

Electronic filing is required for all tax statements and returns to the following address.

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WHEN RECORDED MAIL TO KLAMATH FEDERAL SAVINGS & LOAN ASSOCIATION
2300 MADISON STREET
KLAMATH FALLS, OR 97603

ACCOUNT NUMBER 060-04-0156

TAX ACCOUNT NUMBER 568594

MTC 4139-MS

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 22, 1999. The grantor is LARRY D BOSLEY AND DONNA BOSLEY, SUSAN AND WIFE

("Borrower"). The trustee is WILLIAM L. SISEMORE

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

which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is MADISON BRANCH, 2300 MADISON STREET, KLAMATH FALLS, OR 97603

(\$58,000.00) ("Lender"). Borrower owes Lender the principal sum of FIFTY EIGHT THOUSAND AND NO/100

Dollars (U.S. \$ 58,000.00)

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, if not paid earlier, due and payable on FEBRUARY 1, 2029. This Security Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to the paragraph below ("Future Advances").

FUTURE ADVANCES. Upon request to Borrower, Lender, at Lender's option prior to full reconveyance of the property by Trustee to Borrower, may make future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes relating to said notes are secured hereby. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Klamath County, Oregon:

LOT 40, BLOCK 1 OF TRACT D, 1085, COUNTY GREEN, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

which has the address of 7020 JUNIPER ST, KLAMATH FALLS, Oregon 97603. ("Property Address");

[Street, City],

TOGETHER WITH all the improvements now or hereafter created on this 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. Borrower shall pay to Lender, on the day monthly payments are due under the Note, or to a written waiver by Lender, Borrower shall pay to Lender, with priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in the event 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 a lender for a federally related

OREGON-Single Family

1203002 (etc)

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Form 9938 9/98

INITIALS

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any amounts disbursed by Lender under this instrument. Unless Borrower and Lender agree in writing at the time of the making of this Security Instrument that the Note rate and shall be payable with interest from Lender to Borrower requesting payment of the Note. (the "Borrower") provide us, (the "Lender") with evidence of insurance coverage as required by our contract or loan agreement. This insurance may, but need not, also include the Borrower's expense to protect the claim. Borrower may or may not have any other insurance coverage elsewhere.

The Borrower is responsible for cost of any insurance purchased by Lender. The cost of this insurance may be added to your contract or loan balance. If the cost is added to the contract or loan balance, the interest rate on the underlying contract or loan will be the date the Borrower's prior coverage lapsed or the date the

paragraph 7 shall be some additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest from the date of payment, less in courts, shall bear interest from the date of payment from Lender to Borrower requesting payment of the Note. (the "Borrower") provide us, (the "Lender") with evidence of insurance coverage as required by our contract or loan agreement. This insurance may, but need not, also include the Borrower's expense to protect the claim. Borrower may or may not have any other insurance coverage elsewhere.

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own and may not satisfy the need for property damage coverage or other mandatory liability insurance requirements imposed by applicable law.

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

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 required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to maintain mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept 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 (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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 required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to maintain mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept 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 (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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.

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10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

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In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess 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 equal to or greater than the amount of the sums secured by this Security Instrument, 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. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due.

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If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condempnor 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 of this Security Instrument, whether or not then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condempnor 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 of 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 payments referred to in paragraphs 1 and 2 or change the amount of such payments.

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11. Borrower Not Released; Forbearance. Notwithstanding the extension of the time for payment or modification of amortization of the sums secured by this Security Instrument, Lender shall not be required to operate or 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 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 extending any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

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12. Successors and Assigns Bound. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note shall be jointly and severally bound with the other Borrowers who co-sign 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, forbear or make any accommodations with regard to the terms of 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.

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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.

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14. Notice. Any notice to Borrower 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.

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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 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.

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

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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 the Property or any interest in it is sold or transferred) without the prior written consent of Lender, the Security Instrument shall be void and unenforceable. However, this option shall not be exercised if Lender if it is prohibited by federal law as of the date of this Security Instrument.

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17. Lender exercises this option, Lender shall give Borrower notice of the acceleration of the loan... 18. Borrower's Right to Reinstate... 19. Sale of Note; Change of Loan Servicer... 20. Hazardous Substances... 21. Acceleration; Remedies...

all give Borrower notice of the acceleration of the loan... certain conditions... 17. Lender exercises this option... 18. Borrower's Right to Reinstate... 19. Sale of Note; Change of Loan Servicer... 20. Hazardous Substances... 21. Acceleration; Remedies...

The notice shall provide a period of not less than 30 days... Lender may invoke any remedies permitted by law... 17. Lender exercises this option... 18. Borrower's Right to Reinstate... 19. Sale of Note; Change of Loan Servicer... 20. Hazardous Substances... 21. Acceleration; Remedies...

22. Reconveyance... 23. Successor Trustee... 24. Attorneys' Fees... 25. Riders to this Security Instrument...

Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default... Lender shall request Trustee to reconvey instrument and all notes... Lender may, from time to time, remove Trustee and appoint a successor trustee... As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

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26. Hazardous Substances... 27. Environmental Law... 28. Non-Uniform Covenant/Consent...

shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances... shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances... shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances...

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29. Acceleration; Remedies... 30. Acceleration; Remedies... 31. Acceleration; Remedies...

Lender shall give Borrower notice of the acceleration of the loan... Lender shall give Borrower notice of the acceleration of the loan... Lender shall give Borrower notice of the acceleration of the loan...

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32. Acceleration; Remedies... 33. Acceleration; Remedies... 34. Acceleration; Remedies...

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35. Acceleration; Remedies... 36. Acceleration; Remedies... 37. Acceleration; Remedies...

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38. Acceleration; Remedies... 39. Acceleration; Remedies... 40. Acceleration; Remedies...

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41. Acceleration; Remedies... 42. Acceleration; Remedies... 43. Acceleration; Remedies...

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- Adjustable Rate Rider, Graduated Payment Rider, Balloon Rider, VA Rider, Condominium Rider, Planned Unit Development Rider, Rate Improvement Rider, Other(s) [specify], 1-4 Family Rider, Biweekly Payment Rider, Second Home Rider

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS 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 ENFORCEABLE BY US TO BE ENFORCEABLE.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and conditions contained in the Security instrument and in any rider(s) attached by Borrower and recorded with it.
Witnesses:

LARRY D. BOSLEY (Seal) - Borrower

DORNA BOSLEY (Seal) - Borrower

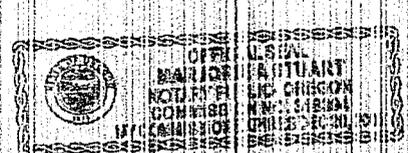
(Seal) - Borrower

STATE OF OREGON, Klamath
On this 22nd day of January
Larry D. Bosley and Dorna Bosley

1999 County of: _____
personally appeared the above named
and acknowledged

The foregoing instrument to be their
My Commission Expires: 12-20-02
(Official Seal)

voluntary act and deed.
Before me:



Notary Public for Oregon

STATE OF OREGON: COUNTY OF KLAMATH

Filed for record at request of _____
of January of A.D. 1999
at _____
for _____

_____ the 27th day
of _____ and duly recorded in Vol. M99
Page 2854
Linda Smith, County Clerk
by _____

FEE \$30.00