accordance with applicable law.

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

if the Funds held by Lender exceed for the excess funds in accordance with time is not sufficient to pay the Escrow items when due, Lender may so notify Borrower in writing, and, in such case Borrower to make up the deficiency. Borrower shall make up the deficiency in no more than discretion.

(Upon payment in full of all sums Funds held by Lender. If, under paragraph of the Property, shall apply any Funds held by this Security Instrument.

3. **Application of Payments.** Unless 1 and 2 shall be applied: first, to any principal; second, to interest due; fourth, to principal.

4. **Charges.** Lender Borrower shall which may attain priority over this Security Instrument in the manner provided to the person owed payment. Borrower shall make these payments directly to Lender.

Borrower shall promptly discharge writing to the payment of the obligation by, or defend against enforcement of enforcement of the lien; or (c) secures funds for this Security Instrument. If Lender defects this Security Instrument, Lender may provide for the amounts set forth above within

days of the creation of the Property, and all easements, rights, encumbrances and restrictions shall also be retained by this Security Instrument in the Property.

5. **Deed of the Property.** The Deed of the Property is hereby conveyed and has the right to grant and except for encumbrances of record, Borrower warrants and will defend all claims and demands, subject to any encumbrances of record.

6. **Uniform Security Instrument.** This Security Instrument contains for day real use and non-uniform covenants with limited

and Lender covenants covering real property.

7. **Prepayment and Late Charges.** Borrower shall promptly pay when due the

Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes over this Security Instrument as a lien on the Property; (b) yearly household payments; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; and (e) any sums payable by Borrower to Lender, in accordance with the payment of mortgage insurance premiums. These items are called "Escrow Items." Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for a federal Real Estate Settlement Procedures Act of S.C. Section 2601 seq. ("RESPA"), unless another law that applies to the Funds at any time, collect and hold Funds in an amount not to exceed the lesser amount due on the basis of current data and reasonable estimates of expenditures of future in applicable law.

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

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

caused by this Security Instrument, Lender shall promptly refund to Borrower any

21. Lender shall acquire or sell the Property. Lender, prior to the acquisition or sale by Lender at the time of acquisition or sale as a credit against the sums secured by

applicable law provides otherwise, all payments received by Lender under paragraphs payment charge due under the Note; second, to amounts payable under paragraph 2; and last, to any late charges due under the Note.

pay all taxes, assessments, charges, fines and impositions attributable to the Property instrument, and household payments or ground rents, if any. Borrower shall pay paragraph 2, if not paid in that manner. Borrower shall pay them on time directly to Lender all notices of amounts to be paid under this paragraph. Borrower shall promptly furnish to Lender receipts evidencing the payments.

any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation by, or defend against enforcement of the enforcement of the lien; or (c) secures funds for this Security Instrument in the manner provided for in the instrument that any part of the Property is subject to a lien which may attain priority over Borrower a notice of non-delivery of notice.

18. Borrower's Right to Re-enforcement. If at this Stage of the applicable law may specify, to re-enforce this Security Instrument; or (b) if any Lender at any time which there would be any default of any other note including, but not limited to, reason that the title of this Security Instrument shall continue unchanged, this Security Instrument shall continue hereby and remain in effect in the case of acceleration.

19. Sale of Note; Change of Lender. Change of Lender may be sold one or more times without notice to Borrower, provided that the new Lender will be given written notice of the change in address of the new Lender and information required by applicable law.

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. 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 Borrower 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 promptly 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: 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:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the 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 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 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 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 title evidence.

If Lender revokes the power of sale, 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 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 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 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 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 title evidence.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The risks in the Trustee's possession shall apply the proceeds of the sale, not limited to, reasonable Trustee's attorney's fees and costs, in excess to the person or persons legally entitled to it.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall sum under this Security Instrument to Trustee. Trustee shall reconvey the Property to the person or persons legally entitled to it. Such person or persons shall pay any reconstruction costs.

Property, but only if the fee is paid to a third party permitted under applicable law.

23. Substitute Trustee. Lender may appoint a substitute Trustee. Without consent of Lender, Trustee shall succeed to all the title, power and duties contained in this Security Instrument.

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

fees, interest, costs, expenses, and other charges, including, but not limited to, reasonable attorney's fees, incurred by Borrower in connection with any action taken by Borrower to reinstate this Security Instrument prior to the earlier of: (a) 5 years (or such longer period as may be provided by applicable law); (b) any payment to any holder of a note or other instrument contained in this Security Instrument. These conditions are that Borrower: (a) pays the principal and interest and the Note as if no acceleration had occurred; (b) pays all expenses incurred in enforcing this Security Instrument; and (c) takes such action as Lender may reasonably require to assure his or her title to the Property and Borrower's obligation to pay the sums secured by this Security Instrument and Borrower's obligation to pay the sums secured hereby shall remain in effect until either (a) or (b) above occurs.

Upon a reinstatement by Borrower, this Security Instrument and the Note shall be reinstated as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration.

17. Sale of Note; Change of Lender. Change of Lender may be sold one or more times without notice to Borrower, provided that the new Lender will be given written notice of the change in address of the new Lender and information required by applicable law.

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. 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 Borrower 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 promptly 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: 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 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 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 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 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 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 title evidence.

shall execute or cause Trustee to execute a written notice of the 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 and place and on 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 risks in the Trustee's possession shall apply the proceeds of the sale, not limited to, reasonable Trustee's attorney's fees and costs, in excess to the person or persons legally entitled to it.

Property, but only if the fee is paid to a third party permitted under applicable law.

23. Substitute Trustee. Lender may appoint a substitute Trustee. Without consent of Lender, Trustee shall succeed to all the title, power and duties contained in this Security Instrument.

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

(5. Below is the Security Instrument
Security instrument and the covenants and agree-
ments of a security instrument if the Rider(s) were
applied to the Security Instrument.)

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- VA Rider

If one or more other riders shall be incorporated into and shall amend and supplement
this Security Instrument, they will be part of this Security Instrument.

- Credit Life Rider
- Plaintiff Development Rider
- Rehabilitation Rider
- Other (please specify)

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

BY SIGNING BELOW, Borrower
(any rider(s) attached by Borrower and
Witnesses:

Arlene M. Heckinlively
ARLENE M. HECKINLIVELY

(Seal)

Borrower

(Seal)

Borrower

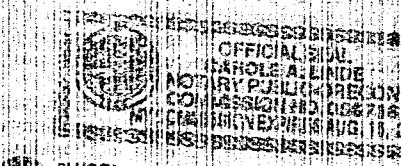
(Seal)

Borrower

STATE OF OREGON,
On this 30 day of September,
ARLENE M. HECKINLIVELY,

the foregoing instrument to be

My Commission Expires: 8/1/2005
(Official Seal)



County of Clatsop
Chancery Court and do

before me:

Countess: 98, personally appeared the above named
and acknowledged

and acknowledged

Notary Public: Carole A. Linde

Form 3038 9/90

THIS DOCUMENT IS BEING RECORDED FOR THE PURPOSE OF ADDING THE
OREGON FIRST-TIME HOME BUYER PROGRAM RIDER FOR RECORDING.

STATE OF OREGON: COUNTY OF CLATSOP

Filed for record at request of Mr. & Mrs. Arlene M. Heckinlively
of Diamondbar on A.D. 19 98

FEE: \$35.00

AMERICAN TITLE CO.
ORANGES
INDEXED
SEARCHED
SERIALIZED
FILED
RECORDED
OCT 1 1998
CLATSOP COUNTY CLERK

CLATSOP COUNTY CLERK
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SEARCHED
SERIALIZED
FILED
RECORDED
OCT 1 1998
CLATSOP COUNTY CLERK

243

OREGON HOMEOWNERSHIP HOMEBUYER PROGRAM

		PROGRAM RIDER		
		BETWEEN		
ARTEN G. M.	HECKENLIVELY			(* Borrower(s))
AND				
SOUTH VALLEY BANK & TRUST				(* Lender)

This Program Rider shall remain after recording the Dead or That

This home was partially financed with a grant from Oregon Housing and Community Services Department and the Federal Home Loan Bank of Seattle in the total cumulative principal amount of:

3,007.39

In order to retain this house by the Oregon First-Time Homebuying and Urban Development ("H.U.D."), the Borrower(s) and Lender hereby agree to the following restrictions on the use and occupancy of the property:

PROPERTY DESCRIBED AS: 810 MARTIN STREET, KLAUW FALLS, OR 97601

is sold or transferred during the first THIRTY (30) YEARS of ownership, said grant funds must be repaid to [Lender] as part of the Borrower's obligation to [Lender].

The existing simplified
income subject to
the long-term
capital gains
tax is reduced by 1/30 over the
next 10 years.

However, this requirement is void and no portion of said grant is subject to repayment if said property is sold or transferred through a transaction less than the original loan amount. Also, ownership, Borrower(s) may retain FIFTY (50) percent of the appreciated value. Appreciation is measured by the difference between the original purchase price and the actual price at which said property is sold or transferred.

Furthermore, if said property is sold or transferred within the THIRTY (30) YEARS to a person or entity whose income meets the requirements of the foregoing, said grant funds need not be repaid at the time of sale or transfer. However, the repayment requirement shall remain in full force and effect for subsequent persons or entities who, as necessary, know or will take ownership of said property.

OTHER RESTRICTIONS: A loan issued to said loan issuer, its successors or assigns, must meet current Program income guidelines, unless waived in writing by Lender.

It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the Illustrators' anti-Lender that nothing herein contained shall be Lender's alien, except as hereinabove expressly set forth.

BY SIGNING BELOW I AGREE TO THE FOLLOWING CERTIFIED CONDITIONS

contained in this instrument.

Surety by Allen K. Jenkins Date 1-17-99

Date: 1-17-99

Date:

Debtors:

STATE OF OREGON

County of KLAMATH

by Allen K. Jenkins



NOTARY PUBLIC
STATE OF OREGON
COMMISSION NO. 058736
EXPIRES 12/31/2000
RENEWABLE

Name of Lender SOUTH VALLEY BANK

TRUST

Date: 1-17-99

Authorized Signature M. Wright

ATTN: Deanna Reitz

Title: VP, REAL ESTATE MANAGER

Note: Public record for said County and State

My Commission expires: 11/15/02

STATE OF OREGON

County of KLAMATH

The foregoing instrument was acknowledged before me this 11TH day of 1999
by MARGIE WRIGHT STEELE
PRESIDENT/REAL ESTATE
SOUTH VALLEY BANK

Note: Public record for said County and State

My Commission expires: April 14, 2002

After recording, mail to:

SOUTH VALLEY BANK & TRUST

ATTN: DEANNA REITZ

P.O. BOX 5210

KLAMATH FALLS, OR 97601

STATE OF OREGON COUNTY KLAMATH

Filed for record at request of Allen K. Jenkins A.D. 1999

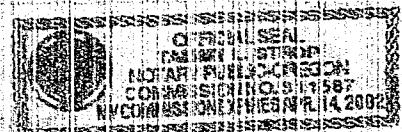
on January at 1:15 o'clock

for mortgage

First Name Allen K. Jenkins

Title Notary Public

At M. and duly recorded in Vol. 1999



COMMISSION NO. 058736

EXPIRES 12/31/2000

Page 20th

Fee \$40.00

Re-Recorded 1/17/99

By Leila Smith, County Clerk