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JUN 26 11 11 AM '99

WHEN RECORDED MAIL TO: KLAMATH FIRST FEDERAL SAVINGS & LOAN ASSOCIATION  
2323 DAHLIA STREET  
KLAMATH FALLS, OR 97601

ACCOUNT NUMBER 030-4-00428

TAX ACCOUNT NUMBER 075004

MTC 47093-MS  
DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 21, 1999. The grantor is EDWARD MEHR AND ALICE F. MEHR, HUSBAND AND WIFE AND SYLVIA A. ZASKE ("Borrower"). The trustee is WILLIAM H. BISHOP ("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 CAMPUS BRANCH, 23 DAHLIA STREET, KLAMATH FALLS, OR 97601 ("Lender"). Borrower owes Lender the principal sum of FIFTY FIVE THOUSAND AND NO/100 Dollars (U.S. \$ 55,000.00).

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 not paid earlier, due and payable on FEBRUARY 1, 2014. 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 debts, 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:

THE SOUTH 75 FEET OF LOT 5 IN BLOCK 12 OF DIXON ADDITION TO THE CITY OF KLAMATH FALLS, ACCORDING TO THE OFFICIAL PLAN THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

which has the address of 106 N. LAUREN ST., KLAMATH FALLS, [Street, City], Oregon 97601 [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, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may accrue priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount allowed for a federally related

OREGON Single Family

8-8260072 (08/99)

ELECTRONIC CASE FILING, INC. (408) 272-0346

Form 3058 9/99

Initials: [Handwritten signatures]

...from time to time, 12 U.S.C. Section 2602... Lender may, at any time, collect and... the amount of Funds due on the basis of current... in accordance with applicable law.

The Funds shall be held in an association who... Lender, if Lender is such an institution or in any... Escrow Items, unless Lender pays Borrower... However, Lender may require Borrower to pay... Lender in connection with this loan, unless appli... requires interest to be paid, Lender shall not be... Lender may agree in writing, however, that intere... annual accounting of the Funds, showing credits... made. The Funds are pledged as additional securit...

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

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

3. Application of Payments. Unless applicabl... and 2 shall be applied, first, to any prepayment... to interest due; fourth, to principal due; and last...

4. Charges; Liens. Borrower shall pay all... which may attain priority over this Security Ins... obligations in the manner provided in paragraph... person over payment. Borrower shall promptly... Borrower makes these payments directly, Borrow...

Borrower shall promptly discharge any lien... writing to the payment of the obligation secured... or defends against enforcement of the lien in... of the lien; or (c) secures from the holder of... Instrument. If Lender determines that any part... Instrument, Lender may give Borrower a notic... actions set forth above within 10 days of the giv...

5. Hazard of Property Insurance. Borrower... flooding, for which Lender requires insurance... requires. The insurance carrier providing the... be unreasonably withheld. If Borrower fails... coverage to protect Lender's rights in the Property...

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

Unless Lender and Borrower otherwise agree... Property damaged, if the restoration or repair... repair is not economically feasible or Lender's... secured by this Security Instrument, whether... Property, or does not answer within 30 days... 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... 21 the Property is acquired by Lender, Borrow... Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any foreclosure action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstatement, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the property as a principal residence. If the Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for enforcement of laws or regulations), then Lender may do and pay for whatever is necessary to protect the property and Lender's rights in the Property. Lender's actions may include the filing of a lawsuit, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

...the Federal Reserve System Settlement Procedures Act of 1914 as amended (12 U.S.C. Section 2602) unless another law that applies to the Funds sets a lesser amount, and not to exceed the lesser amount. Lender may estimate and reasonable estimates of expenditures of future Escrow Items or otherwise

...measured by a federal agency, instrumentality, or entity (including Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items, applying the Funds, annually analyzing the escrow account, or verifying the amount on the Funds and applicable law permits Lender to make such a charge. Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender, unless an agreement is made or applicable law provides otherwise. Unless an agreement is made or applicable law requires, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender shall give to Borrower, without charge, an itemized statement of the Funds and the purpose for which each debit to the Funds was made (debts to the Funds) and the purpose for which each debit to the Funds was made for all sums secured by this Security Instrument.

If the amount of the Funds held by Lender at any time is insufficient to pay the Escrow Items when due, Lender shall account to Borrower for the deficiency. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender shall promptly refund to Borrower any Funds held by applicable law. Lender shall account to Borrower for the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender sells the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied, first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied, first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property and household payments or ground rents, if any. Borrower shall pay these payments or ground rents, if any, in that manner, Borrower shall pay them on time directly to the person over payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

5. Hazard of Property Insurance. Borrower shall maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7. This insurance shall be maintained in the amount and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower, subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender 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 this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any foreclosure action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstatement, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the property as a principal residence. If the Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for enforcement of laws or regulations), then Lender may do and pay for whatever is necessary to protect the property and Lender's rights in the Property. Lender's actions may include the filing of a lawsuit, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

As provided by Lender...  
7a. Hazard Insurance...  
The Borrower is responsible for...  
The coverage Lender purchases...  
own and may not satisfy the need for...  
applicable law.

8. Mortgage Insurance. If Lender...  
mortgage insurance coverage required...  
to Borrower of the mortgage insurance...  
equivalent mortgage insurance coverage...  
Lender will accept, use and retain these...  
no longer be required, at the option of...  
required to maintain mortgage insurance...  
accordance with any written agreement...

9. Inspection. Lender or its agent...  
Borrower notice at the time of or prior to...  
10. Condemnation. The proceeds of any...  
condemnation or other taking of any part...  
be paid to Lender.

In the event of a total taking of the...  
whether or not then due, with any excess...  
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 of...  
secured by this Security Instrument whether...  
or not the sums are then due.

If the Property is abandoned by Borrower...  
award or settlement for damages, Borrower...  
authorized to collect and apply the proceeds...  
this Security Instrument, whether or not the...  
due:

11. Borrower Not Released; Forbearance...  
amortization of the sums secured by this...  
Security Instrument granted by Lender to any...  
successor in interest of Borrower shall not...  
be required to extend time for payment...  
or otherwise modify amortization of...  
the sums secured by this Security Instrument...  
by reason of any default made by the...  
original Borrower or Borrower's successors...  
in or touching.

12. Successors and Assigns Bound. This...  
Security Instrument shall bind and benefit...  
paragraph 17. Borrower's covenants and...  
agreements shall be joint and several...  
Instrument but does not execute the Note...  
Borrower's interest in the Property, under...  
terms of this Security Instrument; and (c)...  
agrees that Lender and any other Borrower...  
may agree to extend, modify, forbear or...  
postpone the date of the monthly payments...  
due to in paragraphs 1 and 2 or change the...  
amount of such payments.

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 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.

14. Notices. Any notice to Borrower...  
provided for in this Security Instrument...  
shall be given by delivering it or by...  
mailing it to Lender. Any notice to...  
Lender shall be given by first class mail...  
to Lender's address designated by notice...  
to Borrower. Any notice provided for in...  
this Security Instrument shall be given...  
as provided in this paragraph.

15. Governing Law; Severability. This...  
Security Instrument shall be governed by...  
federal law and the law of the State of...  
California. If any provision or clause of...  
this Security Instrument or the Note which...  
can be severed from the remainder of the...  
instrument, the severability of such...  
provision or clause shall not affect the...  
validity or enforceability of the remainder...  
of the instrument, and the provisions of...  
this Security Instrument and the Note are...  
declared to be severable.

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

17. Transfer of the Property or a Beneficial...  
Interest in the Property. If all or any...  
part of the Property or any interest in it...  
is sold or transferred (or if a beneficial...  
interest in the Property or any interest...  
in it is sold or transferred) and Borrower...  
is not a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument, the...  
exercise is prohibited by federal law as of...  
the date of this Security Instrument.

under this Security Instrument, the...  
Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

Under the terms of this Security...  
Instrument, the Borrower shall be...  
liable for the payment of the sums...  
secured by this Security Instrument, whether...  
or not the Borrower is a natural person...  
without beneficial interest in all of the...  
sums secured by this Security Instrument.

The Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

The Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

The Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

The Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

The Borrower shall be liable for the...  
payment of the sums secured by this...  
Security Instrument, whether or not the...  
Borrower is a natural person without...  
beneficial interest in all of the sums...  
secured by this Security Instrument.

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
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Additional debt of Borrower secured by this...  
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at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
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Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Additional debt of Borrower secured by this...  
Security Instrument shall bear interest from...  
the date of the Note and the interest...  
shall be payable to Lender (the "Lender")...  
at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
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at the rate of interest provided in the...  
Note. The cost of this insurance may be...  
added to your loan balance; the interest...  
rate on the underlying contract or loan...  
will be the same as the Borrower's prior...  
coverage lapsed or the date the...  
property damage coverage or other...  
mandatory liability insurance requirements...  
imposed by

Signature

17. Lender exercises this option, Lender shall give notice of acceleration to Borrower by first-class mail or by personal delivery, if the notice is delivered by first-class mail, the notice shall provide a period of not less than 30 days from the date the notice is delivered to Borrower to cure the default. If Borrower fails to pay the sums secured by this Security Instrument without further notice or demand on Borrower, Lender may invoke any remedies permitted by this Security Instrument.

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; (b) the date of the Note as if no acceleration had occurred; (c) the date of the judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then are due under the Note as if no acceleration had occurred; (b) cures any default of any other instrument secured by this Security Instrument, including, but not limited to, any mortgage, deed of trust, or other instrument; (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 remain unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain 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 due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer mandated by 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 of the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and the 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 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 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 sale of all or any part of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser of the Property the deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to the sums secured by this Security Instrument.

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 the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Substitute Trustee. Lender may, at any time to wit, remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without derogation of the power conferred upon Trustee herein and by applicable law, 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 in the covenants and agreements of this Security Instrument and in the Note (if any) were a part of this Security Instrument.

(Check applicable box(es))

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

17. Lender exercises this option, Lender shall give notice of acceleration to Borrower by first-class mail or by personal delivery, if the notice is delivered by first-class mail, the notice shall provide a period of not less than 30 days from the date the notice is delivered to Borrower to cure the default. If Borrower fails to pay the sums secured by this Security Instrument without further notice or demand on Borrower, Lender may invoke any remedies permitted by this Security Instrument.

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; (b) the date of the Note as if no acceleration had occurred; (c) the date of the judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then are due under the Note as if no acceleration had occurred; (b) cures any default of any other instrument secured by this Security Instrument, including, but not limited to, any mortgage, deed of trust, or other instrument; (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 remain unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain 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 due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer mandated by 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 of the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and the 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.

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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 in the covenants and agreements of this Security Instrument and in the Note (if any) were a part of this Security Instrument.

(Check applicable box(es))

- 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 WITH PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS ACT 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 RECORDED WITH THE EXPRESS CONSENT AND BE SIGNED BY US TO BE ENFORCEABLE.

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

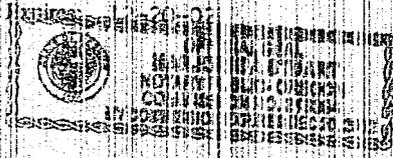
*Edward Meier* (Seal)  
EDWARD MEIER - Borrower

*Alice F. Meier* (Seal)  
ALICE F. MEIER - Borrower

(Seal) *Sylvia A. Zaska* (Seal)  
Borrower SYLVIA A. ZASKA - Borrower

STATE OF OREGON, Clatsop County ss:  
On this 21st day of January, 1999, Edward Meier and Alice F. Meier and Sylvia A. Zaska personally appeared the above named the foregoing instrument to be their voluntary act and deed and acknowledged

My Commission Expires: 12-20-02  
(Official Seal)



Before me  
*Wanda J. Smith*  
Notary Public for Oregon

STATE OF OREGON, COUNTY OF CLATSOP ss:  
Filed for record at request of *Wanda J. Smith* on the 26th day of January, A.D. 1999 at 11:12 o'clock AM, and duly recorded in Vol. M99 of Misc. Records as Page 2643.  
Fee \$30.00  
by *Wanda J. Smith* Linda Smith, County Clerk