

Form 3038
Date _____
Title or name of instrument (if all same)
and to the following address:

WHEN RECORDED MAIL TO: 1111 FIRST FEDERAL SAVINGS & LOAN ASSOCIATION
2300 MADISON ST. PORTLAND, OREGON 97103

ACCOUNT NUMBER: 650-4-10657

TAX ACCOUNT NUMBER: 5299

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 20, 1999, by ROGER M. WALKER AND DENISE (Borrower"), the trustee is

("Trustee"). The beneficiary is KIAMI FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is MADISON BRANCH, 1300 MADISON STREET, CLACKAMAS FALLS, OR 97013.

This debt is evidenced by Borrower's monthly payments, with the full debt. This Security Instrument secures to extension and modifications of the security of this Security Instrument and the Note; and (d) pursuant to the paragraph below ("Future Advances").

FUTURE ADVANCES. Upon Trustee it Borrower may make full this Deed of Trust when evidenced irrevocably grants and conveys to Trustee, in trust, the property described in the following paragraph:

LOT 20, SKYLIGHT VIEW,

which has the address of 7814 DOUGAL AVENUE, CLACKAMAS FALLS, OREGON 97013.

TOGETHER WITH all the fixtures now or hereafter part of the property. All replacements and additions shall also be covered by this Security Instrument as the "Property."

BORROWER COVENANTS to convey the Property and that the Property generally the title to the Property at

THIS SECURITY INSTRUMENT variations by jurisdiction to consist

UNIFORM COVENANTS. E

1. Payment of Principal at principal of and interest on the debt.

2. Taxes for Taxes and insurance on the property monthly payments are yearly taxes and assessments, which payments or ground rent on the premiums, if any; (c) yearly outgo with the provisions of paragraph 8. Lender may, at any time, collect at

any time or USE AND WITNESS:

KIAMI FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

THE UNITED STATES OF AMERICA

1300 MADISON STREET, CLACKAMAS FALLS, OR 97013

Lender). Borrower owes Lender the principal sum of

EIGHTY THOUSAND AND NO/10 DOLLARS (U.S. \$ 80,000.00).

This note due the same date as this Security Instrument ("Note"), which provides for no paid earlier, due and payable on FEBRUARY 1, 2023; under: (a) the payment of the debt evidenced by the Note, with interest, and all renewals, (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect him; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; and (d) repayment of any future advance, with interest thereon, made to Borrower by Lender

for Advances. Lender, at Lender's option prior to full reconveyance of the property by Borrower. Such Future Advances, with interest thereon, shall be secured by notes, stating that said notes are secured hereby. For this purpose, Borrower agrees, in consideration of sale, the following described property located in

IN THE COUNTY OF CLACKAMAS

STATE OF OREGON.

CLACKAMAS FALLS, OREGON

[Z. Cred. ("Property Address")]

[Street, City].

movements now or hereafter created on the property, and all easements, appurtenances, and fixtures now or hereafter part of the property. All replacements and additions shall also be covered by this Security Instrument as the "Property."

that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and dispose of the same, except for encumbrances of record. Borrower warrants and will defend the title against all claims and demands, subject to any encumbrances of record.

ENCL COMMITTEE UNIFORM COVENANTS FOR NATIONAL USE AND NON-UNIFORM COVENANTS WITH LIMITED APPLICABILITY. This instrument covering real property.

Borrower and Lender covenant and agree as follows:

1. Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the interest on the Note and any prepayment and late charges due under the Note.

Subject to applicable law or to written waiver by Lender, Borrower shall pay to Lender, under the Note, on the Note is paid in full, a sum ("Funds") equal to one-twelfth of:

(a) monthly payments of the Note ("Escrow Items"); (b) yearly leasehold property, if any; (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 terms of the Note.

at least annually, a letter for a federally related institution to exceed the maximum amount a

OREGON STATE HOMEOWNERS

ST. 1000 (8810)

REG. NO. 116-116-0000
SERIAL NO. 1000

(800) 327-0345

Form 3038 9/98

Initials: *[Signature]*

D46

The Funds shall be held in an account at Leader; if Lender is such an institution or Leader may not charge Borrower for holding Borrow Items, then Lender shall do so. However, Lender may require Borrower to hold Leader in connection with this loan, and requires interest to be paid, Lender shall do so. Lender may agree in writing, however, to an annual accounting of the Funds, showing amounts made. The Funds are pledged as additional collateral.

If the Funds held by Lender exceed the amount required to pay the Escrow Items, and the excess Funds in accordance with the requirements of the Escrow Agreement, are not sufficient to pay the Escrow Items, then Lender shall determine necessary to make up the difference, as Lender's sole discretion.

Upon payment in full of all sums held by Lender. If, under paragraph 21, Property, shall apply any Funds held by Security Instrument.

3. Application of Payments. Unless
and 2 shall be applied: first, to any prepay-
ment interest due; second, to principal due; and

4. Charges; Liens. Borrower shall pay which may attain priority over this Security obligations in the manner provided in part person owed payment. Borrower shall promptly make these payments directly, if necessary, to the payee or payees.

Borrower shall promptly discharge by writing to the payment of the obligation set forth above or by paying the amount due or defends against enforcement of the Lender's interest in the instrument or the lien; or (c) secures from the holder of the instrument. If Lender determines that an action is necessary to collect upon the instrument, Lender may give Borrower 30 days after the date of the notice of non-payment or default to cure such default or to take such action as Lender deems necessary to collect upon the instrument, and if Borrower fails to do so, Lender may commence an action to collect upon the instrument.

5. Hazard or Property Insurance, insured against loss by fire, hazards and flooding, for which Lender requires insurance requirements. The insurance carrier providing the insurance may not unreasonably withhold. If Borrower fails to provide coverage to protect Lender's rights in the

All insurance policies and renewals shall have the right to hold the policies and renewals in trust and renewal notices. In the event of death, make proof of loss if not made previously.

Unless Lender and Borrower otherwise agree, Property damaged, if the restoration or repair is not economically feasible or Lender is secured by this Security Instrument, whether he has title to the Property or not, Lender may collect the insurance proceeds by this Security Instrument, whether or not the

Unless Lender and Borrower otherwise agree, the due date of the monthly payments referred to in the Property is acquired by Lender, Property prior to the acquisition shall pay prior to the acquisition.

6. Occupancy Preservation, Main Borrower shall occupy, establish, and use this Security Instrument and shall continue date of occupancy, unless Lender otherwise extenuating circumstances exist which allow the Property to deteriorate, or in proceeding, whether civil or criminal, is otherwise materially impair the lien created default and remittee as provided in part Lender's good faith determination, prior to the lien created by this Security Instrument loan application process, gave materially any material information in connection coattaining Borrower's occupancy of the shall comply with all the provisions of this not merge unless Lender agrees to the merger.

7. Protection of Lender's Rights
this Security instrument, or there is a proceeding in bankruptcy, probate, or otherwise, whatever is necessary to protect the payment of any amount secured by a fee simple, attorney's fees and expenses on the part of the Lender, not have to do so.

10. **Expenditure.** Statement of Expenditures Act of 1974 is
to be filed by the Fund, setting forth all expenses to be made by the Fund, set at less
than the lesser amount. Lender may estimate expenditures of future Borrow items or otherwise

These deposits are held by and shall remain the sole property of Lender until such time as Lender has received payment in full of all amounts due and owing by Borrower to Lender under this Note and the other documents evidencing the indebtedness of Borrower to Lender, including, without limitation, attorney's fees, costs and expenses, and interest accrued thereon at the rate of 12% per annum from the date of the original advance of funds by Lender to Borrower. Lender shall have the right to apply any or all of the funds held by Lender hereunder to pay any amounts due and owing by Borrower to Lender under this Note and the other documents evidencing the indebtedness of Borrower to Lender, including, without limitation, attorney's fees, costs and expenses, and interest accrued thereon at the rate of 12% per annum from the date of the original advance of funds by Lender to Borrower. Lender may, in its sole discretion, release any or all of the funds held by Lender hereunder to Borrower upon payment in full of all amounts due and owing by Borrower to Lender under this Note and the other documents evidencing the indebtedness of Borrower to Lender, including, without limitation, attorney's fees, costs and expenses, and interest accrued thereon at the rate of 12% per annum from the date of the original advance of funds by Lender to Borrower.

Lender shall promptly refund to Borrower any Funds

by this Security Instrument, Lender shall promptly return to Borrower any Funds or other amounts received by Lender prior to the acquisition or sale of the Property, or at the time of acquisition or sale as a credit against the sum secured by this

the Lender shall be entitled to receive payment of all amounts due under the Note, including interest, from time to time, as and when the same become due, and the Lender may apply such amounts, in whole or in part, to the payment of any amount due under the Note.

all taxes, assessments, charges, dues and impositions attributable to the Property, premium and leasehold payments or ground rents, if any. Borrower shall pay these in full, or if not paid in that manner, Borrower shall pay them on time directly to the Person(s) to whom they are due and shall furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower shall promptly furnish to Lender receipts evidencing the payments.

in which has priority over this Security instrument unless Borrower: (a) agrees in writing to accept the lien as it stands; or (b) contests in good faith the lien by filing a motion to set aside the lien or to enjoin its enforcement, and such contesting proceedings result in an order which holds the lien invalid or unenforceable; or (c) makes arrangements satisfactory to Lender for the payment of all amounts due under this Security instrument and the discharge of the lien; or (d) sells the Property and pays the net proceeds to Lender in accordance with the terms of this instrument. If any of the above events occur, Lender may require Borrower to pay all amounts due under this instrument and the discharge of the lien prior to the recording of the notice of default.

ver shall keep the improvements now existing or hereafter erected on the property within 130 days, extended coverage and any other hazards, including floods or This insurance shall be maintained in the amounts and for the periods that Lender insurance shall be chosen by Borrower subject to Lender's approval which shall not to maintain coverage described above, Lender may, at Lender's option, obtain only in accordance with paragraph 11 include a standard insurance clause. Lender shall

be accepted by Lender and shall include a standard insurance clause. Lender shall have the right to require Borrower to obtain such insurance and to pay all premiums. If Lender requires, Borrower shall promptly give to Lender all receipts of payment or loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may require Borrower to pay all amounts paid by Lender under this provision.

Agree in writing, insurance proceeds shall be applied to restoration or repair of the Property if it is economically feasible and Lender's security is not lessened. If the restoration or repair of the Property is not feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sum due on the Note or, if not then due, with any excess paid to Borrower. If Borrower abandons the Property, Lender may give notice to Borrower that the insurance carrier has offered to settle a claim, then Lender may use the proceeds to repair or restore the Property or to pay sums secured by the Note due. The 30-day period will begin when the notice is given.

tee in writing, an application of proceeds to principal shall not extend or postpone to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph power's right to any insurance policies and proceeds resulting from damage to the Lender to file claim of the sums secured by this Security Instrument immediately.

ce and Protection of the Property; Borrower's Loan Application; Lessor to Property as Borrower's principal residence within sixty days after the execution of this Security Instrument, Lender shall have the right to require Borrower to occupy the Property as Borrower's principal residence for at least one year after the date of this Security Instrument, provided that Lender and Borrower agree in writing, which agreement shall not be unreasonably withheld, or unless otherwise provided by law, that Borrower will not be required to occupy the Property as Borrower's principal residence for more than one year. Lender may require Borrower to vacate the Property if Borrower fails to pay the monthly installments of principal and interest when due, or if Borrower fails to pay any other amount due under this Security Instrument, or if Borrower fails to comply with any term or condition of this Security Instrument or any other agreement between Lender and Borrower. Lender may require Borrower to vacate the Property if Borrower commits waste on the Property. Borrower shall be in default if any forfeiture action is commenced against Borrower by Lender, or if Lender determines that in Lender's good faith judgment could result in forfeiture of the Property or loss of Lender's security interest in the Property or other material impairment of this Security Instrument or Lender's security interest. Borrower may cure such default by paying all amounts due under this Security Instrument and by giving notice to Lender within ten (10) days of the commencement of the action or proceeding, or within such longer period as may be required by law, that the action or proceeding is being discontinued or dismissed. If Borrower fails to do so, Lender may commence an action or proceeding to foreclose on the Property or to otherwise exercise Lender's rights under this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the term of this Security Instrument, provides Lender with false or inaccurate information or statements to Lender (or failed to provide Lender with true and accurate information or statements to Lender), or if Borrower fails to pay the monthly installments of principal and interest when due, or if Borrower fails to pay any other amount due under this Security Instrument, or if Borrower fails to comply with any term or condition of this Security Instrument or any other agreement between Lender and Borrower. Lender may require Borrower to vacate the Property if Borrower commits waste on the Property. Borrower shall be in default if any forfeiture action is commenced against Borrower by Lender, or if Lender determines that in Lender's good faith judgment could result in forfeiture of the Property or loss of Lender's security interest in the Property or other material impairment of this Security Instrument or Lender's security interest. Borrower may cure such default by paying all amounts due under this Security Instrument and by giving notice to Lender within ten (10) days of the commencement of the action or proceeding, or within such longer period as may be required by law, that the action or proceeding is being discontinued or dismissed. If Borrower fails to do so, Lender may commence an action or proceeding to foreclose on the Property or to otherwise exercise Lender's rights under this Security Instrument or Lender's security interest.

If Borrower fails to perform the covenants and agreements contained in this Agreement that may significantly affect Lender's rights in the Property (such as laws or regulations), then Lender may do and cause to be done all such actions as Lender deems necessary to protect Lender's interest in the Property, including, without limitation, instituting legal proceedings, appearing in court, paying reasonable expenses, and taking action under this paragraph. In addition, Lender may take action under this paragraph if, Lender deems it necessary to protect Lender's interest in the Property.

4. Premiums. Dispersed by Lender under insurance and Lender at the interest rate and in all private insurance.

The Hazard coverage as required by your contract of loan. Lender's interest. This insurance may, but will not cover the Lender purchased may not pay after cancellation this coverage by providing evidence.

The Borrower is responsible for cost of contract or loan insurance. If the cost is added apply to this additional amount. Effective date Borrower failed to provide proof of coverage.

The coverage Lender purchases may be own and may not satisfy the need for proper applicable law.

8. Mortgage Insurance. If Lender requires mortgage insurance, Borrower shall pay the premium mortgage insurance coverage required by Lender to obtain coverage substantially equivalent to the to Borrower of the mortgage insurance previously equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments no longer be required, at the option of Lender (as required) provided by an insurer approved by Lender to maintain mortgage insurance in accordance with any written agreement between Borrower and Lender or applicable law.

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

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or fair 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 sum 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, and 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 an 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 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, my application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 11.

11. Borrower Not Released; Borrower's Right to Extend, Modify or Change Amortization of the sums secured by this Security Instrument to release the liability of the original Borrower from the commencement proceedings against any successor in interest secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or waive any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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 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 waive 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 exceed 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 to the address Borrower designates by notice to Lender, or by another method. Any notice to Lender shall be given by first class mail to Lender's address as provided in this paragraph.

15. Governing Law; Severability. The jurisdiction in which the Property is located, the event that any provision or clause of this Security Instrument or the Note not affect other provisions of this Security Instrument or the Note which can be 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 combined copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred, or if a beneficial interest in this Security Instrument is sold or transferred, Lender may, at Lender's option, require immediate payment in full of all sums secured by this Security Instrument.

This paragraph is to be omitted if the amount shall bear interest from the date of initial form, add to Borrower's existing payment. "Lender" is defined as (the "Lender") with evidence of insurance purchased by Borrower's interest. If the collateral becomes damaged, the Lender may purchase insurance at Borrower's expense to protect the Borrower's interest. If the collateral becomes damaged, the Borrower may have to file a claim made against the Borrower. Borrower may buy insurance purchased by Lender. The cost of this insurance may be added to your insurance, the interest rate on the underlying contract or loan will be the date the Borrower's prior coverage lapsed or the date the coverage has been terminated by Lender.

Insurance coverage on other mandatory liability requirements imposed by

ed mortgage insurance as a condition of making the loan secured by this Security Instrument required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance previously in effect, at a cost substantially equivalent to the cost in effect, from an alternate mortgage insurer approved by Lender. If substantially available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. As a loss reserve in lieu of mortgage insurance. Loss reserve payments may be required to provide a loss reserve until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or fair 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 sum 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, and 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 an 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 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, my application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 11.

11. Borrower Not Released; Borrower's Right to Extend, Modify or Change Amortization of the sums secured by this Security Instrument to release the liability of the original Borrower from the commencement proceedings against any successor in interest secured by 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 waive any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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 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 waive 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 exceed 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 to the address Borrower designates by notice to Lender, or by another method. Any notice to Lender shall be given by first class mail to Lender's address as provided in this paragraph.

15. Governing Law; Severability. The jurisdiction in which the Property is located, the event that any provision or clause of this Security Instrument or the Note not affect other provisions of this Security Instrument or the Note which can be 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 combined copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred, or if a beneficial interest in this Security Instrument is sold or transferred, Lender may, at Lender's option, require immediate payment in full of all sums secured by this Security Instrument.

If Lender exercises this option less than 30 days from the date the notice is delivered or until which time Borrower must pay all sums secured by this Security Instrument without further notice or demand.

18. Borrower's Right to Reinstate of his Security Instruments discontinued for non-payment before sale of entry of a judgment enforcing his Securit Instrument. These conditions would be due under this Security Instrument covenants on agreements; (c) pays all reasonable attorneys' fees; and (d) takes action to reinstate the Lender's rights in the Property, continuing, but not limited to, such action as Lender may reasonably require to assure that the lien of this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument and the obligations secured hereby shall remain unbroken. Upon reinstatement fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. 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 from under the Note and his Security Instrument. There also may be one or more changes of the Loan Servicer resulting in a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substance on or in the Property that is in violation of any Environmental Law or any applicable regulation of actual 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: 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 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 be given to Borrower prior to acceleration under paragraph 17 unless applicable law specifies: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by 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 the 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 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 attorney's 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 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 to the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Successor Trustee. Lender may appoint hereunder. Without conveying and conferring upon Trustee herein, and by applying applicable law.

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

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of this Security Instrument, if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

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

- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Other (specify)

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

UNDERSIGNED, IN WITNESS AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS AGREEMENT, CONCERNING LOANS AND OTHER CREDIT EXTENSION WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED.

10/28/2002

Page 10

Form 10088 9/90
Initials: *[Signature]*

BY SIGNING BELOW, Borrower
and/or(s) executed by Borrower and
Witnesses

2102

ROGER L. WALKER

(Seal)

-Borrower

DENISE A. WALKER

(Seal)

-Borrower

(Seal)

Escrow

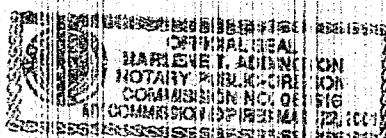
(Seal)

Borrower

STATE OF OREGON, Klamath
On this 21st day of

Roger L. Walker
the foregoing instrument to be

My Commission Expires: 3-22-11
(Official Seal)



STATE OF OREGON, COUNTY OF KLAMATH

Filed for record at request of _____
on January A.D. 1999

Fee \$30.00

deposits are made in the terms and covenants contained in this Security Instrument and in
accordance with the same.

County ss: , personally appeared the above named

voluntary and free.

Before me,

Marlene T. Adair

Notary Public for Oregon

as, _____, Le _____ Escrow
at _____ o'clock A.M., and duly recorded in Vol. M99
on Page 2093

Linda Smith, County Clerk

My affidavit is as follows: