

03:12 PM 2:24

NJC-63900

Until a change is requested all tax statements shall be sent to the following address.

2160 ROUND LAKE ROAD
Klamath Falls, OR 97601
WHEN RECORDED MAIL TO
Irwin Home Equity Corporation
Attn: Loan Servicing - Post Closing
12677 Alcosta Blvd., #500
San Ramon, CA 94583
1-800-977-7364

Vol M03 Page 90819

State of Oregon, County of Klamath
Recorded 12/12/03 2:24 p. m
Vol M03 Pg 90819-25
Linda Smith, County Clerk
Fee \$ 56.00 # of Pgs 7

TAX ACCOUNT NUMBER: 3908-006DD-00300-000

Loan #: 654-0001620578

DEED OF TRUST AND REQUEST FOR NOTICE OF DEFAULT

MIN 100135300016205783

THIS DEED OF TRUST is made this 5th day of December, 2003, among the Grantor,
MERRITT M. SMITH AND LUCINDA E. SMITH AS TENANTS BY THE ENTIRETY

(herein "Borrower"),
the Trustee, TRANSNATION TITLE INSURANCE COMPANY (herein "Trustee"), and the Beneficiary,
Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of Delaware, with an address
and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS (herein "MERS") and the successors and
assigns of MERS. MERS is a separate corporation that is acting solely as a nominee for IRWIN UNION BANK AND TRUST
COMPANY, a corporation organized and existing under the laws of Indiana, with an address of 1717 East College Parkway,
Carson City, NV 89706 (herein "Lender") and Lender's successors and assigns.

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys
to Trustee, in trust, with power of sale, the following described property located in the County of Klamath,
State of Oregon:

THE E1/2 S1/2 N1/2 SE1/4 SE1/4, SECTION 6, TOWNSHIP 39 SOUTH, RANGE 8 EAST OF THE
WILLAMETTE MERIDIAN, KLAMATH COUNTY OREGON.

TOGETHER WITH AN EASEMENT 30 FEET IN WIDTH FOR ROADWAY PURPOSES OVER AND ACROSS THE
EASTERLY 30 FEET OF THE SE1/4 SE1/4 SE1/4 OF SECTION 6, TOWNSHIP 39 SOUTH, RANGE 8
EATS OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

(continued)

which has the address of 2160 ROUND LAKE ROAD

Klamath Falls Oregon 97601 (herein "Property Address");
[City] [ZIP Code]

[Street]

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and
rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which shall be
deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property
(or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property";

TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower's note dated the same date as this Deed of
Trust and extensions and renewals thereof (herein "Note"), in the principal sum of U.S. \$ 81,000.00, with interest
thereon, providing for monthly installments of principal and interest, with the balance of the indebtedness, if not sooner paid, due
and payable on December 25, 2018; the payment of all other sums, with interest thereon, advanced in accordance
herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein
contained.

BORROWER understands and agrees that MERS holds only legal title to the interests granted by Borrower under this Deed of
Trust, but if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the
right to exercise any or all of these interests, including, but not limited to, the right to foreclose and sell the Property; and to take
any action required of Lender, including, but not limited to, releasing and canceling this Deed of Trust.

BORROWER covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant, bargain, sell
and convey the Property. Borrower warrants that the Property is free and clear of all liens, claims and encumbrances, except for
covenants, easements, reservations, restrictions and rights of way of record, and encumbrances specifically disclosed by Borrower
to Lender and approved by Lender in writing. Borrower warrants and will defend generally the title to the Property against all
claims and demands, subject only to the foregoing enumerated restrictions and encumbrances.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal, Interest and Other Charges.** Borrower shall promptly pay when due the principal of and interest
indebtedness evidenced by the Note and any prepayment charges, late charges and other fees and charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law Lender may require Borrower to pay to 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

OREGON-SECOND MORTGAGE

5700
12/15

Legal Description Continued

90820

654-0001620578

Borrowers: MERRITT M. SMITH
LUCINDA E. SMITH

Property Address: 2160 ROUND LAKE ROAD
Klamath Falls, OR 97601

ACCOUNT NO: 3908-006DD-00300-000

which may attain priority over this Deed of Trust 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. 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 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 due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law. Should Lender require Borrower to make such payments to Lender, Borrower will be provided with 30 days advance notice of such action. Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior Mortgage or Deed of Trust if such holder is an institution lender.

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 any 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. Borrower and Lender may agree in writing, 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 debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Deed of Trust.

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 may so notify Borrower in writing, and, in such case Borrower 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 Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19, Lender shall acquire or sell the Property, Lender, prior to 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 Deed of Trust.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender shall be applied by Lender; first, to any prepayment charge due under the Note; second, in payment of amounts payable as interest due on the outstanding indebtedness under the Note; third, to the principal portion of the monthly payment due under the Note; fourth, to any amounts payable to Lender for taxes and insurance under paragraph 2 hereof (to the extent Lender requires Borrower to make such payments); fifth, to any late charges due under this Note; sixth, to any other fees due under the Note; seventh, to other charges, fees and amounts disbursed by Lender and then made payable pursuant to paragraph 7 hereof; and last to the unpaid balance under the Note.

4. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards, including floods or flooding, for which Lender requires insurance, and in such amounts and for such periods as Lender may require.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

WARNING

Unless you provide us with evidence of the insurance coverage as required in your Promissory Note and your Deed of Trust, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Property (as defined in the Deed of Trust) 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 the Note balance. If the cost is added to the Note balance, the interest rate on the Note 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.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or

governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extensions of the time for payment or modifications of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or 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 the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or other-wise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Anyone executing this Deed of Trust, in any capacity, shall be entitled to request and obtain information relative to the debt secured hereby, including but not limited to, account history and balance information. Any Borrower who co-signs this Deed of Trust, but does not execute the Note, (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Borrower hereunder may agree from time to time, and any number of times, to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

12. Notices. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

13. Governing Law; Severability. The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

15. Rehabilitation Loan Agreement. Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Borrower may have against parties who supply labor, materials or services in connection with improvements made to the Property.

16. Transfer of the Property or a Beneficial Interest in Borrower. 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, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust.

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 Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

17. Sale and Change of Loan Servicer. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (also known as the "Loan Servicer") that collects payments due under the Note and this Deed of Trust. There may also be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change if required by applicable law.

18. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property

that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 18, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances; gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 18, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

19. Acceleration; Remedies. Except as provided in paragraph 16 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach 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 Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees.

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 of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, 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 the sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold 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 reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

20. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing Lender's and Trustee's remedies as provided in paragraph 19 hereof, including, but not limited to, reasonable attorneys' fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

21. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 19 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 19 hereof or abandonment of the Property, Lender, in person, agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collections of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

22. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto.

Such person or persons shall pay a reconveyance fee not to exceed the maximum amount permitted by law and all costs of recordation, if any.

23. Substitute Trustee. In accordance with applicable law, Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

24. Use of Property. The Property is not currently used for agricultural, timber, or grazing purposes.

25. Attorneys' Fees. As used in this Deed of Trust and in the Note, "attorneys' fees" shall include attorneys' fees, if any, which shall be awarded by an appellate court or incurred in any bankruptcy proceeding.

26. Loan Charges. If the Note 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 Note 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 the 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.

27. **Non-Borrowing Party's Joinder.** The execution of this Deed of Trust by any person who has no present interest of record in the Property shall not be deemed to indicate that any interest presently exists and shall only constitute that person's agreement that if he/she holds a present interest not of record or an inchoate right, or hereafter acquires such an interest or right, in the Property that such interest or right shall be subject to Lender's interest under this Deed of Trust. Further, by executing this Deed of Trust, that person does not assume contractual liability under the Note secured by this Deed of Trust.

28. **Riders to this Deed of Trust.** If one or more riders are executed by Borrower 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 this Deed of Trust. [Check applicable box(es)]

☐ Condominium Rider

☐ Planned Unit Development Rider

☐ 1-4 Family Rider

☒ Other(s) [specify] Prepayment Penalty Rider

**REQUEST FOR NOTICE OF DEFAULT
AND FORECLOSURE UNDER SUPERIOR
MORTGAGES OR DEEDS OF TRUST**

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Deed of Trust to give Notice to Lender, at Lender's address set forth on page one of this Deed of Trust, of any default under the superior encumbrance and of any sale or other foreclosure action.

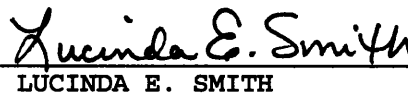
Statute of Frauds Disclosure: Under Oregon law, most agreements, promises and commitments made by Irwin Union Bank and Trust Company after October 3, 1989, concerning loans and other extensions which are not for personal, family or household purposes or secured solely by borrower's residence must be in writing, express consideration and be signed by Irwin Union Bank and Trust Company to be enforceable.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.


MERRITT M. SMITH

(Seal)

Borrower


LUCINDA E. SMITH

(Seal)

Borrower

(Seal)

Borrower

(Seal)

Borrower

(Sign Original Only)

STATE OF OREGON, Klamath

On this 5th day of December, 2003

MERRITT M. SMITH and LUCINDA E. SMITH

County ss:

personally appeared the above named

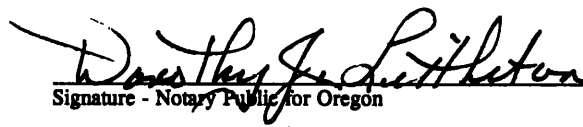
and acknowledged

the foregoing instrument to be his/her/their voluntary act and deed.

My Commission Expires: 5-24-07
(Official Seal)

Before me: DOROTHY J. LITTLETON




Signature - Notary Public for Oregon
DOROTHY J. LITTLETON
Type or print Notary Public name

Loan Number: 654-0001620578

90825

Prepayment Rider

THIS prepayment rider is made this 5th day of December, 2003 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned herein (the "Borrower" or "I") to secure Borrower's Note to Irwin Union Bank and Trust Company ("Lender") of even date and covering the Property described in the Security Instrument and located at

2160 ROUND LAKE ROAD
Klamath Falls, OR 97601

PREPAYMENT COVENANTS: In Addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

I have the right to make payments of principal at any time before they are due. A prepayment of all of the unpaid principal is known as a "Full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

Provided that all interest due has been paid, I may make a full prepayment or a partial prepayment. However, if I make full prepayment within the first five years after the execution of the Security Instrument, I will pay a prepayment charge in an amount equal to the greater of \$900 or six (6) months' advance interest on the amount prepaid.

If I choose to make a partial prepayment, the Note Holder may require me to make the prepayment on the same day that one of my monthly payments is due. The Note Holder may also require that the amount of my partial prepayment be equal to the amount of principal that would have been part of my next one or more monthly payments. If I make a partial prepayment, there will be no delays in the due dates or changes in the amounts of my monthly payments unless the Note Holder agrees in writing to those delays or changes.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Prepayment Rider.

Merritt M. Smith 12/5/03 Lucinda E. Smith 12-5-03
Borrower MERRITT M. SMITH Date Borrower LUCINDA E. SMITH Date

Borrower Date Borrower Date