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WHEN RECORDED MAIL TO KLAMATH FIRST FEDERAL SAVINGS & LOAN ASSOCIATION
540 MAIN STREET
KLAMATH FALLS, OR 97601

ACCOUNT NUMBER 090-04-7413

TAX ACCOUNT NUMBER 216992

AMT 46952.00

08 JAN 25 AM 11:12

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on **JANUARY 20, 1999**. The grantor is **JEFFREY M. LORR AND JANE M. LORR, HUSBAND AND WIFE**

("Borrower"). The trustee is **WILLIAM L. SINGHORE**

("Trustee"). The beneficiary is **KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION**

which is organized and existing under the laws of **THE UNITED STATES OF AMERICA**, and whose address is **540 MAIN STREET, KLAMATH FALLS, OR 97601**

NINETY SIX THOUSAND FOUR HUNDRED AND NO/100 ("Lender"). Borrower owes Lender the principal sum of **Dollars (U.S. \$ 96,400.00)**.

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, if not paid earlier, due and payable on **FEBRUARY 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; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances").

FUTURE ADVANCES. Upon request to Borrower, Lender, at Lender's option prior to full reconveyance of the property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby. 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 22 IN BLOCK 33 OF HOT SPRINGS 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.

which has the address of **1965 LEROY ST., KLAMATH FALLS, Oregon 97601**. (Street, City), (Zip Code) ("Property Address")

TOGETHER WITH all the improvements now or hereafter erected on 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 that 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, and the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which are a lien in 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; and (e) any other items payable by Borrower to Lender, in accordance with the provisions of paragraph 3, as limited by 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

OREGON-Single Family

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ELECTRONIC LENDER FORMS INC. - (800) 225-5545

Form 3036 9/99

Initials: JM

any amounts disbursed by Lender in
instrument. Unless Borrower and Lender
agreement at the Note rate and shall be
7. Hazard Insurance. Borrower shall
coverage as required by our contract or
Lender's interest. This insurance may be
coverage the Lender purchased may not be
later cancel this coverage by providing evi-

The Borrower is responsible for cost
contract or loan balance. If the cost is add-
apply to this added amount. Effective date
Borrower failed to provide proof of covera-

The coverage Lender purchases may
own and may not satisfy the need for prop-
applicable law.

8. Mortgage Insurance. If Lender re-
instrument, Borrower shall pay the present
mortgage insurance coverage required by
obtain coverage substantially equivalent to
to Borrower of the mortgage insurance pre-
equivalent mortgage insurance coverage is
the yearly mortgage insurance premium.
Lender will accept, use and retain these pay-
no longer be required, at the option of L-
requires) provided by an insurer approved
required to maintain mortgage insurance in
accordance with any written agreement bet-

9. Inspection. Lender or its agent
Borrower notice at the time of or prior to

10. Condemnation. The proceeds of
condemnation or other taking of any part of
be paid to Lender.

In the event of a total taking of the P-
whether or not then due, with any excess p-
value of the Property immediately before
Instrument immediately before the taking
Security Instrument shall be reduced by the
sums secured immediately before the taking.
Any balance shall be paid to Borrower.
Property immediately before the taking is
and Lender otherwise agree in writing or
secured by this Security Instrument wheth-

If the Property is abandoned by Borrow-
or sold or settles claim for damages, Borrow-
authorized to collect and apply the proceeds
this Security Instrument, whether or not then
due.

Unless Lender and Borrower otherwise
the due date of the monthly payments refer-

11. Borrower Not Released; Forbear-
amortization of the sums secured by this Se-
operate to release the liability of the orig-
commence proceedings against any successors
the sums secured by this Security Instrument
interest. Any forbearance by Lender in exer-
or remedy.

12. Successors and Assigns Bound. This
Security Instrument shall bind and benefit
paragraph 17. Borrower's covenants and
Instrument but does not execute the Note.
Borrower's interest in the Property under
secured by this Security Instrument and (b)
make any accommodations with regard to it.

13. Loan Charges. If the loan secured
by this Security Instrument is subject to a law
that law is finally interpreted so that the
exceed the permitted limits, then: (a) any
permitted limit; and (b) any sums already
Lender may choose to make this refund by
If a refund reduces principal, the reduction

14. Notices. Any notice to Borrower
by first class mail unless applicable law re-
quires use of another method. The notice shall be directed to the Property Address or any
other address Borrower designates by notice
stated herein or any other address Lender
designates by notice to Borrower. Any notice
provided for in this Security Instrument shall
be given to 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 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
give 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 conforming copy of this Note and of this Security Instrument.

17. Transfer of the Property or a B-
beneficial interest in Borrower. If all or any part of the Property or any interest in it is
sold or transferred (or if a beneficial inter-
est in Borrower is sold or transferred) and Borrower is not a natural person) without
Lender's prior written consent, Lender has
Instrument. However, this option shall not
be exercised if Lender exercises is prohibited by federal law as of the date of this
Security Instrument.

for this paragraph 7 is all become an
agrees to other terms of payment, the
unless you, (the "Borrower") provide us
an agreement, Lender may purchase insur-
need not also protect the Borrower's in-
any claim, Borrower makes or any claim
that Borrower has obtained property covera-
any insurance purchased by Lender. The
of the contract or loan balance, the in-
of coverage may be the date the Borrower's
considerably more expensive than insur-
property damage coverage or other manda-

torial debt of Borrower secured by this Security
Instrument shall bear interest from the date of
Borrower requesting payment.
Lender") with evidence of insurance
Borrower's expense to protect the
Borrower's interest. If the collateral becomes damaged, the
against the Borrower. Borrower may
coverage elsewhere.

The cost of this insurance may be added to your
interest rate on the underlying contract or loan will
the date the Borrower's prior coverage lapsed or the date the

insurance the Borrower can obtain on Borrower's
requirements imposed by
Borrower shall pay the premiums required to
maintain the mortgage insurance in effect. If, for any reason, the
Borrower shall pay the premiums required to
maintain the mortgage insurance in effect, at a cost substantially equivalent to the cost
previously in effect, at a cost substantially equivalent to the cost
previously in effect, from an alternate mortgage insurer approved by Lender. If substantially
equivalent mortgage insurance coverage is
not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of
the yearly mortgage insurance premium
being paid by Borrower when the insurance coverage lapsed or ceased to be in effect.
Borrower shall pay the premiums as a loss reserve in lieu of mortgage insurance. Loss reserve payments may
not be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender
requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums
in effect, or 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.

Lender shall give
inspections of the Property. Lender shall give
inspection specifying reasonable cause for the inspection.

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

the sums secured by this Security Instrument,
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, 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
proceeds divided by (b) the fair market value of the Property immediately before the taking.
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 not then due, 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
offer to respond to Lender within 10 days after the date the notice is given, Lender is
unable to respond to Lender within 10 days after the date the notice is given, Lender is
authorized to collect and apply the proceeds of that its option, either to restoration or repair of the Property or to the sums secured by
this Security Instrument, whether or not then due.

agree in writing, any application of proceeds to principal shall not extend or postpone
the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

By Lender Not a Waiver. Extension of the time for payment or modification of
amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not
operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to
amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in
interest or refusal to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument
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. 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 (a) is co-signing this Security Instrument only to mortgage, grant and convey that (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 it. This Security Instrument or the Note without the 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 given to 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 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
give 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 conforming copy of this Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is
sold or transferred (or if a beneficial interest in Borrower is sold or transferred) and Borrower is not a natural person) without
Lender's prior written consent, Lender has the option to require immediate payment in full of all sums secured by this Security
Instrument. However, this option shall not be exercised if Lender exercises 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.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are: that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as of the date of acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, the 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 due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer involved in the sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any 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 Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting 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: 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 specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall neither 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 started 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 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 records 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 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 for a fee of not less than \$5.00 to the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Substitute Trustee. Lender may, from time to time, remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

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.

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 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
- Rate Improvement Rider
- Other(s) [specify]
- 1-4 Family Rider
- Biweekly Payment Rider
- Second Home Rider

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS INSTRUMENT ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE. PLEASE BE AWARE THAT YOUR SIGNATURE ON WRITING, EXPRESS CONSIDERATION AND HE SIGNATURE BY US TO BE ENFORCEABLE.

