

RECORDED MAIL TO KIAMI
540 MAIN STREET
KIAMATH FALLS, OR 97601

ACCOUNT NUMBER 090-117394

TAX ACCOUNT NUMBER 63253

DEED OF TRUST

THIS DEED OF TRUST ("Security

LINNEA E. RUE

("Borrower"), the trustee is

("Trustee"). The beneficiary is

which is organized and existing under the

laws of the STATE OF OREGON,

FIFTY NINE THOUSAND THREE H

This debt is evidenced by Borrower's monthly payments, with the full debt of this Security Instrument secured to Lender by extensions and modifications of the Note, the security of this Security Instrument, instrument and the Note; and (1) the payment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances").

FUTURE ADVANCES. Upon request of Trustee to Borrower, may make Future Advances to Borrower, when evidenced by irrevocable grants and conveyances to Trustee.

KLAMATH COUNTY, OREGON

LOT 4, BLOCK 215, MILLS
COUNTY OF KLAMATH, STATE

Instrument") made on MARCH 19, 1999

, the grantor is

ATLANTIC FEDERAL SAVINGS AND LOAN ASSOCIATION

THE UNITED STATES OF AMERICA

, and whose address is 1407 11TH AVENUE, KIAMI

THREE, OR 97601

(Lender). Borrower owes Lender the principal sum of

HUNDRED AND NO/100 DOLLARS (U.S. \$ 59,300.00).

note dated the same date as this Security Instrument ("Note"), which provides for

it paid earlier, due and payable on FEBRUARY 1, 2029

; (1) the repayment 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

and (c) the performance of Borrower's covenants and agreements under this Security

Instrument and the Note; and (1) the payment of any future advances, with interest thereon, made to Borrower by Lender

pursuant to the paragraph below ("Future Advances").

TO THE LENDER. Lender's option prior to full reconveyance of the property by Lender, as Lender's right to require payment of any future advances, with interest thereon, shall be secured by a trust, with power of sale, the following described property located in

SECOND STREET TO THE CITY OF KIAMIATH FALLS, IN THE
OF OREGON,

BERLETTIN AVE., KIAMIATH FALLS

[Street, City],

[Z] CO. ("Property Address");

which has the address of 2234 1/2, 2236
Oregon 97601.

TOGETHER WITH all the improvements now or hereafter created 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 as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and encumber the same except for encumbrances of record. Borrower warrants and will defend the title to the Property against all

THIS SECURITY INSTRUMENT contains uniform covenants for residential 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. 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. On the day monthly payments are due under yearly taxes and assessments which may affect payments or ground rents on the Property, premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sum payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in full. Lender may, at any time, collect and hold funds in an amount not to exceed the maximum amount a lender for a federally related

DREC-CW-Single family

Ex-04002 (Rev. 1/92)

Page 1 of 9
EDITION 12/91
NOV. 1990 (1989 ed.) 445

Form 3038 9/90

Initials: *ZC*

amounts loaned by option for Bonneville
are paid from time to time, 12 U.S.C. Sec.
1001. If so, Lender may, at any time, col-
lect the amount of funds due on the basis of cum
ex accordance with applicable law.

The Funds shall be held in at institution Lender, if Lender is such an institution or a Letter may not charge Borrower for holding Secured Items, unless Lender pays Borrower. However, Lender may require Borrower to pay Lender in connection with this loan, unless Lender requires interest to be paid, Lender shall not charge Borrower for holding Secured Items, unless Lender may agree in writing, however, that annual accounting of the Funds, showing same made. The Funds are pledged as additional security.

If the Funds held by Lender exceed the excess Funds in accordance with the need not sufficient to pay the Escrow Items when to Lender the amount necessary to make up payments, at Lender's sole discretion.

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

3. Application of Payments. Unless a contrary intention appears, interest due; fourth, to principal due; and if

4. Charges; Liens. Borrower shall pay which may attain priority over this Security interest in the manner provided in paragraph 1 of this Agreement. If any person other than Borrower makes these payments directly, Borrower shall promptly pay to Lender the amount so paid.

Borrower shall promptly discharge any
writing to the payment of the obligation so
or defends against enforcement of the lien at
the time; or (c) seizes from the holder of
Instrument. If Lender determines that any
Instrument, Lender may give Borrower a
actions set forth above, within 10 days of the

S. Hazard or Property Insurance. Borrower insured against loss by fire, hazards, including flooding, for which Lender requires insurance. The insurance carrier prohibiting the same unreasonably withheld. If Borrower fails to coverage to protect Lender's rights in the Prop

All insurance policies and renewals shall have the right to hold the policies and renewal premiums and renewal notices. In the event of loss, the company may make proof of loss if not made promptly.

Unless Lender and Borrower otherwise agree, if the Property damaged or deteriorated by this Security Instrument, whether or not the damage or deterioration is caused by the acts or omissions of the Borrower, or does not answer within 30 days after notice from Lender to repair or replace the Property, or does not answer within 30 days after notice from Lender to collect the insurance proceeds, Lender may collect the insurance proceeds, less the amount of the outstanding balance of the Note.

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

7. Protection of Lender's Rights in the Security Instrument, or there is a legal proceeding in bankruptcy, probate, or whatever is necessary to protect the value of any sum secured by a lien which attorney's fees and entering on the Property if it have to do so.

**Section 1442(e)(2) under the Settlement Procedures Act of 1974 as
amended ("SPAA"), unless
it is held that funds in an account no
longer have a reasonable estimate of
expenditures of future Existing Items or otherwise**

any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items, interest on the Funds and applicable law permits Lender to make such a charge, pay a one-time charge for an independent real estate tax reporting service used by applicable law provides otherwise unless an agreement is made or applicable law be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender shall give to Borrower, without charge, an account of the purpose for which each debit to the Funds was made, as secured by this Security Instrument.

larity for all sums sacrificed by this Security Instrument.
Inhabitants permitted to be held by applicable law, Lender shall account to Borrower for
liens of applicant law. If the amount of the Funds held by Lender at any time is
due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay
the deficiency. Borrower shall make up the deficiency in no more than twelve monthly

ed by this Security Instrument, Lender shall promptly refund to Borrower any Funds
Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the
Property at the time of acquisition or sale as a credit against the sums secured by this

licable law provides otherwise, all payments received by Lender under paragraphs 1 at charged due under the Note; second, to amounts payable under paragraph 2; third, it, to any late charges due under the Note.

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

lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to subordinate the lien to the Lender's interest; (b) contests in good faith the lien by legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien and agreement satisfactory to Lender subordinating the lien to this Security Instrument; or (c) if the Property is subject to a lien which may attain priority over this Security Instrument, Borrower shall satisfy the lien or take one or more of the following steps:

power shall help the improvements now existing or hereafter erected on the Property within the term "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 property in accordance with paragraph 7.

be acceptable to Lender and shall include a standard mortgage clause. Lender shall do. If Lender requires, Borrower shall promptly give to Lender all receipts of paid loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender by Borrower.

agreement in writing, insurance proceeds shall be applied to restoration or repair of the Property if feasible and Lender's security is not lessened. If the restoration or repair is not then due, with any excess paid to Borrower. If Borrower abandons the Property, the insurance carrier has offered to settle a claim, then the proceeds to repair or restore the Property or to pay sums secured by the Lender will be paid when the notice is given.

and Protection of the Property; Borrower's Loan Application; Leaseholds, Property as Borrower's principal residence within sixty days after the execution of this Security Instrument, Borrower shall have the right to occupy the Property as Borrower's principal residence for at least one year after the date of this Security Instrument, provided that Borrower agrees in writing, which consent shall not be unreasonably withheld, or unless otherwise agreed by Borrower, Borrower shall not destroy, damage or impair the Property, without written notice to Lender. Borrower shall be in default if any forfeiture action or proceeding is taken in Lender's good faith judgment could result in forfeiture of the Property or this Security Instrument or Lender's security interest. Borrower may cure such a default within 180 days of the filing of the action or proceeding by causing the action or proceeding to be dismissed with a ruling that, in the event of forfeiture of the Property or other material impairment of Lender's security interest, Borrower shall also be in default if Borrower, during the period of time specified in the Note, fails to provide Lender with the loan evidenced by the Note, including, but not limited to, representations concerning the principal residence. If this Security Instrument is on a leasehold, Borrower shall be in default if Borrower fails to pay the rent due under the leasehold agreement. If Borrower acquires fee title to the Property, the leasehold and the fee title shall be merged.

Property. If Borrower fails to perform the covenants and agreements contained in the Deed of Trust that may significantly affect Lender's rights in the Property (such as a failure to pay taxes or insurance premiums, or a failure to comply with zoning laws or regulations), then Lender may do and pay for such actions as Lender deems necessary to protect Lender's rights in the Property. Lender's actions may include, but are not limited to, filing a notice of default against Borrower under the Security Instrument, appearing in court, paying reasonable costs and expenses, and repairing the Property. Although Lender may take action under this paragraph 7, Lender does

Any amounts disbursed by Lender or
Instrument Unit as Borrower and Lender
disbursement at the time required.

The Hazardous Substance coverage as required by our contract or Lender's interest. This insurance may, but coverage the Lender purchased, may not partially conceal this coverage by providing evi-

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

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

8. Mortgage Insurance. If Lender requires insurance on the instrument, Borrower shall pay all premiums.

lender, Borrower shall pay the premium for mortgage insurance coverage required by Lender to obtain coverage substantially equivalent to the coverage provided by the lender. The equivalent mortgage insurance coverage is defined as the yearly mortgage insurance premium being charged by Lender if Lender will accept, used and retain these payments no longer be required at the option of Lender (as it requires) provided by an insurer approved by Lender to maintain mortgage insurance in accordance with any written agreement between them.

10. Condemnation. The proceeds of

... confirmation or other taking of any part of
the same paid to Lender. In the event of such
a payment, in the sole discretion of Lender,

1. In the event of a total taking of the Property whether or not then due, with any excess paid in value of the Property immediately before the instrument immediately before the taking, the Security Instrument shall be reduced by the amount secured immediately before the taking, any balance shall be paid to Borrower. In the event of a partial taking of the Property immediately before the taking is less than the amount Lender otherwise agrees in writing or is secured by this Security Instrument whether or not

If the Property is abandoned by Borrower or settle a claim for damages, Borrower authorized to collect and apply the proceeds of this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree, the due date of the monthly payments referred to in Section 11. Borrower Not Released. Forbearance or re-authorization of the sums secured by this Security Instrument shall not operate to release the liability of the original borrower or commence proceedings against any successor in title for the sums secured by this Security Instrument, except as provided in Section 11. Forbearance.

12. Successors and Assigns Bound: Security Instrument shall bind and benefit Borrower's covenants and assignments but does not execute the Note; (b) Borrower's interest in the Property under the terms of this Security Instrument; and (c) accept any accommodations with regard to the Note.

13. Loan Charges: If the loan required to

Mr. Leon C. Briggs, in the loan secured by
statute law is finally interpreted so that the interest
exceed the permitted limits, then: (a) any such

14. Notices. Any notice to Borrower

4. Notices. Any notice to Borrower by first class mail unless applicable law requires otherwise, Borrower designates by notice to

U.S. Government Law: Severability

Section 10. Governing Law; Severability. In the jurisdiction in which the Property is located, if there is a conflict with applicable law, such conflict shall have no effect without the conflicting provision. The provisions of this Agreement are severable.

16. Borrower's Copy. Borrower shall be
17. Transfer of the Property or a Benefi-
el transferred (or if a beneficial interest
el's prior written consent, Lender may, at
lment. However, this option shall not be
el's requirement).

ent his principal if it shall become additional debt of Borrower secured by this Security
agreement, the amounts shall bear interest from the date of
payment, unless you, (if
any) give us, (the "Lender") written notice requiring payment.
"Borrower") provided us, (the "Lender") with evidence of insurance
coverage, Lender may purchase insurance at Borrower's expense to protect the
interest. If the collateral becomes damaged, the
Borrower makes or any claim is made against the Borrower, Borrower may
ice that Lender has obtained protection coverage elsewhere.
any insurance purchased by Lender. The cost of this insurance may be added to your
to the continuing or less balance, the interest rate on the underlying contract or loan will
not be increased.

considerably more expensive than insurance the Borrower can obtain on Borrower's property damage coverage or other mandatory liability insurance requirements imposed by

ured mortgagor insurance as a condition of making the loan secured by this Security Agreement required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance previously in effect, lapses or ceases to be in effect, Borrower shall pay the premiums required to maintain the mortgage insurance previously in effect, at a cost substantially equivalent to the cost of such insurance, from an alternate mortgage insurer approved by Lender. If substantially not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the amount 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 made if mortgage insurance coverage (in the amount and for the period that Lender requires) becomes available and is obtained. Borrower shall pay the premiums required to provide a loss reserve until the requirement for mortgage insurance ends in accordance with Lender or applicable law.

make reasonable entries upon and inspections of the Property. Lender shall give
specification specifying reasonable cause for the inspection.

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

erty, the proceeds shall be applied to the sums secured by this Security Instrument, to Borrower. In the event of a partial taking of the Property in which the fair market taking is equal to or greater than the amount of the sums secured by this Security less Borrower and Lender otherwise agreed in writing, the sums secured by this amount of the proceeds multiplied by the following fraction: (a) the total amount of the divided by (b) the fair market value of the Property immediately before the taking. In event of a partial taking of the Property in which the fair market value of the has the amount of the sums secured immediately before the taking, unless Borrower less applicable law otherwise provides, the proceeds shall be applied to the sums not the sums are then due.

or if, after notice by Lender to Borrower that the condemnor offers to make an
fails to respond to Lender within 30 days after the date the notice is given, Lender is
its option, either to restoration or repair of the Property or to the sums secured by
Lender.

tee in writing, any application of proceeds to principal shall not extend or postpone
as in paragraph 1 and 2 or change the amount of such payments.

Not a Waiver: Extension of the time for payment or modification of
any instrument granted by Lender to any successor in interest of Borrower shall not
(Borrower or Borrower's successors in interest. Lender shall not be required to
interest or refuse to extend time for payment or otherwise modify amortization of
reason of any demand made by the original Borrower or Borrower's successors in
any right or remedy shall not be a waiver of or preclude the exercise of any right

Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall be joint and several. Any Borrower who co-signs this Security Instrument only to mortgage, grant and convey that part of his property described in the Note, shall not be personally obligated to pay the sums due thereon, unless Lender and any other Borrower may agree to extend, modify, forbear or amend this Security Instrument or the Note without that Borrower's consent.

uded for in this Security Instrument shall be given by delivering it or by mailing it
use of another method. The notice shall be directed to the Property Address or any
Lender. Any notice to Lender shall be given by first class mail to Lender's address
stated by notice to Borrower. Any notice provided for in this Security Instrument
or Lender which given as provided in this paragraph.

Security Instrument shall be governed by federal law and the law of the state 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 valid one confirmed copy of the Note and of this Security Instrument.

If interest in Borrower. If all or any part of the Property or any interest in it is Borrower is sold or transferred and Borrower is not a natural person) without satisfaction, require immediate payment in full of all sums secured by this Security instrument by Lender if exercise is prohibited by federal law as of the date of this

If Lender exercises this option, Lender shall have 30 days from the date the notice is delivered or recorded to require Borrower to pay all sums secured by this Security Instrument without further notice or demand.

18. Borrower's Right to Reinstate. If Borrower fails to pay the sum required under this Security Instrument, without further notice or demand, on or before the date specified in the Note, Borrower may invoke any remedies permitted by law, including:

(a) payment of all amounts due under this Security Instrument discontinued at any time prior to the date of acceleration; (b) reinstatement of the Property or a judgment enforcing this Security Instrument which would be given under this Security Instrument and which is enforceable against Borrower as if no acceleration had occurred; (c) payment of all expenses reasonable attorney fees; and (d) alike such insurance, Lender's right in the Property and title unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

19. Sale of Note; Change of Loan Servicer. This Security Instrument may be sold one or more times with the "Loan Servicer" that collects monthly payments and charges of the Loan Servicer unrelated to 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 which Borrower has actual knowledge. If Borrower removes or other remediation of any Hazardous Substance is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Environmental Law" and the following substances pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in federal laws in the 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 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 accelerate and sale. If the default is not cured immediately, Lender may invoke 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 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 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 or all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender

Trustee shall deliver to the purchaser, expressed or implied. The recitals in the Trust Deed shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not fees; (b) to all sums secured by this Security Instrument; and (c) any excess

22. Reconveyance. Upon payment of all the Property and shall surrender this Security Instrument. Trustee shall reconvey the Property to the person or persons legally entitled to it. Such person or persons shall pay all recording costs.

23. Substitute Trustee. Lender may appoint hereunder. Without conveyance or confirmation upon Trustee hereinafter and by application in 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 Trustee.

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

25. Riders to this Security Instrument. The covenants and agreements of this Security Instrument are not for personal, family or household purposes or intended solely for investment purposes. The covenants and agreements of this Security Instrument are not for personal, family or household purposes or intended solely for investment purposes.

[Check applicable box(es)]

- Adjustable Rate Rider
- Graduate Payment Rider
- Balloon Rider

UNDER OREGON LAW, MOST AGREEMENTS

THE EFFECTIVE DATE OF THIS ACT

ARE NOT FOR PERSONAL, FAMILY OR

HOUSING PURPOSES OR SECURED SOLELY BY INVESTMENT PURPOSES CONSIDERATION AND BY SIGNATURE

12/24/02 (9810)

the Note shall prove to be unenforceable, Lender may invoke any remedies permitted by law, including:

(a) payment of all amounts due under this Security Instrument discontinued at any time prior to the earlier of (i) 5 days or such other period as applicable law may provide contained in this Security Instrument; or (b) the date that Borrower: (i) pays Lender all sums which then accrue under this Security Instrument, including, but not limited to, reasonable attorney fees; and (ii) cures any default of any other obligation as Lender may reasonably require to assure that the last of this Security Instrument 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 with the "Loan Servicer" that collects monthly payments and charges of the Loan Servicer unrelated to 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 which Borrower has actual knowledge. If Borrower removes or other remediation of any Hazardous Substance is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

Substances" are those substances defined as toxic or hazardous substances by federal laws in the laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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 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 accelerate and sale. If the default is not cured immediately, Lender may invoke 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 provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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 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 or all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender

Trustee shall deliver to the purchaser, expressed or implied. The recitals in the Trust Deed shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not fees; (b) to all sums secured by this Security Instrument; and (c) any excess

22. Reconveyance. Upon payment of all the Property and shall surrender this Security Instrument. Trustee shall reconvey the Property to the person or persons legally entitled to it. Such person or persons shall pay all recording costs.

23. Substitute Trustee. Lender may appoint hereunder. Without conveyance or confirmation upon Trustee hereinafter and by application in 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 Trustee.

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

25. Riders to this Security Instrument. The covenants and agreements of this Security Instrument are not for personal, family or household purposes or intended solely for investment purposes.

[Check applicable box(es)]

- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Other(s) Specify

TS, PROMISES AND COMMITMENTS MADE BY US AFTER

ON BREWING LOANS AND OTHER CREDIT EXTENSION WHICH

HOUSEHOLD PURPOSES OR SECURED SOLELY BY INVESTMENT

PURPOSES CONSIDERATION AND BY SIGNATURE

12/24/02 (9810)

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

2530

BY UNDERSIGNED, Borrower and
Witnesses, executed by Borrower and
Witnesses, and acknowledged and recorded and
deposited in the office of the County Clerk of
the County of Klamath, Oregon, on the 20th day of January, 1999, the terms and covenants contained in this Security Instrument, and in
the accompanying documents, and in accordance with the laws of the State of Oregon.

STATE OF OREGON

JANE M. MILLER

(Seal)

Borrower

(Seal)

Borrower

(Seal)

Borrower

STATE OF OREGON,

On this 20th

day of

January

, 1999

Klamath County

County ss:

personally appeared the above named

Linda E. Rude

the foregoing instrument to be

acknowledged

voluntary act and deed.

Before me:

JANE M. MILLER

Notary Public of Oregon



OFFICIAL SEAL
JANE M. MILLER
NOTARY PUBLIC
OREGON
COMMISSION NO. 055450
EXPIRES JUNE 2000
RECORDED 1/20/99

1-4 FAMILY RIDER

Assignment of Rents

THIS 1-4 FAMILY RIDER is made this 19TH day of JANUARY, 1993, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to

KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

of this same date and covering the Property described in the Security Instrument and located at:

2234 & 2235 E BERNSTIN AVE
KLAMATH FALLS, OR 97601

(Property Address)

I-4 FAMILY COVENANT. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT. In addition to the Property described in the Security Instrument, the following items are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtain and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings now or hereafter attached to the Property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing, together with the Property described in the Security Instrument (or the leasehold estate in the Security Instrument if a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property".

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Uniform Covenant 5.

E. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, the first sentence in Uniform Covenant 6 concerning Borrower's occupancy of the Property is deleted. All remaining covenants and agreements set forth in Uniform Covenant 6 shall remain in effect.

OREGON 1-4 FAMILY RIDER - Form 1-4 Family Rider

OR-57(OH) (0601)

VTP Lender

Page 1 of 2

Form 1-4 Family Rider

OR-57(OH) (0601)

Initials _____

Form 3-10-28-90

Amended 3-93

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F. ASSIGNMENT OF LEASES. Upon Lender's request in connection with the termination of existing leases or the execution of new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

G. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until (i) Lender has given Borrower notice of default pursuant to paragraph 21 of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

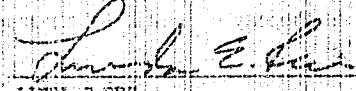
If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents, any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Uniform Commercial Code.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

H. CROSS-DEFAULT PROVISION. Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

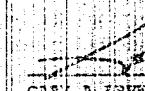
BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this L-4 Family Rider.


LINDA E. RICE

(Seal)

(Seal)

(Seal)


GARY A. IRWIN

(Seal)

(Seal)

(Seal)

Borrower

(Seal)

Borrower

420-57(OR) 101

Page 1 of 2

Form 317 U.S. 1/30

STATE OF OREGON: COUNTY OF KLANKEE

Filed for record if requested on January	Aspern	Date of Rec'd of Mortgagee	the 25th day of January 1999	the 25th day of January 1999
A.D. 1999	117	Recd by F.M. and duly recorded in Vol. on Pg. 2526	1999	
		by Linda Smith, County Clerk		

FEE \$30.00