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OREGON
LINE OF CREDIT TRUST DEED
(SECURING FUTURE ADVANCES)

THIS DEED OF TRUST IS MADE ON AUGUST 19TH, 2003. THE GRANTOR IS STEVE LEWIS KANDRA, TRUSTEE and NANCY LYNN KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT, DATED JUNE 27, 1995, FOR THE BENEFIT OF STEVE LEWIS KANDRA AND NANCY LYNN KANDRA

THE TRUSTEE IS ~~AMERICAN TITLE INCORPORATED, 1510 WALL STREET, BELLEVUE, NEBRASKA 68005~~ *Key Title Company 579 6th Street, Astoria, OR 97103* ("TRUSTEE").

THE BENEFICIARY IS **FIRST HORIZON HOME LOAN CORPORATION**
 WHOSE ADDRESS IS **4000 HORIZON WAY, IRVING, TEXAS 75063**

IN THIS DEED OF TRUST, THE TERMS "YOU", "YOUR" AND "YOURS" REFER TO THE GRANTOR(S). THE TERMS "WE", "US" AND "OUR" REFER TO THE BENEFICIARY.

PURSUANT TO A HOME EQUITY LINE OF CREDIT AGREEMENT DATED THE SAME DATE AS THIS DEED OF TRUST ("AGREEMENT"), YOU MAY INCUR MAXIMUM UNPAID LOAN INDEBTEDNESS (EXCLUSIVE OF INTEREST THEREON) IN AMOUNTS FLUCTUATING FROM TIME TO TIME UP TO THE MAXIMUM PRINCIPAL SUM OUTSTANDING AT ANY TIME OF **FIFTY THOUSAND AND 00/100ths**

DOLLARS (U.S. \$ 50,000.00). THE AGREEMENT PROVIDES FOR A FINAL SCHEDULED INSTALLMENT DUE AND PAYABLE NOT LATER THAN ON **SEPTEMBER 1, 2023**. YOU AGREE THAT THIS DEED OF TRUST SHALL CONTINUE TO SECURE ALL SUMS NOW OR HEREAFTER ADVANCED UNDER THE TERMS OF THE AGREEMENT INCLUDING, WITHOUT LIMITATION, SUCH SUMS THAT ARE ADVANCED BY US WHETHER OR NOT AT THE TIME THE SUMS ARE ADVANCED THERE IS ANY PRINCIPAL SUM OUTSTANDING UNDER THE AGREEMENT. THE PARTIES HERETO INTEND THAT THIS DEED OF TRUST SHALL SECURE UNPAID BALANCES, AND ALL OTHER AMOUNTS DUE TO US HEREUNDER AND UNDER THE AGREEMENT.

THIS DEED OF TRUST SECURES TO US: (A) THE REPAYMENT OF THE DEBT EVIDENCED BY THE AGREEMENT, WITH INTEREST, AND ALL REFINANCINGS, RENEWALS, EXTENSIONS AND MODIFICATIONS OF THE AGREEMENT; (B) THE PAYMENT OF ALL OTHER SUMS, WITH INTEREST, ADVANCED UNDER THIS DEED OF TRUST TO PROTECT THE SECURITY OF THIS DEED OF TRUST;

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AND (C) THE PERFORMANCE OF YOUR COVENANTS AND AGREEMENTS UNDER THIS DEED OF TRUST AND THE AGREEMENT. FOR THIS PURPOSE AND IN CONSIDERATION OF THE DEBT, YOU IRREVOCABLY GRANT AND CONVEY TO THE TRUSTEE AND TRUSTEE'S SUCCESSORS AND ASSIGNS, IN TRUST, WITH POWER OF SALE, THE PROPERTY LOCATED IN KLAMATH COUNTY, OREGON, AND MORE FULLY DESCRIBE AS FOLLOWS:

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES.

SEE EXHIBIT A

WHICH PROPERTY IS MORE COMMONLY KNOWN AS 20120 HILL ROAD
(STREET), KLAMATH FALLS (CITY),
OREGON (STATE) 97631 (ZIP CODE) ("PROPERTY ADDRESS");

TOGETHER WITH ALL THE IMPROVEMENTS NOW OR HEREAFTER ERECTED ON THE PROPERTY, AND ALL EASEMENTS, RIGHTS, APPURTENANCES, AND FIXTURES NOW OR HEREAFTER A PART OF THE PROPERTY. ALL REPLACEMENTS AND ADDITIONS SHALL ALSO BE COVERED BY THIS DEED OF TRUST. ALL OF THE FOREGOING IS REFERRED TO IN THIS DEED OF TRUST AS THE "PROPERTY."

YOU COVENANT THAT YOU ARE LAWFULLY SEIZED OF THE ESTATE HEREBY CONVEYED AND HAVE THE RIGHT TO GRANT AND CONVEY THE PROPERTY AND THAT THE PROPERTY IS UNENCUMBERED; EXCEPT FOR ENCUMBRANCES OF RECORD. YOU WARRANT AND WILL DEFEND GENERALLY THE TITLE TO THE PROPERTY AGAINST ALL CLAIMS AND DEMANDS, SUBJECT TO ANY ENCUMBRANCES OF RECORD.

YOU AND WE COVENANT AND AGREE AS FOLLOWS:

1. PAYMENT OF PRINCIPAL, INTEREST AND OTHER CHARGES. YOU SHALL PAY WHEN THE PRINCIPAL OF AND INTEREST OWING UNDER THE AGREEMENT AND ALL OTHER CHARGES DUE HEREUNDER AND DUE UNDER THE AGREEMENT.

2. APPLICATION OF PAYMENTS. UNLESS APPLICABLE LAW PROVIDES OTHERWISE, ALL PAYMENTS RECEIVED BY US UNDER THE AGREEMENT AND SECTION 1 SHALL BE APPLIED BY US AS PROVIDED IN THE AGREEMENT.

3. PRIOR DEED OF TRUSTS; CHARGES; LIENS. YOU SHALL PERFORM ALL OF YOUR OBLIGATIONS UNDER ANY MORTGAGE, DEED OF TRUST OR OTHER SECURITY INSTRUMENTS WITH

A LIEN WHICH HAS PRIORITY OVER THIS DEED OF TRUST, INCLUDING YOUR COVENANTS TO MAKE PAYMENTS WHEN DUE. YOU SHALL PAY ALL TAXES, ASSESSMENTS, CHARGES, FINES AND IMPOSITIONS ATTRIBUTABLE TO THE PROPERTY WHICH MAY ATTAIN PRIORITY OVER THIS DEED OF TRUST OR ANY ADVANCE UNDER THIS DEED OF TRUST, AND LEASEHOLD PAYMENTS OR GROUND RENTS, IF ANY. UPON OUR REQUEST, YOU SHALL PROMPTLY FURNISH TO US ALL NOTICES OF AMOUNTS TO BE PAID UNDER THIS PARAGRAPH AND RECEIPTS EVIDENCING ANY SUCH PAYMENTS YOU MAKE DIRECTLY. YOU SHALL PROMPTLY DISCHARGE ANY LIEN (OTHER THAN A LIEN DISCLOSED TO US IN YOUR APPLICATION OR IN ANY TITLE REPORT WE OBTAINED) WHICH HAS PRIORITY OVER THIS DEED OF TRUST OR ANY ADVANCE UNDER THIS DEED OF TRUST.

WE SPECIFICALLY RESERVE TO OURSELF AND OUR SUCCESSORS AND ASSIGNS THE UNILATERAL RIGHT TO REQUIRE, UPON NOTICE, THAT YOU PAY TO US ON THE DAY MONTHLY PAYMENTS ARE DUE AN AMOUNT EQUAL TO ONE-TWELFTH (1/12) OF THE YEARLY TAXES, AND ASSESSMENTS (INCLUDING CONDOMINIUM AND PLANNED UNIT DEVELOPMENT ASSESSMENTS, IF ANY) WHICH MAY ATTAIN PRIORITY OVER THIS DEED OF TRUST AND GROUND RENTS ON THE PROPERTY, IF ANY, PLUS ONE-TWELFTH (1/12) OF YEARLY PREMIUM INSTALLMENTS FOR HAZARD AND MORTGAGE INSURANCE, ALL AS WE REASONABLY ESTIMATE INITIALLY AND FROM TIME TO TIME, AS ALLOWED BY AND IN ACCORDANCE WITH APPLICABLE LAW.

4. HAZARD INSURANCE. YOU SHALL KEEP THE PROPERTY INSURED AGAINST LOSS BY FIRE, HAZARDS INCLUDED WITHIN THE TERM "EXTENDED COVERAGE" AND ANY OTHER HAZARDS, INCLUDING FLOODS OR FLOODING, FOR WHICH WE REQUIRE INSURANCE. THIS INSURANCE SHALL BE MAINTAINED IN THE AMOUNTS AND FOR THE PERIODS THAT WE REQUIRE. YOU MAY CHOOSE ANY INSURER REASONABLY ACCEPTABLE TO US. INSURANCE POLICIES AND RENEWALS SHALL BE ACCEPTABLE TO US AND SHALL INCLUDE A STANDARD MORTGAGEE CLAUSE. IF WE REQUIRE, YOU SHALL PROMPTLY GIVE US ALL RECEIPTS OF PAID PREMIUMS AND RENEWAL NOTICES. IF YOU FAIL TO MAINTAIN COVERAGE AS REQUIRED IN THIS SECTION, YOU AUTHORIZE US TO OBTAIN SUCH COVERAGE AS WE IN OUR SOLE DISCRETION DETERMINE APPROPRIATE TO PROTECT OUR INTEREST IN THE PROPERTY IN ACCORDANCE WITH THE PROVISIONS IN SECTION 6. YOU UNDERSTAND AND AGREE THAT ANY COVERAGE WE PURCHASE MAY COVER ONLY OUR INTEREST IN THE PROPERTY AND MAY NOT COVER YOUR INTEREST IN THE PROPERTY OR ANY PERSONAL PROPERTY THEREIN. YOU ALSO UNDERSTAND AND AGREE THAT THE PREMIUM FOR ANY SUCH INSURANCE MAY BE HIGHER THAN THE PREMIUM YOU WOULD PAY FOR SUCH INSURANCE. YOU SHALL PROMPTLY NOTIFY THE INSURER AND US OF ANY LOSS. WE MAY MAKE PROOF OF LOSS IF YOU DO NOT PROMPTLY DO SO.

WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

WE MAY ALSO, AT OUR OPTION AND ON YOUR BEHALF, ADJUST AND COMPROMISE ANY CLAIMS UNDER THE INSURANCE, GIVE RELEASES OR ACQUITTANCES TO THE INSURANCE COMPANY IN CONNECTION WITH THE SETTLEMENT OF ANY CLAIM AND COLLECT AND RECEIVE INSURANCE PROCEEDS. YOU APPOINT US AS YOUR ATTORNEY-IN-FACT TO DO ALL OF THE FOREGOING, WHICH APPOINTMENT YOU UNDERSTAND AND AGREE IS IRREVOCABLE, COUPLED WITH AN INTEREST WITH FULL POWER OF SUBSTITUTION AND SHALL NOT BE AFFECTED BY YOUR SUBSEQUENT DISABILITY OR INCOMPETENCE.

INSURANCE PROCEEDS SHALL BE APPLIED TO RESTORE OR REPAIR THE PROPERTY DAMAGED, IF RESTORATION OR REPAIR IS ECONOMICALLY FEASIBLE AND OUR SECURITY WOULD NOT BE LESSENED. OTHERWISE, INSURANCE PROCEEDS SHALL BE APPLIED TO SUMS SECURED BY THIS DEED OF TRUST, WHETHER OR NOT THEN DUE, WITH ANY EXCESS PAID TO YOU. IF YOU ABANDON THE PROPERTY, OR DO NOT ANSWER WITHIN 30 DAYS OUR NOTICE TO YOU THAT THE INSURER HAS OFFERED TO SETTLE A CLAIM, THEN WE MAY COLLECT AND USE THE PROCEEDS TO REPAIR OR RESTORE THE PROPERTY OR TO PAY SUMS SECURED BY THIS DEED OF TRUST, WHETHER OR NOT THEN DUE. THE 30-DAY PERIOD WILL BEGIN WHEN NOTICE IS GIVEN. ANY APPLICATION OF PROCEEDS TO PRINCIPAL SHALL NOT REQUIRE US TO EXTEND OR POSTPONE THE DUE DATE OF MONTHLY PAYMENTS OR CHANGE THE AMOUNT OF MONTHLY PAYMENTS. IF WE ACQUIRE THE PROPERTY AT A FORCED SALE FOLLOWING YOUR DEFAULT, YOUR RIGHT TO ANY INSURANCE PROCEEDS RESULTING FROM DAMAGE TO THE PROPERTY PRIOR TO THE ACQUISITION SHALL PASS TO US TO THE EXTENT OF THE SUMS SECURED BY THIS DEED OF TRUST IMMEDIATELY PRIOR TO THE ACQUISITION.

YOU SHALL NOT PERMIT ANY CONDITION TO EXIST ON THE PROPERTY WHICH WOULD, IN ANY WAY, INVALIDATE THE INSURANCE COVERAGE ON THE PROPERTY.

5. PRESERVATION, MAINTENANCE AND PROTECTION OF THE PROPERTY; BORROWER'S LOAN APPLICATION; LEASEHOLDS. YOU SHALL NOT DESTROY, DAMAGE OR SUBSTANTIALLY CHANGE THE PROPERTY, ALLOW THE PROPERTY TO DETERIORATE, OR COMMIT WASTE. YOU SHALL BE IN DEFAULT IF ANY FORFEITURE ACTION OR PROCEEDING, WHETHER CIVIL OR CRIMINAL, IS BEGUN THAT IN OUR GOOD FAITH JUDGMENT COULD RESULT IN FORFEITURE OF THE PROPERTY OR OTHERWISE MATERIALLY IMPAIR THE LIEN CREATED BY THIS DEED OF TRUST OR OUR SECURITY INTEREST. YOU MAY CURE SUCH A DEFAULT, AS PROVIDED

IN SECTION 17, BY CAUSING THE ACTION OR PROCEEDING TO BE DISMISSED WITH A RULING THAT, IN OUR GOOD FAITH DETERMINATION, PRECLUDES FORFEITURE OF YOUR INTEREST IN THE PROPERTY OR OTHER MATERIAL IMPAIRMENT OF THE LIEN CREATED BY THE DEED OF TRUST OR OUR SECURITY INTEREST. YOU SHALL ALSO BE IN DEFAULT IF YOU, DURING THE LOAN APPLICATION PROCESS, GAVE MATERIALLY FALSE OR INACCURATE INFORMATION OR STATEMENTS TO US (OR FAILED TO PROVIDE US WITH ANY MATERIAL INFORMATION) IN CONNECTION WITH THE LOAN EVIDENCED BY THE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, REPRESENTATIONS CONCERNING YOUR OCCUPANCY OF THE PROPERTY AS A PRINCIPLE RESIDENCE. IF THIS DEED OF TRUST IS ON A LEASEHOLD, YOU SHALL COMPLY WITH THE LEASE. IF YOU ACQUIRE FEE TITLE TO THE PROPERTY, THE LEASEHOLD AND FEE TITLE SHALL NOT MERGE UNLESS WE AGREE TO THE MERGER IN WRITING.

6. PROTECTION OF OUR RIGHTS IN THE PROPERTY; MORTGAGE INSURANCE. IF YOU FAIL TO PERFORM THE COVENANTS AND AGREEMENTS CONTAINED IN THIS DEED OF TRUST, OR THERE IS A LEGAL PROCEEDING THAT MAY SIGNIFICANTLY AFFECT OUR RIGHTS IN THE PROPERTY (SUCH AS PROCEEDING IN BANKRUPTCY, PROBATE, FOR CONDEMNATION OR FORFEITURE OR TO ENFORCE LAWS OR REGULATIONS), THEN WE MAY DO, AND PAY FOR, ANYTHING NECESSARY TO PROTECT THE PROPERTY'S VALUE AND OUR RIGHTS IN THE PROPERTY. OUR ACTIONS MAY INCLUDE PAYING ANY SUMS SECURED BY A LIEN WHICH HAS PRIORITY OVER THIS DEED OF TRUST OR ANY ADVANCE UNDER THE AGREEMENT OF THIS DEED OF TRUST, APPEARING IN COURT, PAYING REASONABLE ATTORNEY'S FEES, PAYING ANY SUMS WHICH YOU ARE REQUIRED TO PAY UNDER THIS DEED OF TRUST AND ENTERING ON THE PROPERTY TO MAKE REPAIRS. WE DO NOT HAVE TO TAKE ANY ACTION WE ARE PERMITTED TO TAKE UNDER THIS PARAGRAPH. ANY AMOUNTS WE PAY UNDER THIS PARAGRAPH SHALL BECOME ADDITIONAL DEBTS YOU OWE US AND SHALL BE SECURED BY THIS DEED OF TRUST. THESE AMOUNTS SHALL BEAR INTEREST FROM THE DISBURSEMENT DATE AT THE RATE ESTABLISHED UNDER THE AGREEMENT AND SHALL BE PAYABLE, WITH INTEREST, UPON OUR REQUEST. IF WE REQUIRED MORTGAGE INSURANCE AS A CONDITION OF MAKING THE LOAN SECURED BY THIS DEED OF TRUST, YOU SHALL PAY THE PREMIUMS FOR SUCH INSURANCE UNTIL SUCH TIME AS THE REQUIREMENT FOR THE INSURANCE TERMINATES.

7. INSPECTION. WE MAY ENTER AND INSPECT THE PROPERTY AT ANY REASONABLE TIME AND UPON REASONABLE NOTICE.

8. CONDEMNATION. THE PROCEEDS OF ANY AWARD 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 US. IF THE PROPERTY IS ABANDONED, OR IF, AFTER NOTICE BY US TO YOU THAT THE CONDEMNOR OFFERS TO MAKE AN AWARD OR SETTLE A CLAIM FOR DAMAGES, YOU FAIL TO RESPOND TO US WITHIN 30 DAYS AFTER THE DATE THE NOTICE IS GIVEN, WE ARE AUTHORIZED TO COLLECT AND APPLY THE PROCEEDS, AT OUR OPTION, EITHER TO RESTORATION OR REPAIR OF THE PROPERTY OR TO THE SUMS SECURED BY THIS DEED OF TRUST, WHETHER OR NOT THEN DUE. UNLESS WE AND YOU OTHERWISE AGREE IN WRITING, ANY APPLICATION OF PROCEEDS TO PRINCIPAL SHALL NOT EXTEND OR POSTPONE THE DUE DATE OF THE MONTHLY PAYMENTS PAYABLE UNDER THE AGREEMENT AND SECTION 1 OR CHANGE THE AMOUNT OF SUCH PAYMENTS.

9. YOU ARE NOT RELEASED; FORBEARANCE BY US NOT A WAIVER. EXTENSION OF TIME FOR PAYMENT OR MODIFICATION OF AMORTIZATION OF THE SUMS SECURED BY THIS DEED OF TRUST GRANTED BY US TO ANY OF YOUR SUCCESSORS IN INTEREST SHALL NOT OPERATE TO RELEASE YOUR LIABILITY OR THE LIABILITY OF YOUR SUCCESSORS IN INTEREST. WE SHALL NOT BE REQUIRED TO COMMENCE PROCEEDINGS AGAINST ANY SUCCESSOR IN INTEREST, REFUSE TO EXTEND TIME FOR PAYMENT OR OTHERWISE MODIFY AMORTIZATION OF THE SUMS SECURED BY THIS DEED OF TRUST BY REASON OF ANY DEMAND MADE BY YOU OR YOUR SUCCESSORS IN INTEREST. OUR FORBEARANCE IN EXERCISING ANY RIGHT OR REMEDY SHALL NOT WAIVE OR PRECLUDE THE EXERCISE OF ANY RIGHT OR REMEDY.

10. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS. THE COVENANTS AND AGREEMENTS OF THIS DEED OF TRUST SHALL BIND AND BENEFIT YOUR SUCCESSORS AND PERMITTED ASSIGNS. YOUR COVENANTS AND AGREEMENTS SHALL BE JOINT AND SEVERAL. ANYONE WHO CO-SIGNS THIS DEED OF TRUST BUT DOES NOT EXECUTE THE AGREEMENT: (A) IS CO-SIGNING THIS DEED OF TRUST ONLY TO MORTGAGE, GRANT AND CONVEY SUCH PERSON'S INTEREST IN THE PROPERTY; (B) IS NOT PERSONALLY OBLIGATED TO PAY THE AGREEMENT, BUT IS OBLIGATED TO PAY ALL OTHER SUMS SECURED BY THIS DEED OF TRUST; AND (C) AGREES THAT WE AND ANYONE ELSE WHO SIGNS THIS DEED OF TRUST MAY AGREE TO EXTEND, MODIFY, FORBEAR OR MAKE ANY ACCOMMODATIONS REGARDING THE TERMS OF THIS DEED OF TRUST OR THE AGREEMENT WITHOUT SUCH PERSON'S CONSENT.

11. LOAN CHARGES. IF THE LOAN SECURED BY THIS DEED OF TRUST 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 YOU WHICH EXCEED PERMITTED LIMITS WILL BE REFUNDED TO YOU. WE MAY CHOOSE TO MAKE THIS REFUND BY REDUCING THE PRINCIPAL OWED UNDER THE AGREEMENT OR BY MAKING A DIRECT PAYMENT TO YOU. IF A REFUND REDUCES PRINCIPAL, THE REDUCTION WILL BE TREATED AS A PARTIAL PREPAYMENT WITHOUT ANY PREPAYMENT CHARGE UNDER THE AGREEMENT.

12. NOTICES. UNLESS OTHERWISE REQUIRED BY LAW, ANY NOTICE TO YOU PROVIDED FOR IN THIS DEED OF TRUST SHALL BE DELIVERED OR MAILED BY FIRST CLASS MAIL TO THE PROPERTY ADDRESS OR ANY OTHER ADDRESS YOU DESIGNATE BY NOTICE TO US. UNLESS OTHERWISE REQUIRED BY LAW, ANY NOTICE TO US SHALL BE GIVEN BY FIRST CLASS MAIL TO OUR ADDRESS STATED ABOVE OR ANY OTHER ADDRESS WE DESIGNATE BY NOTICE TO YOU. ANY NOTICE PROVIDED FOR IN THE DEED OF TRUST SHALL BE DEEMED TO HAVE BEEN GIVEN TO YOU OR US WHEN GIVEN AS PROVIDED IN THIS PARAGRAPH.

13. GOVERNING LAW; SEVERABILITY. THE EXTENSION OF CREDIT SECURED BY THIS DEED OF TRUST IS GOVERNED BY THE LAW OF THE STATE IN WHICH YOU RESIDE, EXCEPT AS PREEMPTED BY FEDERAL LAW. HOWEVER, THE INTERPRETATION AND ENFORCEMENT OF THIS DEED OF TRUST SHALL BE GOVERNED BY THE LAW OF THE JURISDICTION IN WHICH THE

PROPERTY IS LOCATED, EXCEPT AS PREEMPTED BY FEDERAL LAW. IN THE EVENT THAT ANY PROVISION OR CLAUSE OF THIS DEED OF TRUST OR THE AGREEMENT CONFLICTS WITH APPLICABLE LAW, SUCH CONFLICT SHALL NOT AFFECT OTHER PROVISIONS OF THIS DEED OF TRUST OR THE AGREEMENT WHICH CAN BE GIVEN EFFECT WITHOUT THE CONFLICTING PROVISION. TO THIS END THE PROVISIONS OF THIS DEED OF TRUST AND THE AGREEMENT ARE DECLARED TO BE SEVERABLE.

14. TRANSFER OF THE PROPERTY. IF ALL OR ANY PART OF THE PROPERTY OR ANY INTEREST IN IT IS SOLD OR TRANSFERRED WITHOUT OUR PRIOR WRITTEN CONSENT, WE MAY, AT OUR OPTION, REQUIRE IMMEDIATE PAYMENT IN FULL OF ALL SUMS SECURED BY THIS DEED OF TRUST. HOWEVER, THIS OPTION SHALL NOT BE EXERCISED BY US IF EXERCISE IS PROHIBITED BY FEDERAL LAW AS OF THE DATE OF THIS DEED OF TRUST.

15. SALE OF AGREEMENT; CHANGE OF LOAN SERVICER. THE AGREEMENT OR A PARTIAL INTEREST IN THE AGREEMENT (TOGETHER WITH THIS DEED OF TRUST) MAY BE SOLD ONE OR MORE TIMES WITHOUT PRIOR NOTICE TO YOU. A SALE MAY RESULT IN A CHANGE IN THE ENTITY (KNOWN AS THE "LOAN SERVICER") THAT COLLECTS MONTHLY PAYMENTS DUE UNDER THE AGREEMENT AND THIS DEED OF TRUST. THERE ALSO MAY BE ONE OR MORE CHANGES OF THE LOAN SERVICER UNRELATED TO THE SALE OF THE AGREEMENT. IF THERE IS A CHANGE OF THE LOAN SERVICER, YOU WILL BE GIVEN WRITTEN NOTICE OF THE CHANGE AS REQUIRED BY 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 INFORMATION REQUIRED BY APPLICABLE LAW.

16. HAZARDOUS SUBSTANCES. YOU SHALL NOT CAUSE OR PERMIT THE PRESENCE, USE, DISPOSAL, STORAGE, OR RELEASE OF ANY HAZARDOUS SUBSTANCES ON OR IN THE PROPERTY. YOU 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 HAZARDOUS SUBSTANCES IN QUANTITIES THAT ARE GENERALLY RECOGNIZED TO BE APPROPRIATE TO NORMAL RESIDENTIAL USES AND TO MAINTENANCE OF THE PROPERTY. YOU SHALL PROMPTLY GIVE US 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 YOU HAVE ACTUAL KNOWLEDGE. IF YOU LEARN OR ARE NOTIFIED BY ANY GOVERNMENT OR REGULATORY AUTHORITY, THAT ANY REMOVAL OR OTHER REMEDIATION OF ANY HAZARDOUS SUBSTANCE AFFECTING THE PROPERTY IS NECESSARY, YOU SHALL PROMPTLY TAKE ALL NECESSARY REMEDIAL ACTIONS IN ACCORDANCE WITH ENVIRONMENTAL LAW. AS USED IN THIS DEED OF TRUST, "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 THE DEED OF TRUST, "ENVIRONMENTAL LAW" MEANS FEDERAL LAWS AND LAWS OF THE JURISDICTION WHERE THE PROPERTY IS LOCATED THAT RELATE TO HEALTH, SAFETY OR ENVIRONMENTAL PROTECTION.

17. ACCELERATION; REMEDIES. YOU WILL BE IN DEFAULT IF (1) ANY PAYMENT REQUIRED BY THE AGREEMENT OR THIS DEED OF TRUST IS NOT MADE WHEN IT IS DUE; (2) WE DISCOVER THAT YOU HAVE COMMITTED FRAUD OR MADE A MATERIAL MISREPRESENTATION IN CONNECTION WITH THE AGREEMENT; OR (3) YOU TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION THAT ADVERSELY AFFECTS OUR SECURITY FOR THE AGREEMENT OR ANY RIGHT WE HAVE IN THE PROPERTY. IF A DEFAULT OCCURS (OTHER THAN UNDER SECTION 14, UNLESS APPLICABLE LAW PROVIDES OTHERWISE), WE WILL GIVE YOU NOTICE SPECIFYING: (A) THE DEFAULT; (B) THE ACTION REQUIRED TO CURE THE DEFAULT; (C) A DATE, NOT LESS THAN 30 DAYS FROM THE DATE OF THE NOTICE GIVEN TO YOU, 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 DEED OF TRUST AND SALE OF THE PROPERTY. THE NOTICE SHALL FURTHER INFORM YOU OF THE RIGHT TO REINSTATE AFTER ACCELERATION AND THE RIGHT TO BRING A COURT ACTION TO ASSERT THE NONEXISTENCE OF A DEFAULT OR ANY OTHER DEFENSE YOU MAY HAVE TO ACCELERATION OR SALE. IF THE DEFAULT IS NOT CURED ON OR BEFORE THE DATE SPECIFIED IN THE NOTICE, WE, AT OUR OPTION, MAY REQUIRE IMMEDIATE PAYMENT IN FULL OF ALL SUMS SECURED BY THIS DEED OF TRUST WITHOUT FURTHER DEMAND AND MAY INVOKE THE POWER OF SALE AND OTHER REMEDIES PERMITTED BY APPLICABLE LAW. WE SHALL BE ENTITLED TO COLLECT ALL EXPENSES INCURRED IN PURSUING REMEDIES PROVIDED IN THIS SECTION 17, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEY'S FEES AS PERMITTED BY APPLICABLE LAW, BUT NOT TO EXCEED 20% OF THE AMOUNT YOU OWE FOR PRINCIPAL AND INTEREST, AND COSTS OF TITLE EVIDENCE.

IF WE INVOKE THE POWER OF SALE, WE SHALL EXECUTE OR CAUSE TRUSTEE TO EXECUTE A WRITTEN NOTICE OF THE OCCURRENCE OF AN EVENT OF DEFAULT AND OF OUR ELECTION TO CAUSE THE PROPERTY TO BE SOLD. TRUSTEE SHALL CAUSE THIS NOTICE TO BE RECORDED IN EACH COUNTY IN WHICH ANY PART OF THE PROPERTY IS LOCATED. WE OR THE TRUSTEE SHALL MAIL COPIES OF THE NOTICE AS PRESCRIBED BY APPLICABLE LAW TO YOU AND TO THE OTHER PERSONS PRESCRIBED BY APPLICABLE LAW. TRUSTEE SHALL GIVE PUBLIC NOTICE OF SALE TO THE PERSONS AND IN THE MANNER PRESCRIBED BY APPLICABLE LAW. AFTER THE TIME REQUIRED BY APPLICABLE LAW, TRUSTEE, WITHOUT DEMAND ON YOU, SHALL SELL THE PROPERTY AT PUBLIC AUCTION TO THE HIGHEST BIDDER AT THE TIME AND PLACE AND UNDER THE TERMS DESIGNATED IN THE NOTICE OF SALE IN ONE OR MORE PARCELS AND IN ANY ORDER TRUSTEE DETERMINES. TRUSTEE MAY POSTPONE SALE OF ALL OR ANY PARCEL OF THE PROPERTY BY PUBLIC ANNOUNCEMENT AT THE TIME AND PLACE OF ANY PREVIOUSLY SCHEDULED SALE. EITHER WE OR OUR 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 RECITALS IN THE TRUSTEE'S DEED SHALL BE PRIMA FACIE EVIDENCE OF THE TRUTH OF THE STATEMENTS MADE THEREIN. TRUSTEE SHALL APPLY THE PROCEEDS OF THE SALE IN THE FOLLOWING ORDER: (A) TO ALL EXPENSES OF THE SALE, INCLUDING, BUT NOT LIMITED TO, REASONABLE TRUSTEE'S AND ATTORNEYS' FEES, AS SET FORTH ABOVE; (B) TO ALL SUMS SECURED BY THIS DEED OF TRUST; AND (C) ANY EXCESS TO THE PERSON OR PERSONS LEGALLY ENTITLED TO IT.

18. RECONVEYANCE. UPON YOUR REQUEST AND PAYMENT OF ALL SUMS SECURED BY THIS DEED OF TRUST, WE SHALL REQUEST TRUSTEE TO RECONVEY THE PROPERTY AND SHALL SURRENDER THIS DEED OF TRUST AND ALL NOTES OR AGREEMENTS EVIDENCING DEBT SECURED BY THIS DEED OF TRUST TO TRUSTEE. TRUSTEE SHALL RECONVEY THE PROPERTY WITHOUT WARRANTY AND WITHOUT CHARGE TO THE PERSON OR PERSONS LEGALLY ENTITLED TO IT. SUCH PERSON OR PERSONS SHALL PAY ANY RECORDATION COSTS.

19. SUBSTITUTE TRUSTEE. WE MAY, AT OUR OPTION, FROM TIME TO TIME APPOINT A SUCCESSOR TRUSTEE TO ANY TRUSTEE APPOINTED HEREUNDER. WITHOUT CONVEYANCE OF THE PROPERTY, THE SUCCESSOR TRUSTEE SHALL SUCCEED TO ALL THE TITLE, POWERS AND DUTIES CONFERRED UPON THE TRUSTEE HEREIN AND BY APPLICABLE LAW. THIS PROCEDURE FOR SUBSTITUTION OF TRUSTEE SHALL GOVERN TO THE EXCLUSION OF ALL OTHER PROVISIONS FOR SUBSTITUTION.

20. ATTORNEY'S FEES. AS USED IN THIS DEED OF TRUST AND IN THE NOTE, "ATTORNEYS' FEES" SHALL INCLUDE ANY ATTORNEYS' FEES AWARDED BY AN APPELLATE COURT.

21. DISCONTINUANCE OF ENFORCEMENT. NOTWITHSTANDING OUR ACCELERATION OF THE SUMS SECURED BY THIS DEED OF TRUST UNDER THE PROVISIONS OF SECTION 17, WE MAY, IN OUR SOLE DISCRETION AND UPON SUCH CONDITIONS AS WE IN OUR SOLE DISCRETION DETERMINE, DISCONTINUE ANY PROCEEDINGS BEGUN TO ENFORCE THE TERMS OF THIS DEED OF TRUST.

22. WAIVER. NO WAIVER BY US AT ANY TIME OF ANY TERM, PROVISION OR COVENANT CONTAINED IN THIS DEED OF TRUST OR IN THE NOTE SECURED HEREBY SHALL BE DEEMED TO BE OR CONSTRUED AS A WAIVER OF ANY OTHER TERM, PROVISION OR COVENANT OR OF THE SAME TERM, PROVISION OR COVENANT AT ANY OTHER TIME.

23. ADDITIONAL CHARGES. YOU AGREE TO PAY REASONABLE CHARGES AS ALLOWED BY LAW IN CONNECTION WITH THE SERVICING OF THIS LOAN INCLUDING, WITHOUT LIMITATION, THE COSTS OF OBTAINING TAX SEARCHES AND SUBORDINATIONS. PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THIS SECTION IS INTENDED TO CREATE AND SHALL NOT BE CONSTRUED TO CREATE ANY DUTY OR OBLIGATION BY US TO PERFORM ANY SUCH ACT, OR TO EXECUTE OR CONSENT TO ANY SUCH TRANSACTION OR MATTER, EXCEPT A RELEASE OF THE DEED OF TRUST UPON FULL REPAYMENT OF ALL SUMS SECURED THEREBY.

24. RIDERS TO THIS DEED OF TRUST. IF ONE OR MORE RIDERS ARE EXECUTED BY YOU AND RECORDED TOGETHER WITH THIS DEED OF TRUST, THE COVENANTS AND AGREEMENTS OF EACH SUCH RIDER SHALL BE INCORPORATED INTO AND SHALL AMEND AND SUPPLEMENT THE COVENANTS AND AGREEMENTS OF THIS DEED OF TRUST AS IF THE RIDER(S) WERE A PART OF THE DEED OF TRUST. [CHECK APPLICABLE BOX(ES)]

☐ CONDOMINIUM RIDER

☐ 2-4 FAMILY RIDER

☐ PLANNED UNIT DEVELOPMENT RIDER

☐ OTHER(S) (SPECIFY)

65318

BY SIGNING BELOW, YOU ACCEPT AND AGREE TO THE TERMS AND COVENANTS CONTAINED
IN THIS DEED OF TRUST AND IN ANY RIDER(S) EXECUTED BY YOU AND RECORDED WITH IT.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF :

 Trustee
8-19-03
STEVE LEWIS KANDRA, TRUSTEE

 Trustee 8-19-03
NANCY LYNN KANDRA, TRUSTEE

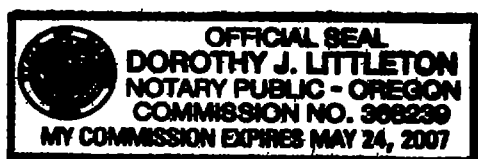
STATE OF OREGON)

) SS:

COUNTY OF KLAMATH)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 19th DAY OF
AUGUST 2003, BY STEVE LEWIS KANDRA AND NANCY LYNN KANDRA
THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL.




Dorothy J. Littleton
NOTARY PUBLIC

Exhibit A
~~ATTACHMENT "A"~~
Property Description

65319

THE FOLLOWING DESCRIBED REAL PROPERTY LOCATED IN KLAMATH COUNTY, OREGON TO-WIT :

The SE ¼ SE ¼ of Section 35, Township 40 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon. LESS one acre of land conveyed to the United States of America by deed recorded in Book 25 at Page 457, Deed Records of Klamath County, Oregon. ALSO LESS that portion of the above described property conveyed to Ralph D. Lyon and Judith Lyon by deed dated April 15, 1969 and recorded in Book M-69 at Page 2729, Deed Records of Klamath County, Oregon. ALSO LESS that portion conveyed to Walter L. Wilson, et ux. by deed recorded in book 299 at Page 414, Deed Recorded of Klamath County, Oregon.

CODE 18 MAP 4010-3500 TL 1500

65320

RIDER TO SECURITY INSTRUMENT

Loan No. 0044616712

Date: AUGUST 19, 2003

The escrow of taxes and insurance required in Paragraph 2 of your Security Instrument (Deed of Trust/Mortgage/Security Deed) to First Horizon Home Loan Corporation (Lender), is hereby waived and you are notified that you are not required to deposit with Lender any of the amounts set forth in said paragraph, provided:

- (a) Escrows for future taxes and insurance premiums are being collected and maintained by the holder or servicer of the mortgage loan superior to our lien; or
- (b) If you pay your own taxes and insurance premiums, you fulfill your obligation to keep taxes and insurance premiums current with respect to the property secured hereby.

This waiver does not, in any way, release you from your obligation to make escrow payments of taxes and insurance to the holder of any prior mortgage, nor does it relieve you of your obligation to keep taxes and insurance premiums current with respect to the secured property.

All payments will be applied first to the accrued interest and next to the unpaid principal of your loan. The exact amount of your final payment, finance charge, and total of payments will be somewhat more or less than the amounts shown if we do not receive each payment on the scheduled payment date.

RECEIPT ACKNOWLEDGED:


STEVE LEWIS KANDRA, TRUSTEE

8-19-03
DATE


NANCY LYNN KANDRA, TRUSTEE

8-19-03
DATE

DATE

DATE

65321

RIDER TO SECURITY INSTRUMENT

Loan Number 0044616712

BY SIGNING BELOW, the undersigned Trustor(s) of the STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT under trust instrument dated JUNE 27, 1995, for the benefit of STEVE LEWIS KANDRA AND NANCY LYNN KANDRA acknowledge(s) all of the terms and covenants contained in this Security Instrument and any rider(s) thereto and agree to be bound thereby.

 8-19-03
STEVE LEWIS KANDRA, TRUSTEE (Seal)

 8-19-03
NANCY LYNN KANDRA, TRUSTEE (Seal)

65322

SIGNATURE PAGE ATTACHMENT

Loan Number 0044616712

BY SIGNING BELOW, the Borrower(s) accept(s) and agree(s) to the terms and covenants set forth herein and in any rider(s) executed by Borrower(s) here attached.

STEVE LEWIS KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT and NANCY LYNN KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT Trustee(s) of the STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT, under the trust instrument dated JUNE 27, 1995 for the benefit of STEVE LEWIS KANDRA AND NANCY LYNN KANDRA.

BY SIGNING BELOW, the undersigned, Settlor(s) of the STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT under trust instrument dated JUNE 27, 1995 for the benefit of STEVE LEWIS KANDRA AND NANCY LYNN KANDRA acknowledge(s) all of the terms and covenants contained in this document and in any rider(s) thereto and agree(s) to be bound thereby.


STEVE LEWIS KANDRA, TRUSTEE 8-19-03
-Date


NANCY LYNN KANDRA, TRUSTEE 8-19-03
-Date

-Date

-Date

65323

**INTER VIVOS REVOCABLE TRUST AS BORROWER -
ACKNOWLEDGMENT**

Loan Number 0044616712

BY SIGNING BELOW, the undersigned, STEVE LEWIS KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT and NANCY LYNN KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT Settlor(s) of the STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT under trust instrument dated JUNE 27, 1995, for the benefit of STEVE LEWIS KANDRA AND NANCY LYNN KANDRA

acknowledges all of the terms and covenants contained in this Security Instrument and any rider(s) thereto and agrees to be bound thereby.

 8-19-03
STEVE LEWIS KANDRA, TRUSTEE -Trust Settlor

 8-19-03
NANCY LYNN KANDRA, TRUSTEE -Trust Settlor

-Trust Settlor

-Trust Settlor

INTER VIVOS REVOCABLE TRUST RIDER

Loan Number 0044616712

DEFINITIONS USED IN THIS RIDER.

(A) "Revocable Trust." The STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT Trust created under trust instrument dated JUNE 27, 1995, for the benefit of STEVE LEWIS KANDRA AND NANCY LYNN KANDRA

(B) "Revocable Trust Trustee(s)." STEVE LEWIS KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT and NANCY LYNN KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT, trustee(s) of the Revocable Trust.

(C) "Revocable Trust Settlor(s)." STEVE LEWIS KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT and NANCY LYNN KANDRA, TRUSTEE OF THE STEVE AND NANCY KANDRA FAMILY TRUST AGREEMENT, settlor(s) of the Revocable Trust signing below.

(D) "Lender." FIRST HORIZON HOME LOAN CORPORATION

(E) "Security Instrument." The Deed of Trust, Mortgage or Security Deed and any riders thereto of the same date as this Rider given to secure the Note to the Lender of the same date made by the Revocable Trust, the Revocable Trust Trustee(s) and the Revocable Trust Settlor(s) and any other natural person signing such Note and covering the Property (as defined below).

(F) "Property." The property described in the Security Instrument and located at:

20120 HILL ROAD, KLAMATH FALLS, OREGON 97603 ^{9 912}
[Property Address]

THIS INTER VIVOS REVOCABLE TRUST RIDER is made this 19TH day of AUGUST, 2003, and is incorporated into and shall be deemed to amend and supplement the Security Instrument.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, the Revocable Trust Trustee(s), and the Revocable Trust Settlor(s) and the Lender further covenant and agree as follows:

A. INTER VIVOS REVOCABLE TRUST.

1. CERTIFICATION AND WARRANTIES OF REVOCABLE TRUST TRUSTEE(S).

The Revocable Trust Trustee(s) certify to the Lender that the Revocable Trust is an inter vivos revocable trust for which the Revocable Trust Trustee(s) are holding full title to the Property as trustee(s).

The Revocable Trust Trustee(s) warrants to the Lender that (i) the Revocable Trust is validly created under the laws of the State of Oregon; (ii) the trust instrument creating the Revocable Trust is in full force and effect and there are no amendments or other modifications to the trust instrument affecting the revocability of the Revocable Trust; (iii) the Property is located in the State of OREGON; (iv) the Revocable Trust Trustee(s) have full power and authority as trustee(s) under the trust instrument creating the Revocable Trust and under applicable law to execute the Security Instrument, including this Rider; (v) the Revocable Trust Trustee(s) have executed the Security Instrument, including this Rider, on behalf of the Revocable Trust; (vi) the Revocable Trust Settlor(s) have executed the Security Instrument, including this Rider, acknowledging all of the terms and conditions contained therein and agreeing to be bound thereby; (vii) only the Revocable Trust Settlor(s) and the Revocable Trust Trustee(s) may hold any power of direction over the Revocable Trust; (viii) only the Revocable Trust Settlor(s) hold the power to direct the Trustee(s) in the management of the Property; (ix) only the Revocable Trust Settlor(s) hold the power of revocation over the Revocable Trust; and (x) the Revocable Trust Trustee(s) have not been notified of the existence or assertion of any lien, encumbrance or claim against any beneficial interest in, or transfer of all or any portion of any beneficial interest in or powers of direction over the Revocable Trust Trustee(s) or the Revocable Trust, as the case may be, or power of revocation over the Revocable Trust.

2. NOTICE OF CHANGES TO REVOCABLE TRUST AND TRANSFER OF POWERS OVER REVOCABLE TRUST TRUSTEE(S) OR REVOCABLE TRUST OR BOTH; NOTICE OF CHANGE OF REVOCABLE TRUST TRUSTEE(S); NOTICE OF CHANGE OF OCCUPANCY OF THE PROPERTY; NOTICE OF TRANSFER OF BENEFICIAL INTEREST IN REVOCABLE TRUST.

The Revocable Trust Trustee(s) shall provide timely notice to the Lender promptly upon notice or knowledge of any revocation or termination of the Revocable Trust, or of any change in the holders of the powers of direction over the Revocable Trust Trustee(s) or the Revocable Trust, as the case may be, or of any change in the holders of the power of revocation over the Revocable Trust, or both, or of any change in the trustee(s) of the Revocable Trust (whether such change is temporary or permanent), or of any change in the occupancy of the Property, or of any sale, transfer, assignment or other disposition (whether by operation of law or otherwise) of any beneficial interest in the Revocable Trust.

B. ADDITIONAL BORROWER(S).

The term "Borrower" when used in the Security Instrument shall refer to the Revocable Trust, the Revocable Trust Trustee(s) and the Revocable Trust Settlor(s), jointly and severally. Each party signing this Rider below (whether by accepting and agreeing to the terms and covenants contained herein or by acknowledging all of the terms and covenants contained herein and agreeing to be bound thereby, or both) covenants and agrees that, whether or not such party is named as "Borrower" on the first page of the Security Instrument, each covenant and agreement and undertaking of the "Borrower" in the Security Instrument shall be such party's covenant and agreement and undertaking as "Borrower" and shall be enforceable by the Lender as if such party were named as "Borrower" in the Security Instrument.

C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN THE REVOCABLE TRUST.

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of Beneficial Interest; Transfer of the Property.

If, without the Lender's prior written consent, (i) all or any part of the Property or any interest in the Property is sold or transferred or (ii) there is a sale, transfer, assignment or other disposition of any beneficial interest in the Revocable Trust, the Lender may, at its option, require immediate payment in full of all sums secured by the Security Instrument. However, this option shall not be exercised by the Lender if exercise is prohibited by federal law as of the date of the Security Instrument.

If the Lender exercises this option, the Lender shall give the 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 the Borrower must pay all sums secured by the Security Instrument. If the Borrower fails to pay all sums secured prior to the expiration of this period, the Lender may invoke any and all remedies permitted by the Security Instrument without further notice or demand on the Borrower.

BY SIGNING BELOW, the Revocable Trust Trustee(s) accepts and agrees to the terms and covenants contained in this Inter Vivos Revocable Trust Rider.

X *Steve Lewis Kandra* 8-19-03
Trustee of the STEVE AND NANCY KANDRA
FAMILY TRUST AGREEMENT Trust under trust
instrument dated JUNE 27, 1995 for the benefit of
STEVE LEWIS KANDRA AND NANCY LYNN
KANDRA

Steve Lewis Kandra 8-19-03
STEVE LEWIS KANDRA, TRUSTEE -Borrower

X *Nancy Lynn Kandra* 8-19-03
Trustee of the STEVE AND NANCY KANDRA
FAMILY TRUST AGREEMENT Trust under trust
instrument dated JUNE 27, 1995 for the benefit of
STEVE LEWIS KANDRA AND NANCY LYNN
KANDRA

Nancy Lynn Kandra 8-19-03
NANCY LYNN KANDRA, TRUSTEE -Borrower

BY SIGNING BELOW, the undersigned Revocable Trust Settlor(s) acknowledges all of the terms and covenants contained in this Inter Vivos Revocable Trust Rider and agrees to be bound thereby.

X *Steve Lewis Kandra* 8-19-03 (Seal)
-Revocable Trust Settlor
STEVE LEWIS KANDRA, TRUSTEE

X *Nancy Lynn Kandra* 8-19-03 (Seal)
-Revocable Trust Settlor
NANCY LYNN KANDRA, TRUSTEE