

South Valley Bank & Trust
PO Box 5210, Klamath Falls, OR 97601

When Recorded Mail to
South Valley Bank & Trust
P.O. Box 5210
Klamath Falls, OR 97601

ATTN: JEANNA REDD
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. The grantor is ARLENE M. 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 OH OREGON BANKING CORPORATION and whose address is PO Box 5210, KLAMATH FALLS, OR 97601

Thirty Five Thousand Eight Hundred Fifty and no/100 Dollars (U.S. \$ 35,850.00). Borrower owes Lender the principal sum of

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, not paid earlier, due and payable on January 1, 2029

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 Security 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 Klamath County, Oregon:

Lot 588, Block 108, MILLS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. ACOT NO: 3809-031AC-16900 CODE NO: 001 KEY NO: R479725

THIS IS BEING RECORDED TO ADD OREGON FIRST-TIME HOMEBUYER PROGRAM RIDER.

which has the address of 820 MARTIN STREET, KLAMATH FALLS, OREGON 97601 ("Property Address")

CHESON-Singh Family-FINRA/PHJMG Unit
RECORDED
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MAY 20/2011



TOGETHER WITH all the improvements now or hereafter a part of the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS. Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

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

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") 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 mortgage 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. Section 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 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. If, under paragraph 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 Instrument.

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 Borrower 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 defends 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 or take one or more of the actions set forth above within 30 days of the giving of notice.

5. **Hazard or Property Loss.** Property insured against loss by fire, floods or flooding, for which Lender requires. The insurance which shall not be unreasonably in option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and terms shall have the right to hold the policy paid premiums and renewal notices. Lender may make proof of loss, if necessary.

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 is not lessened. If the restoration or repair is economically feasible or Lender's security is not lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, within 60 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 proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 60-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If the Property is damaged 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; 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 residence for at least one year after the date of occupancy, unless Lender, in its reasonable discretion, determines that extenuating 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 Lender's good faith judgment could 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, 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, 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 Borrower'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 merge 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, or 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. Lender'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 expenses 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 mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If mortgage coverage is not available, Borrower shall pay to Lender each month a sum equal to the mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use,

have, Borrower shall keep the mortgage insurance now existing or hereafter effected on the Property insured against loss by fire, floods or flooding, for which Lender requires. The insurance which shall not be unreasonably in option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and terms shall have the right to hold the policy paid premiums and renewal notices. Lender may make proof of loss, if necessary.

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8. **Mortgage Insurance.** If Lender requires mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If mortgage coverage is not available, Borrower shall pay to Lender each month a sum equal to the mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use,

payment may no longer be required (as Lender requires) provided by a mortgage insurance required to maintain the property in accordance with an insurance policy in accordance with an insurance policy.

9. Inspection. Lender or its agent may make reasonable entries upon and inspection of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying the reasons for the inspection.

10. Condemnation. The proceeds of any condemnation or other taking of any part of the Property 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. Any balance shall be 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 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 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 charge the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification or acceleration 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 to extend time for payment or otherwise modify acceleration 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 Bound; 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-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, 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 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 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 this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

17. Transfer of the Property or Beneficial Interest in the Property. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Property 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.

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 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.

in the option of Lender. If mortgage insurance coverage in the amount and for the period as required by Lender again becomes available and is obtained, Borrower shall pay mortgage insurance in full, or to provide a loss reserve, until the requirement for mortgage insurance is waived by agreement between Borrower and Lender or applicable law.

but may make reasonable entries upon and inspection of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying the reasons for the inspection.

is of any award or claim for damages, claim or consequential, in connection with any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and

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. Any balance shall be 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 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 due.

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.

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 charge the amount of such payments.

Extension of the time for payment or modification or acceleration 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 to extend time for payment or otherwise modify acceleration 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.

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-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, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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.

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.

This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

Borrower shall be given one copy of the Note and of this Security Instrument.

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Property 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 shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed, within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstatement. If this Security Instrument is subject to applicable law, may specify for the Security Instrument; or (b) the Lender may, at its option, require any default of any other sum, including, but not limited to, reasonable attorneys' fees and costs, that the lien of this Security Instrument shall continue to secure the obligations secured hereby shall remain in full force and effect and shall not apply in the case of acceleration.

19. Sale of Note; Change of Lender. The Note or a partial interest in the Note (together with this Security Instrument) may be sold once or more 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, 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 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 applicable law. The preceding two sentences shall not apply to the presence, use, or storage 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 of which Borrower has actual knowledge, 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 applicable law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by applicable 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

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 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 will 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 bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration. 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 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 invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and 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 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 of the Property a deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee 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 attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

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 and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any reconveyance costs. Lender may charge such person or persons a fee for reconveying 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, from time to time, remove Trustee and appoint a successor trustee to any Trustee of the Property. The successor trustee shall succeed to all the title, power and duties of the removed Trustee.

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

18. Borrower's Right to Reinstatement. If this Security Instrument is subject to applicable law, may specify for the Security Instrument; or (b) the Lender may, at its option, require any default of any other sum, including, but not limited to, reasonable attorneys' fees and costs, that the lien of this Security Instrument shall continue to secure the obligations secured hereby shall remain in full force and effect and shall not apply in the case of acceleration.

19. Sale of Note; Change of Lender. The Note or a partial interest in the Note (together with this Security Instrument) may be sold once or more 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, 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 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 applicable law. The preceding two sentences shall not apply to the presence, use, or storage 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 private party involving the Property and any Hazardous Substance or Environmental Law. 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 applicable law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by applicable 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

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 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 will 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 bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration. 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 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 invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and 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 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 of the Property a deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee 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 attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

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

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

15. Rider to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and requirements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

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

- ☐ Condominium Rider
☐ Planned Unit Development Rider
☐ Rehabilitation Rider
☐ Other (Specify)

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

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

Witnesses:

Arlene M. Heckenlively (Seal)
 ARLENE M. HECKENLIVELY Borrower

 (Seal)
 Borrower

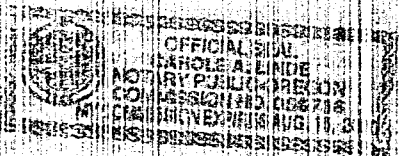
 (Seal)
 Borrower

STATE OF OREGON,
 On this 30th day of December, 1998, County of Clatsop, personally appeared the above named
 ARLENE M. HECKENLIVELY

the foregoing instrument to be his/her voluntary act and deed and acknowledged

My Commission Expires: 8/1/2000
 (Official Seal)

Before me:
Cynthia A. Ford
 Notary Public for Oregon



SH/OR: (not for)

THIS DOCUMENT IS BEING RE-RECORDED FOR THE PURPOSE OF ADDING THE OREGON FIRST-TIME HOMEBUYER PROGRAM RIDER FOR RECORDING

STATE OF OREGON, COUNTY OF CLATSOP

Filed for record at request of First American Title on 27th day
 of December, A.D., 19 98 at 3:14 o'clock P.M.
 of Notarages on 1st day of January, Vol. 498

FEE: \$35.00

INDEXED



1049

OREGON FIRST-TIME HOMEBUYER PROGRAM

PROGRAM RIDER	
BETWEEN	
ARLENE M. HECKENLIVELY	("Borrower(s)")
AND	
SOUTH VALLEY BANK & TRUST	("Lender")

This Program Rider to be recorded after recording the Deed of Trust

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 housing affordable to persons at or below 50% of area median income as defined by the Oregon First-Time Homebuyer Program ("Program") based on information from the U.S. Department of Housing and Urban Development ("HUD"), the Borrower(s) and Lender hereby agree to the following restrictions on the use of the property:

If the property described as: 620 MARTIN STREET, KLAUTH FALLS, OR 97601

is sold or transferred during the first THIRTY (30) YEARS of ownership, said grant funds must be repaid to Lender, its successors or assigns by the Borrower(s) according to the following schedule:

The existing grant will be subject to repayment which will be reduced by 1/30 per year from the date the loan is sold to the date of sale or transfer.

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 with PRIOR written approval by Lender for an amount which is less than the original loan amount. Also, if the approved sale or transfer occurs after the second year of 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 restrictions of the Program, 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 successor owners, take ownership of said property.

OTHER RESTRICTIONS: Any person assuming said loan must receive PRIOR written approval of Lender, its successors or assigns, AND must meet current Program income guidelines, unless waived in writing by Lender.

It is expressly understood and agreed by the Borrower(s) and Lender that nothing herein contained shall be construed to change, alter or impair the Lender's lien, except as hereinabove expressly set forth.

1860

BY SIGNING BELOW, the Borrower and Lender hereby agree to the foregoing terms and conditions contained in this Promissory Note.

Borrower:

ARLENE M. HECHEMILY

Date:

1-19-99

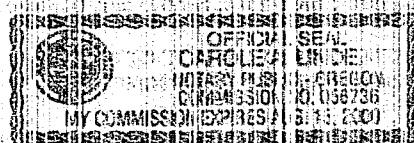
Borrower:

Date:

STATE OF OREGON

County of KLAMATH

The foregoing instrument was acknowledged before me this 19th day of JANUARY 1999 by ARLENE M. HECHEMILY and VERGIE WRIGHT STEPHENSON



Notary Public in and for said County and State

My Commission expires:

8/15/00

Name of Lender: SOUTH VALLEY BANK & TRUSTDate: 1/11/99

Authorized Signatory:

VERGIE WRIGHT STEPHENSON

Title:

VP, REAL ESTATE MANAGER

STATE OF OREGON

County of KLAMATH

The foregoing instrument was acknowledged before me this 11th day of 1999 by VERGIE WRIGHT STEPHENSON as VICE PRESIDENT/REAL ESTATE of SOUTH VALLEY BANK & TRUST

Notary Public in and for said County and State

My Commission expires:

April 4, 2002

After recording, mail to:

SOUTH VALLEY BANK & TRUSTATTN: DEANNA NEEDP.O. BOX 5210KLAMATH FALLS, OR 97601STATE OF OREGON: COUNTY OF KLAMATH, TH: SS

Filed for record at request of

of JANUARY A.D. 1999

First American Title

at 11:05hour of 1843A.M. and duly recorded in Vol. 899Page 1843

Linda Smith, County Clerk

FEE

\$40.00 Re-record

by

Kathleen Kead