

all communications are directed to the following address:

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

ACCOUNT NUMBER 060-04-0556

TAX ACCOUNT NUMBER 568594

MTC 4139-M3

DEED OF TRUST

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

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

("Trustee"). The beneficiary is KLAMATH FALLS 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.

("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, COUNTRY 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 TURNER ST, KLAMATH FALLS, Oregon 97603

[Street, City],

[Zip Code] ("Property Address");

TOGETHER WITH all the improvements now or hereafter created on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. 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 be levied on the Property; (b) yearly leasehold payments or ground rents on the Property; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; and (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 full. 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

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

7. Hazard Insurance Warranty. Unless otherwise provided in writing, the Borrower (the "Borrower") provides us, the "Lender" with evidence of insurance coverage as required by our contract or loan agreement. Lender may purchase insurance at Borrower's expense to protect the Lender's interest. This insurance may, but need not, also protect the Borrower's interest. If the collateral becomes damaged, the Lender may make or any claim made against the Borrower. Borrower may claim Borrower's interest property coverage elsewhere.

The Borrower is responsible for cost of an 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 apply to this added amount. Effective date of coverage may be the date the Borrower's prior coverage lapsed or the date the Borrower failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance the Borrower can obtain on Borrower's own and may not satisfy the need for property 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 obtain coverage substantially equivalent to the 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 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 (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.

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.

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 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 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 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 the sums are 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, to the sums secured by this Security Instrument.

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. Notwithstanding anything to the contrary in this Security Instrument, the granting 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 to 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 extending 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's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note (a) is co-signing 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 or the Note without that 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. Notice. 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 which can be conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument and 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 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 the Property or any interest in it is sold or transferred) and Borrower is not a natural person) without 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 it is prohibited by federal law as of the date of this Security Instrument.

BY SIGNING BELOW, Borrower accepts all terms and conditions contained in the Security Distribution and in any order(s) executed by Borrower and recorded with:

Witnesses: _____ (Seal)
LIBBY S. BOBILLY _____ Borrower

WITNESSES:


 (Seal)
 -Borrower
 LARRY S. BOSLEY

William D. Orley (Seal)
BORROWER

(Seal) _____ (Seal)
Borrower _____ Borrower

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

County ss:
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.
Enforce me.

Notary Public for Oregon



STATE OF OREGON: COUNTY OF CLATSOP

Filed for record at request of _____
of _____ January AD. 1999
of _____

meritt file _____ the 27th day
at 11:31 o'clock A. M. and duty recorded in Vol. M99
for pages 2854
Linda Smith, County Clerk

43-38861-100

on page 2854
Linda Smith, County Clerk
by Kathleen B. Smith