

21 NOV

If a change is requested all two columns should be sent
to the following address:

53 51 27 NO 40 VO 091 Page 2815

WHEN RECORDED MAIL TO:

C.M.A. Mortgage, Inc.
212 J H Walker Drive
Bundleton IN 46064-0344
O.O. Box 344
A/COUNT NUMBER

TAX ACCOUNT NUMBER

DEED OF TRUST

Loan ID: DJ110

THIS DEED OF TRUST ("Security Instrument") is made on January 22nd, 1999, by DAVID A CALZACORTA and SUSAN K CALZACORTA, Husband and Wife, ("Borrower"). The trustee is ("Trustee"). The beneficiary is: C.M.A. MORTGAGE INC., which is organized and existing under the laws of which is organized and existing under the laws of address is 212 J H Walker Dr P.O. Box 344, Pendleton, IN 46064, and whose ("Lender"). Borrower owes Lender the principal sum of Seventy One Thousand Two Hundred Fifty and no/100 Dollars (U.S. \$ 71,250.00).

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on February 1st, 2029. This Security instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property, set forth in detail below:

LAND SITUATED IN THE CITY OF KLAMATH FALLS, KLAMATH COUNTY, OREGON.

DESCRIBED AS:

LOT 47, CLAMON HOMES, IN THE COUNTY OF KLAMATH, STATE OF OREGON
CODE 6, MAP 3909-11D, T/L LOT 6800

which has the address of 507 STURDIVANT AVE, KLAMATH FALLS
Oregon 97603 ZIP CODE 97601 ("Property Address").

(Street, City)

FHA/FHLMC UNIFORM INSTRUMENT Form 308 Amend 9/91

G-1 ENCL (cont'd)

FHA/MORTGAGE FORMS - ECG-B-1-7201

Page 1 of 3

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TOGETHER WITH all the improvements now or hereafter a part of the property. All of the foregoing is herein referred to in this Security Instrument.

BORROWER COVENANTS that I 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.

THIS SECURITY INSTRUMENT contains 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.

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.

Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over his 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." Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds to be on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in a Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. However, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each item of the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender shall pay to Lender the amount necessary to make up 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 2, Lender shall require or sell 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.

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 prepayments; second, to interest due; third, 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 which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed 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.

Borrower shall promptly discharge any liens relating to the payment of the obligation secured by, or defends against enforcement of the enforcement of the lien; or (c) secured from the this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Property insured against loss by fire, floods or lightning, for which Lender requires. This insurance coverage shall not be unreasonably withheld or denied. If Borrower fails to obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall have the right to hold fire policies paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the 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 Lender's right to hold insurance policies and proceeds resulting from damage to the Property prior to the acquisition, Borrower shall pass to Lender to the extent of the sums secured by this Security Instrument.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish and use 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 cause it shall not be unreasonably withheld, or unless extenuating circumstances exist which allow the Property to deteriorate or contribute to the Property's condition, is begun that in Lender's good faith judgment could result in forfeiture of the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower may in paragraph 18, by causing the action or proceeding to be dismissed with a ruling precludes to 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 s, gave materially false or inaccurate information or statements to Lender (or failed to, representations concerning Borrower's capacity of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in this Security Instrument, or there is a legal proceeding in bankruptcy, probate, for condemnation or for whatever is necessary to protect the Property. If Borrower fails to perform the covenants and agreements contained in this paragraph 7, which may significantly affect Lender's rights in the Property (such as a proceeding to enforce laws or regulations), then Lender may do and value of the Property, and Lender's rights in the Property. Lender's actions may include paying any sums secured by a reasonable attorney's 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, Borrower shall pay the premium required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance previously in effect, at a cost substantially equivalent to the previously in effect, from an alternate mortgage insurer approved by Lender. If coverage is not available, Borrower shall pay to Lender each month a sum equal to the amount being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain

Borrower shall keep the improvements now existing or hereafter erected on the Property in accordance with the term "extended coverage" and any other hazards, including wind and hail, for which Lender requires. The insurance shall be maintained in the amounts and for the periods Lender requires. The insurance shall be chosen by Borrower subject to Lender's approval. 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.

Lender requires, Borrower shall promptly give to Lender all receipts of Borrower shall give prompt notice to the insurance carrier and Lender.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the

pair is economically 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, 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 Lender's right to hold insurance policies and proceeds resulting from damage to the Property prior to the acquisition, Borrower shall pass to Lender to the extent of the sums secured by this Security Instrument.

Section of the Property; Borrower's Loan Application; Leaseholds. 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 cause it shall not be unreasonably withheld, or unless extenuating circumstances exist which allow the Property to deteriorate or contribute to the Property's condition, is begun that in Lender's good faith judgment could result in forfeiture of the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower may in paragraph 18, by causing the action or proceeding to be dismissed with a ruling precludes to 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 s, gave materially false or inaccurate information or statements to Lender (or failed to, representations concerning Borrower's capacity 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 less Lender agrees to the merger in writing.

Property. If Borrower fails to perform the covenants and agreements contained in this paragraph 7, which may significantly affect Lender's rights in the Property (such as a proceeding to enforce laws or regulations), then Lender may do and value of the Property, and Lender's rights in the Property. Lender's actions may include paying any sums secured by a reasonable attorney's 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 to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance previously in effect, at a cost substantially equivalent to the previously in effect, from an alternate mortgage insurer approved by Lender. If coverage is not available, Borrower shall pay to Lender each month a sum equal to the amount being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premium required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance previously in effect, at a cost substantially equivalent to the previously in effect, from an alternate mortgage insurer approved by Lender. If coverage is not available, Borrower shall pay to Lender each month a sum equal to the amount being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain

payments may no longer be required at that Lender insures) provided by him required to maintain mortgage insurance ends in accordance with any written agreement.

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

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

In the event of a total taking of the Property whether or not then due, with any excess market value of the Property immediately before the taking, the amount of the sums secured immediately before the taking, 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 market value of the Property immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Lender agrees in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument.

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, 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 the restoration or repair of the Property or to the sums 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 payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance. Forbearance of the amortization of the sums secured by this Security Instrument shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to foreclose proceedings against any successor in interest 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. Security Instrument shall bind and benefit Borrower's covenants and instrument but does not execute the Note; Borrower's interest in the Property under the security instrument by this Security Instrument; and (c) make any accommodations with regard to the Note.

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 loan exceed the permitted limits, then: (a) to the permitted limit; and (b) any sums above the permitted limit, Lender may choose to make the payment to Borrower. If a refund reduces the prepayment charge under the Note.

14. Notices. Any notice to Borrower shall be given by first class mail unless applicable law requires or any other address Borrower designates; Lender's address stated herein or any other address given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. 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 be severed without the conflicting provision.

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

17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may terminate this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date this instrument is executed.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay all sums secured by this Security Instrument without cause for delay, Lender may take any remedies permitted by this Security Instrument without cause for delay.

Section of Lender. Lender again becomes available and is obtained, Borrower shall pay or to provide a loss reserve, until the requirement for mortgage insurance is satisfied upon and inspections of the Property. Lender shall give notice of any award of claim for damages, direct or consequential, in connection with any inspection, or to conveyance, a lien of condemnation, are hereby assigned and

partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument, units: Borrower and Lender otherwise agreed 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 market value of the Property immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Lender agrees in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument.

whether or not the sums are then due. Lender or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to the restoration or repair of the Property or to the sums 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 payments referred to in paragraphs 1 and 2 or change the amount of such payments.

18. Waiver. Extension of the time for payment or modification of 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 foreclose proceedings against any successor in interest of the sums secured by this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument or the Note without that Borrower's consent.

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 interest or refuse to extend time for payment or otherwise modify amortization terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument or the Note without that Borrower's consent.

by this Security Instrument is subject to a law which sets maximum loan charges, interest or other loan charges collected or to be collected in connection with the such loan charge shall be reduced by the amount necessary to reduce the charge collected from Borrower which exceeded permitted limits will be refunded to Borrower. If a refund of the principal owed under the Note or by making a direct reduction in the principal, the reduction will be treated as a partial prepayment without any

provided for in this Security Instrument shall be given by delivering it or by mailing it or use of another method. The notice shall be directed to the Property Address Lender designates by notice to Borrower. Any notice provided for in this paragraph given to Borrower or Lender when given as provided in this paragraph.

19. Security Instrument. Security Instrument shall be governed by federal law and the law of the state in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note does not affect other provisions of this Security Instrument or the Note which can be declared to be severable.

20. Acknowledgment. Borrower shall be given one confirmed copy of the Note and of this Security Instrument. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. If Borrower fails to pay all sums secured by this Security Instrument without cause for delay, Lender may take any remedies permitted by this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay all sums secured by this Security Instrument without cause for delay, Lender may take any remedies permitted by this Security Instrument.

2813

If no default occurs, Borrower shall have the right to have any default discontinued at any time prior to the earlier of: (a) 5 days (or such other period as may be specified in the Security Instrument); or (b) the date of the final judgment entered in favor of Lender in an action to enforce this Security Instrument. Those conditions are that Borrower: (a) pays sums due under this Security Instrument and the Note as if no acceleration had occurred; (b) pays all expenses incurred in enforcing this Security Instrument, including attorneys' fees; and (c) takes such action as Lender may reasonably require to assure that the rights of Lender in the Property and Borrower's obligation to pay the sums secured by the Note remain unchanged. Upon reinstatement by Borrower, this Security Instrument and the Note will be fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration.

18. Borrower's Right to Enforcement of this Security Instrument. If no default occurs, Borrower shall have the right to have any default discontinued at any time prior to the earlier of: (a) 5 days (or such other period as may be specified in the Security Instrument); or (b) the date of the final judgment entered in favor of Lender in an action to enforce this Security Instrument. Those conditions are that Borrower: (a) pays sums due under this Security Instrument and the Note as if no acceleration had occurred; (b) pays all expenses incurred in enforcing this Security Instrument, including attorneys' fees; and (c) takes such action as Lender may reasonably require to assure that the rights of Lender in the Property and Borrower's obligation to pay the sums secured by the Note remain unchanged. Upon reinstatement by Borrower, this Security Instrument and the Note will be fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration.

19. Sale of Note; Change of 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 or more changes of the Loan Servicer given written notice of the change in address of the new Loan Servicer and 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 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 governmental or regulatory agency of which Borrower has actual knowledge any removal or other remediation of all necessary remedial actions in accordance with Environmental Law.

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

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 secured by this Security Instrument will result in acceleration of the sums secured after acceleration and the defense of Borrower to acceleration. Lender, at its option, may require further demand and may invoke the power of sale to collect all expenses incurred by reasonable attorneys' fees and costs.

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 shall record it in each county in which 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 without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and upon the terms designated in the notice of sale in one or more parcels and in any order of sale of all or any parcel of the Property by public announcement at the time of sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the person expressed or implied. The recitals in this Security Instrument shall apply the procedure not limited to, reasonable Trustee's fees and costs of the sale and attorney's fees.

22. Reconveyance. Upon payment in full of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrenderto Trustee. Trustee shall release the Property to the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Substitute Trustee. Lender appointed hereunder. Without conveying his Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

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. If no default occurs, Borrower shall have the right to have any default discontinued at any time prior to the earlier of: (a) 5 days (or such other period as may be specified in the Security Instrument); or (b) the date of the final judgment entered in favor of Lender in an action to enforce this Security Instrument. Those conditions are that Borrower: (a) pays sums due under this Security Instrument and the Note as if no acceleration had occurred; (b) pays all expenses incurred in enforcing this Security Instrument, including attorneys' fees; and (c) takes such action as Lender may reasonably require to assure that the rights of Lender in the Property and Borrower's obligation to pay the sums secured by the Note remain unchanged. Upon reinstatement by Borrower, this Security Instrument and the Note will be fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration.

25. Sale of Note; Change of 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 or more changes of the Loan Servicer given written notice of the change in address of the new Loan Servicer and information required by applicable law.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in 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 governmental or regulatory agency of which Borrower has actual knowledge any removal or other remediation of all necessary remedial actions in accordance with Environmental Law.

Hazardous Substances. are those substances defined as toxic or hazardous substances by Environmental Law. These substances include gasoline, kerosene, other flammable or toxic petroleum products, toxic 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

21. Acceleration; Remedies. Lender further covenant and agree as follows:

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 secured by this Security Instrument will result in acceleration of the sums secured after acceleration and the defense of Borrower to acceleration. Lender, at its option, may require further demand and may invoke the power of sale to collect all expenses incurred by reasonable attorneys' fees and costs.

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 shall record it in each county in which 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 without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and upon the terms designated in the notice of sale in one or more parcels and in any order of sale of all or any parcel of the Property by public announcement at the time of sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the person expressed or implied. The recitals in this Security Instrument shall apply the procedure not limited to, reasonable Trustee's fees and costs of the sale and attorney's fees.

22. Reconveyance. Upon payment in full of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrenderto Trustee. Trustee shall release the Property to the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Substitute Trustee. Lender appointed hereunder. Without conveying his Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys'

25. Riders: to this Security Instrument, the covenants and agreements contained in the covenants and agreements of this Security Instrument shall all be incorporated into and shall amend and supplement if the rider(s) were a part of this security instrument.

[Check applicable boxes]

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

Condominium Rider

Planned Unit Development Rider

Rate Increase Rider

Other(s) (specify)

1-4 Family Rider

Biweekly Payment Rider

Second Home Rider

BY SIGNING BELOW, Borrower acknowledges any rider(s) executed by Borrower and agrees to the terms and covenants contained in this Security Instrument and signed with it.

DAVID A CALZACERTA

(Seal)
Borrower

DAVID A CALZACERTA

(Seal)
Borrower

(Seal)

Borrower

(Seal)
Borrower

STATE OF OREGON,
On this 22nd day of
DAVID A CALZACERTA and

the foregoing instrument to be

My Commission Expires: 10/1/2000
(Official Seal)

KELLY MITH
January 21, 1998
SUSAN K CALZACERTA

County:

personally appeared the above named
and acknowledged

voluntarily and duly

Before me:

A. Miller Jr., Notary

Notary Public for Oregon

Form 3038, 9/90

Form 3038, 9/90

STATE OF OREGON COUNTY OF Klamath:

Please record at request of _____
on January 21, 1998, at

ss.

Asper T. Iltis, Esquire

of

Mohr

J.D. 10-41
Barrett
Date of Birth

On Page

A.M.

and duly recorded in Vol.

Year

27th

day

of January, 1998

2835

Page 1 of 2

Linda Smith, County Clerk

Fee: \$35.00

Linda Smith, Clerk