

SEND AND RETURN TO
FNC MORTGAGE CORP. OF AMERICA
382 E. BUTTERFIELD ROAD
SUITE 400
UPLAND, IL 60110

PREPARED BY
KATHERYN MAYBERY
OHIO, IL 60110

ATC
(Space)

46137-M3

Do This Line For Recording Date

DEED OF TRUST

LENDER'S #: 09-38-06357

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 21, 1999,

JEFF HORTON AND DIANA E. HORTON

("Borrower"). The trustee is STEPHEN J. SMITH, ESQ., 12 SW 5TH AVENUE, SUITE 1700, PORTLAND, OR 97204-1795 ("Trustee"). The beneficiary is FNC MORTGAGE CORP. OF AMERICA, 382 E. BUTTERFIELD ROAD, SUITE 400, OHIO, IL 60110, which is organized and existing under the laws of THE STATE OF OREGON, HILLS, ILLINOIS 60610, and whose address is 75 NORTH FAIRWAY DRIVE, TERNER, ILLINOIS 60610 ("Lender"). Borrower owes Lender the principal sum of SEVENTY-TWO THOUSAND TWO HUNDRED FIFTY DOLLARS AND ZERO CENTS

Dollars (U.S.\$72,250.00) evidences the Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on FEBRUARY 1, 2029.

SEVENTEEN (17) months, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the agreement under his Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Klamath County, Oregon:

SEE EXHIBIT "A" ATTACHED.

his debt is evidenced by Borrower's note dated the same date as this Security Instrument, 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, renewals, extensions and modifications of the Note; (b) the payment of all expenses of collection, including attorney's fees, incurred by Lender in the enforcement of his Security Instrument and the Note. For this purpose, Trustee, in trust, with power of sale, the following described property located in Klamath County, Oregon:

DEED HERETO AND INDEA PART HEREOF:

which has the address of 51213 BARTLET AVE., Klamath Falls, Oregon 97603-6401

(Zip Code)

REGISTRATION Single Family FNC MORTGAGE CORP.
12/28/01 12/28/01 Form 3
VMP MORTGAGE FORMS • 800-617-7200

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AVE., Klamath Falls ("Property Address")

INSTRUMENT
B-9798
D-8752

[Street, City]

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. Borrowed

1. Payment of Principal and Interest
the principal of and interest on the debt.
 2. Funds for Taxes and Insurance
pay to Lender on the day monthly payment:
(a) yearly taxes and assessments which include
yearly leasehold payments or ground rents;
(d) yearly flood insurance premiums, if required by
Borrower to Lender, in accordance with applicable law;
premiums. These items are called "Escrow Items".
to exceed the maximum amount a lender may hold in an
account under the federal Real Estate Settlement
Section 2601 et seq. ("RESPA"), unless
at any time, collect and hold Funds in an
Funds due on the basis of current data and
accordance with applicable law.

The Funds shall be held in an institution (including Lender, if Lender is such an institution) by the Escrow Items. Lender may not have an escrow account or verifying the Escrow permits Lender to make such a charge independent real estate tax reporting service otherwise. Unless an agreement is made to pay Borrower any interest or earnings on the Funds, Lender shall not be paid on the Funds. Lender shall credit and debit to the Funds and the additional security for all sums secured by

If the Funds held by Lender exceed Borrower for the excess Funds in accord by Lender at any time is not sufficient to end, in such case Borrower shall pay to up the deficiency in no more than twelve

Upon payment in full of all sums & any Funds held by Lender. If, under acquisition or sale of the Property, shall against the sums secured by this Security

3. Application of Payments. Until paragraphs 1 and 2 shall be applied, first to principal, second to interest due;

4. Charges; Liens. Borrower shall
Property which may attain priority over
Borrower shall pay these obligations in
shall pay them in time directly to the per-
amounts to be paid under this paragraph
to Lender's account evidencing the obliga-
tions of Borrower to Lender.

Borrower shall promptly discharge
liens in writing to the payment of the
good faith the lien by, or defend its against
upset to prevent the enforcement of the
Lender subordinating the lien to this Sec-
ond lien which may attain priority over
lien. Borrower shall satisfy the lien or the
notice.

gements and/or easements existing on the property and all easements, if any, and additions shall also be covered by this Security Instrument as the "Property".
Borrower is lawfully seized of the Property heretofore conveyed and has the right to
the Property is unencumbered, except for encumbrances of record. Borrower
and demands, subject to any encumbrances.

mbines uniform covenants for national use and non-uniform covenants with a uniform security instrument covering real property, and enters contracts and agrees as follows:

UNIFORM COVENANTS, BUILT-IN LIQUIDATION PRINCIPLE AND LIQUIDATION

- Subject to Applicable Law or to a written waiver by Lender, Borrower shall have the right to collect and hold Funds in an amount not to exceed the lesser of (a) the amount of reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with the provisions of paragraph 9, in lieu of the payment of mortgage insurance premiums, if any; (b) the amount of reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with the provisions of paragraph 9, in lieu of the payment of hazard or property insurance premiums, if any; (c) the amount of reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with the provisions of paragraph 9, in lieu of the payment of yearly hazard or property insurance premiums, if any; (d) the amount of reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with the provisions of paragraph 9, in lieu of the payment of yearly mortgage insurance premiums, if any; and (e) any sums payable under the provisions of paragraph 9, in lieu of the payment of mortgage insurance premiums.**

for whose deposits are insured by a federal agency, instrumentality, or entity (institution) or if any Federal Home Loan Bank Lender shall apply the Funds to charge Borrower for holding and applying the Funds, annually analyzing the terms, unless Lender pays Borrower interest on the Funds and applicable law. However, Lender may require Borrower to pay a one-time charge for an expense used by Lender in connection with this loan, unless applicable law provides or applicable law requires interest to be paid. Lender shall not be required to pay the Funds. Borrower and Lender may agree in writing, however, that interest is to be paid to Borrower, without charge, in annual accounting of the Funds, showing the purpose for which each debit to the Funds was made. The Funds are pledged as this Security Instrument.

the amounts permitted to be held by applicable law, Lender shall account to
Borrower in accordance with the requirements of applicable law. If the amount of the Funds held
by the Escrow Items when due, Lender may so notify Borrower in writing,
Lender the amount necessary to make up the deficiency. Borrower shall make
monthly payments, at Lender's sole discretion.

ured by this Security Instrument. Lender shall promptly refund to Borrower against 21, Lender shall acquire or sell the Property. Lender, prior to the apply any Funds held by Lender at the time of acquisition or sale as a credit instrument.

is applicable law provides otherwise, all payments received by Lender under
to any prepayment charges due under the Note; second, to amounts payable
until to principal due; and last, to any late charges due under the Note.

pay all taxes, assessments, charges, fines and impositions attributable to the this Securi^t Instrument, and household payments or ground rents, if any. e manner provided in paragraph 2, or if not paid in that manner, Borrower son owed payment. Borrower shall promptly furnish to Lender all notices of ff Borrower makes these payment's directly. Borrower shall promptly furnish

by Lien which has priority over this Security Instrument unless Borrower: (a) litigation secured by the Lien in a manner acceptable to Lender; (b) contests in enforcement of the Lien in, legal proceedings which in the Lender's opinion, Lien; or (c) recuses from the holder of the Lien an agreement satisfactory to this instrument. If Lender determines that any part of the Property is subject his Security Instrument, Lender may give Borrower a notice identifying the one or more of the actions set forth above within 10 days of the giving of

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5. Hazard or Property Insurance. If the Property insured against loss by fire, including floods or flooding, for which Lender requires insurance, and for the period that Lender requires, the insurance subject to Lender's approval which shall not exceed one year, 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 if the repair is economically feasible and Lender's security is not lessened. If the repair or Lender's security would be lessened, the insurance proceeds shall be applied to the sum secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not offer to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 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 forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if 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 this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge, unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If there is a legal proceeding that may significantly affect Lender's rights in the Property, probate, for condemnation or forfeiture or to enforce laws or regulations, then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions in this paragraph 7, however, shall not impair the lien created by this Security Instrument, appearing in court, pay 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.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender requires mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage is substantially equivalent to the cost to Borrower of the mortgage insurer approved by Lender, 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 is no longer required to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage is available and is obtained. Borrower shall pay the premiums required to provide a loss reserve, until the requirement for mortgage insurance ends between Borrower and Lender or applicable law.

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

10. Condemnation. If in any condemnation or other manner any part of any part of the Property or of its property, or of any claim for damages, direct or consequential, in connection with or conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender:

In the event of a total taking of its property, if the proceeds shall be applied to the sums secured by this Security Instrument, whether or not 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 sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured in writing, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, if Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

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

11. Borrower Not Released; Forbearance; 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 commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify 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. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns; Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower covenants and agrees that Borrower's interest in the Property under the terms of this Security Instrument is co-signed this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify or forgive or make any accommodations with regard to the terms of this Security Instrument or the Note without first Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

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

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

17. Transfer of the Property or Interest in it. If all or any part of the Property or any Beneficial Interest in Borrower, if all or any part of the Property or any Beneficial Interest in Borrower is sold or transferred and Borrower is not a natural person without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date it is given to Borrower in which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to do so, Lender may invoke any remedies permitted by this Security Instrument.

18. Borrower's Right to Reinstate. Enforcement of this Security Instrument as applicable law may specify or permit this Security Instrument; or (b) entry by Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no 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 liens of this Security Instrument, Lender's rights in the Property and 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 unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address 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, no 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 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. After the time required by applicable law, Trustee at public auction to the highest bidder 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 recordal in the instrument of title shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

12. Recouperation. Upon payment to Lender of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the property and shall submit instrument to Trustee. Trustee or persons legally entitled to it. [Sweep]

13. Substitute Trustee. Lender may appoint hereunder. Without power and duties conferred upon Trustee.

14. Attorneys' Fees. As used in attorneys' fees awarded by an appellate court.

15. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and stipulations the covenants of this Security Instrument. [Check applicable box(es)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- V.A. Rider

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 it.

It is agreed that if one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and stipulations of each such rider shall be incorporated into and shall become a part of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

Condominium Rider
Planned Unit Development Rider
Rate Improvement Rider
 Other [Specify] SEE EXHIBIT "A"

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

JEFF HORTON

(Seal)

-Borrower

DORA E. HORTON

(Seal)

-Borrower

(Seal)

Borrower

(Seal)

-Borrower

STATE OF OREGON, Klanath
On this 21st day of January 1999,

Jeff Horton and Dora E. Horton,
the foregoing instrument to be their

County ss:
, personally appeared the above named

and acknowledged

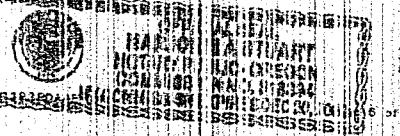
voluntarily act and deal,

before me:

Notary Public for Oregon

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

40-188104-1



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EXHIBIT "A"
LEGAL DESCRIPTION

Lot 1 in Block 2, GLENWOOD
on file in the office of the

RATE NO. 1035 according to the official plat thereof
County Clerk of Klamath County, Oregon.

STATE OF OREGON : COUNTY OF KLAATH

Filed for record at request of _____
on January A.D. 199

FEE \$40.00

At ss.
Amherst title
at 11:00 o'clock
Mortgages on page 2653
and duly recorded in Vol. 199
Linda Smith, County Clerk