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MTC77831KR

After Recording Return To:

WASHINGTON FEDERAL SAVINGS
Klamath Falls Office
2972 S Sixth St
Klamath Falls OR 97603

Attn: _____

02/02/2007 11:17:30 AM

Fee: \$101.00

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DEED OF TRUST

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated January 22nd, 2007, together with all Riders to this document.

(B) "Borrower" is JEFFREY H SARGO AND ANNETTE B SARGO, TRUSTEES OF THE SARGO 2001 REVOCABLE TRUST, DATED JULY 3, 2001.

Borrower is the trustor under this Security Instrument.

(C) "Lender" is Washington Federal Savings. Lender is a Federally Chartered Savings and Loan Association organized and existing under the laws of The United States of America. Lender's mailing address is 300 Ellsworth SW, Albany, Oregon 97321.

Lender is the beneficiary under this Security Instrument.

(D) "Trustee" is CHICAGO TITLE INSURANCE COMPANY OF OREGON.

(E) "Note" means the promissory note signed by Borrower and dated January 22nd, 2007. The Note states that Borrower owes Lender

FIFTY SEVEN THOUSAND SIX HUNDRED AND NO/100S

Dollars (U.S. \$57,600.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than January 15th, 2037.

(F) "Property" means the property that is described below under the heading "Transfer of Rights in the Property".

(G) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(H) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

<input type="checkbox"/> Adjustable Rate Rider	<input type="checkbox"/> Condominium Rider	<input type="checkbox"/> Second Home Rider
<input type="checkbox"/> Balloon Rider	<input type="checkbox"/> Planned Unit Development Rider	<input type="checkbox"/> Other(s) [specify] _____
<input checked="" type="checkbox"/> 1-4 Family Rider	<input checked="" type="checkbox"/> Addendum to Uniform Deed of Trust	

(I) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(K) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) "Escrow Item" means those items that are described in Section 3.

(M) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

Borrower's Initials 

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

2. Payment of Debts. Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 8.

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.

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.

TOGETHER WITH all the improvements now or hereafter erected 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".

which currently has the address of 915 BULLA STREET, Klamath Falls, Oregon 97601. (Property Address) (Zip Code) (City)

THE EASTERLY 55 FEET OF LOT 3, BLOCK 1, FAIRVIEW ADDITION NO. 2 TO THE CITY OF KLAMATH FALLS, OREGON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in County, Oregon.

TRANSFER OF RIGHTS IN THE PROPERTY

(Q) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

under the Note, plus (ii) any amounts under Section 5 of this Security instrument, "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security instrument, RESPA refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related instrument" under RESPA.

(N) "Mortgage Insurance" means insurance protecting Lender against the non payment of, or default on, the Loan.

(O) "Periodic Payment" means the regularity scheduled amount due for (i) principal and interest

(P) "Security" means Schedule 2 of this Security Instrument.

15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

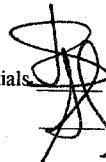
If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall 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.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall 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. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can 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 as required by RESPA.

Borrower's Initials 

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. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or

Upon notice from Lender to Borrower requesting payment, All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagor and/or as an additional loss payee. Lender shall have the right to hold the policies and renew all certificates. If Lender renews, Borrower shall promptly give to Lender all receipts of paid premiums and renew all notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In connection with the review of my hood zone determine issuing from an application for loan or
H Borrower fails to maintain any of the coverage described above, Lender may obtain insurance
coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any
particular type of coverage. Therefore, such coverage shall cover Lender, but might or might
not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any
risk, hazard or liability and might provide greater or lesser coverage than was previously in effect.
Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the
cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this
Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts
shall bear interest at the rate from the date of disbursement and shall be payable, with such interest,
in connection with the review of my hood zone determine issuing from an application for loan or

5. **Property 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 any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preexisting agreements during the term of the loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for similar charges occurring which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an application by Borrower.

Borrower shall promptly discharge any Lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the Lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) consents the Lien in good faith by, or defends against enforcement of the Lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the Lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the Lien an agreement satisfactory to Lender to subordinate the Lien to this Security Instrument. If Lender determines that any part of the Property is subject to a Lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the Lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the Lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions resulting to Borrower for any funds held by Lender.

4. **Property which can attain Priority over this Security Instrument, easements or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any.** To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in

other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

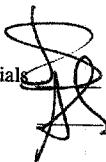
Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

Borrower's Initials 

Miscellaneous Proceeds shall be applied in the order provided for in Section 17. In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any paid to Borrower.

assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by Lender's security, whether or not then due, with the excess, if any, paid to Borrower. Such

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby terminated.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Premiums that were unearned at the time of such cancellation or refund.

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) premiums from Mortgage insurance premiums. Lender, any purchaser of the Note, another insurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) premiums that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage amounts that derive from (or might be characterized as) a portion of Borrower's risk of loss. If such insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "capitive reinsurance." Further:

Mortgage Insurance remunerates Lender (or any entity that purchases the Note) for certain losses incurred if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Note provided in the Note.

partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous 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 Opposing Party (as defined in the next sentence) offers to make an award to 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 Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower 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 any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer'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 can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan 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 (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

Borrower's Initials 

20. Sale of Note; Change of Loan Servicer; Notice of Breach. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might 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 which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information such that applying the use of successive servicers will not violate the Note.

19. **Borrower's Right to Remstate After Acceleration.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to remstate; or (c) entry of a judgment enjoining this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to reasonable attorney fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument is not impaired, shall continue unchanged. Lender may require that Borrower pay such remstate sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose depositors are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon remstate as if no acceleration had occurred, however, this instrument and obligations drawn hereby shall remain fully effective as if no acceleration had occurred. However, this right to accelerate shall not apply in the case of acceleration under Section 18.

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 given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Purchaser, Lender or any other party has an interest in the Property), Lender shall not be exercised by Lender if such exercise is prohibited by Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a trust under Section 787.1 of the California Probate Code.

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

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to make any action.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of applicable law. Applicable law may not expressly or implicitly allow the parties to agree by contract or in silence. In such silence shall not be construed as a prohibition against any agreement by the parties to the Note that any provision of this Security Instrument conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be waived without the conflicting provision.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address in sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers if notice given to Borrower to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address in sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Borrower has designated a substitute address by notice to Lender. Properly Addressed unless Borrower has designated a substitute address by notice to Lender, Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through proper delivery of Borrower's change of address to Lender. Any notice to Lender may be only one designated address under this Security Instrument that specifies procedure. There may be only one designated address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under Applicable Law.

information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes 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; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. 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 (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) 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, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, 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. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

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

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument 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 default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument 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 expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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 any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by Applicable Law to Borrower and to other persons prescribed by Applicable Law. After the time 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 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. Lender or its designee may purchase the Property at any sale.

Borrower's Initials 

[Next Page for Notary Acknowledgment]

ANNETTE B SARCO, TRUSTEE
 JEFFREY H SARCO, TRUSTEE
 THE SARCO 2001 REVOCABLE TRUST

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

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
 be added to your contract 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.
 You are responsible for the cost of any insurance purchased by us. The cost of this insurance
 providing evidence that you have obtained property coverage elsewhere.
 Unless you make or any claim made against you. You may later cancel this coverage by
 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
 coverage 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.

27. Required Evidence of Property Insurance

Property and rights under this Security Instrument.
 26. Protective Advances. This Security Instrument secures any advances Lender, at its
 discretion, may make under Section 9 of this Security Instrument to protect Lender's interest in the
 include those awarded by an appellate court.

25. Attorneys' Fees. As used in this Security Instrument and in the Note, attorneys' fees shall
 succeed to all the title, power and duties conferred upon Trustee hereunder and by Applicable Law.
 24. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor
 permitted under Applicable Law.

if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is
 recorded in the instrument. Lender may charge such person or persons a fee for recovering the property, but only
 without warranty to the person or persons legally entitled to it. Such person or persons shall pay any
 evidencing debt secured by this Security Instrument to Trustee. Trustee shall recover the property
 request Trustee to recover the property and shall surrender this Security Instrument and all notes
 to the person or persons legally entitled to it.

Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess
 the following order: (a) to all expenses of the sale, including, but not limited to, reasonable
 evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in
 covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie
 Trustee shall deliver to the purchaser Trustee's deed conveying the property without any

STATE OF _____

) ss.
)

COUNTY OF _____

)

I certify that I know or have satisfactory evidence that _____

[Name(s) of person(s)]

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

(Seal or Stamp)

(Signature)

Notary Public in and for the State of _____,

residing at _____

My commission expires _____

STATE OF Oregon) ss.
)COUNTY OF Klamath

)

I certify that I know or have satisfactory evidence that Jeffrey H Sargo

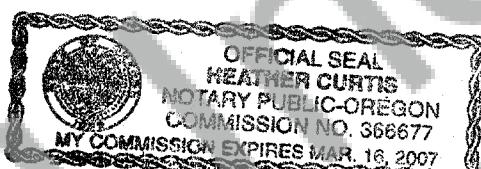
[Name(s) of person(s)]

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the Trusteeof The Sargo 2001 Revocable Trust (Type of Authority, e.g., Officer, Trustee)(Name of the Party on Behalf of Whom the Instrument was Executed)
to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.Dated: 1/31/07

(Seal or Stamp)

Heather Curtis

(Signature)

Notary Public in and for the State of Oregon,
residing at Klamath FallsMy commission expires 3/16/07STATE OF California

)

COUNTY OF Tuolumne

)

I certify that I know or have satisfactory evidence that Annette P. Sargo

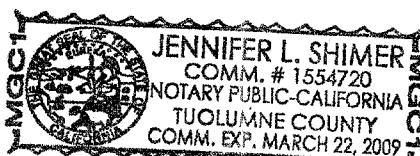
[Name(s) of person(s)]

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the Trusteeof The Sargo 2001 Revocable Trust (Type of Authority, e.g., Officer, Trustee)(Name of the Party on Behalf of Whom the Instrument was Executed)
to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.Dated: 2/1/07

(Seal or Stamp)

Jennifer L. Shimer

(Signature)

Notary Public in and for the State of California,
residing at TuolumneMy commission expires 3/22/09Borrower's Initials JL

ADDENDUM TO UNIFORM DEED OF TRUST

Date: January 22nd, 2007

Addendum attached to and forming part of the Deed of Trust ("Security Instrument") of even date by and between

JEFFREY H SARGO AND ANNETTE B SARGO, TRUSTEES OF THE
SARGO 2001 REVOCABLE TRUST, DATED JULY 3, 2001

as Grantor/Borrower; CHICAGO TITLE INSURANCE COMPANY OF OREGON
 as Trustee; and WASHINGTON FEDERAL SAVINGS as Beneficiary/Lender.

1. OCCUPANCY OF THE PROPERTY BY BORROWER.

There are two alternative covenants stated below which refer to occupancy of the Property by the Borrower, and only one alternative shall be a part of this Addendum. Lender has determined which alternative is a covenant of the Borrower by checking below the appropriate box opposite the paragraph immediately preceding the paragraph Lender has determined to be applicable to Borrower, and Borrower has agreed to this chosen alternative by executing this Addendum to the Security Instrument and pursuant to the terms of Lender's loan commitment.

Occupancy of Property by Borrower Required. Uniform Covenant 6 of the Security Instrument is amended by substituting the following language:

"Borrower shall occupy, establish and use the Property as Borrower's principal residence within sixty (60) days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless lender otherwise agrees in writing and in its sole discretion; provided, however, that if the loan evidenced by the Security Instrument is a 'custom' construction loan as defined by a Construction Loan Agreement between Lender and Borrower, then Borrower shall begin to occupy, establish and use the Property as Borrower's principal residence within sixty (60) days after receipt of Certificate of Occupancy, or similar official document, from the applicable governmental authority, unless Lender in its discretion agrees in writing to waive any governmental requirement. Borrower acknowledges that Uniform Covenant 6, as here amended, is required by Lender in consideration of Lender extending Borrower an 'Occupancy Note Rate' which is less than the prevailing 'Non-Occupancy Note Rate'. If Borrower shall default on the terms of occupancy as stated above, Lender may elect, at its option and notwithstanding any other terms of the Security Instrument to the contrary, any of the following remedies: (a) Lender may accelerate the terms of the Note and, upon fifteen (15) days notice, call the loan immediately due and payable in full, and if Borrower fails to make payment in full, Lender may thereafter exercise any remedy permitted by the Security Instrument, including suit on the Note or foreclosure upon the Security Interest and the Property; or (b) Lender may adjust the interest rate on the Note (and any monthly payment occasioned by such adjustment) to Lender's 'Non-Occupancy Note Rate' which existed as of the date of the Note and Security Instrument and require further consideration for not calling the loan immediately due and payable, including but not limited to (i) having Borrower convey to Lender a Fannie Mae Multistate 1-4 Family Rider (Assignment of Rents) and (ii) having Borrower pay any amount of principal on the loan necessary (if at all) to make the loan conform to whatever loan-to-value ratio conditions Lender would have required of a 'Non-Owner-Occupied Loan' on the Property as of the date of the Note and Security Instrument."

Occupancy of Property By Borrower Waived. Uniform Covenant 6 of the Security Instrument is deleted.

2. ADDITIONAL SPECIAL COVENANTS.

A. Additional Advance(s)

This Security Instrument also secures the payment of any further sums advanced or loaned by Lender to Borrower, or any of its successors or assigns, if (1) the Note or other writing evidencing the future advance or loan specifically states that it is secured by this Security Instrument, or (2) the advance, including costs and expenses incurred by Lender, is made pursuant to this Security Instrument or any other documents executed by Borrower evidencing, securing, or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with, or subsequent to this Security Instrument (this Security Instrument, the Note and such other documents, including any construction loan, land loan or other loan agreement, are hereinafter collectively referred to as the "Loan Documents"), together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing.

(Page 1 of 3)

Borrower's Initials

LO41(OR) 06/30/03

F. **E-Z Pay Option.** If Borrower elects the E-Z Pay option at the inception of this loan, then Lender shall temporarily defer the two hundred dollar (\$200) payment processing charge which is otherwise due and payable in full. However, if at any time, Borrower's E-Z Pay bank account has insufficient funds to cover a payment when due, or if Borrower's E-Z Pay bank account is closed or due and payable in full at closing, then Lender may remit the payment processing charge which is otherwise due and payable in full. Lender shall inform Borrower of this election in writing and within 10 days of receipt of written notice or add the amount of the charge to the remaining principal balance of the loan. If the charge is added to the loan, then it shall become additional debt of Borrower secured by this Security instrument and shall bear interest at the Note rate and shall be payable in accordance with the terms of the Note.

such default or breach. enrolling Lender to any and all remedies allowed by the Security instrument and applicable law for assignment of Account shall constitute a default or breach of this Security instrument, thereby Security instrument, and any default or breach by Borrower of the Construction Loan Agreement as Security instrument and Addendum shall be incorporated by reference in and be a part of this Construction Loan Agreement. Assignment of Account signed by Borrower along with this Construction or remedial residential dwelling on the Property ("Custom" Construction loan"), then the "Escrow Letters" (reserves) for flood insurance premiums, and if Borrower does not voluntarily pay of the Funds deferred under Covenant 3, and to the extent authorized by federal law and regulation, improvements of the Property at Borrower's expense, and Lender shall be entitled to collect, as part notice to Borrower of such determination, that adequate flood insurance be maintained for the (SFHA), then to the extent flood insurance is available for the Property, Lender will require, upon Management Agency (FEMA), or its successor agency, to be within a Special Flood Hazard Area "If the Property is now or shall ever during this loan be determined by the Federal Emergency 3 and 5 are modified so as to add the following language which affects both covenants:

D. **Mandatory Flood Insurance for Property in Special Flood Hazard Areas.** Uniform Covenants

recouveryance."

Such person or persons shall pay any recouperation costs and reasonable trustee's fee for release or shall release or recouvery the Property without warranty to the person or persons legally entitled to it. Such release or recouvery shall not affect the rights of the person or persons entitled to the instrument and all notes evidencing debt secured by this Security instrument to Trustee. Trustee

Lender shall request Trustee to release or recouvery the Property and shall surrender this Security

"23. Release or Recouveryance. Upon payment of all sums secured by this Security instrument,

Instrument is revised to read as follows:

C. **Recouveryance After Payment of Loan in Full.** Non-Uniform Covenant 23 of the Security

Covenant 19 and Non-Uniform Covenant 22."

not have the right of recouperation or entitlement to certain notices as provided for in Uniform covenant of judicial foreclosure for any default or breach by Borrower, the Borrower shall Security instrument, if Lender, at its own option, elects to accelerate the Security instrument by notwithstanding any provision of Uniform Covenant 19 and Non-Uniform Covenant 22 of this a statutory right of redemption protecting Borrower in the event of judicial foreclosure, a statutory right of redemption protecting Borrower in the event of sale in the event of default, and that Borrower has elected non-judicial foreclosure under its power of sale in the event of default, and that Borrower has Covenant 22 are intended to avail Borrower of certain notice and reinstatement rights if Lender

"Borrower acknowledges that the terms and conditions of Uniform Covenant 19 and Non-Uniform

Non-Uniform Covenant 22 to the extent set forth immediately below:

B. **Lender's Right of Acceleration and Judicial Foreclosure.** the addition of the following language, which shall modify the terms of Uniform Covenant 19 and

Uniform Covenant 19 and Non-Uniform Covenant 22 of the Security instrument are amended by

G. **Hazard, Property, or Flood Insurance.** Without affecting the language contained in Covenants 3, 5, and 7 of the Security Instrument and paragraph D above, Borrower is advised as follows:

WARNING

Unless Borrower provides Lender with evidence of the insurance coverage as required by the deed of trust or loan agreement, Lender may purchase insurance at Borrower's expense to protect Lender's interest. This insurance may, but need not, also protect borrower's interest. If the collateral becomes damaged, the coverage Lender purchases may not pay any claim Borrower makes or any claim made against Borrower. Borrower may later cancel this coverage by providing evidence that it has obtained property coverage elsewhere.

Borrower is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the loan balance. If the cost is added to the loan balance, the interest rate on the underlying loan will apply to this added amount. The effective date of coverage may be the date the prior coverage lapses or the date Borrower fails to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Borrower can obtain on its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

H. **Late Charges and Other Fees.** Lender may, at Lender's option, either require Borrower to pay any late charge for overdue payments or NSF/returned item fees related to any payments under the Note, or add the amount of any such charges or fees to the remaining principal balance of the loan. If these charges and/or fees are added to the loan, then they shall become additional debt of Borrower secured by this Security Instrument and shall bear interest at the Note rate and shall be payable in accordance with the terms of the Note.

I. **Assignment of the Loan.** If Lender transfers its interest in or a right to receive loan payments under the Note secured by the Security Instrument, this Addendum, or any part of it, may be cancelled at the option of Lender and without advance notice to Borrower, and Lender may make and record any instrument, without signature of Borrower, which may be necessary to give record notice of such cancellation.

THE SARGO 2001 REVOCABLE TRUST

JEFFREY H SARGO, TRUSTEE

ANNETTE B SARGO, TRUSTEE

1-4 FAMILY RIDER
(Assignment of Rents)

THIS 1-4 FAMILY RIDER is made on January 22nd, 2007, 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 (the "Borrower") to secure Borrower's Note to **WASHINGTON FEDERAL SAVINGS** (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

915 DELTA STREET KLAMATH FALLS, OR 97601

[Property Address]

1-4 FAMILY COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT.

In addition to the Property described in Security Instrument, the following items now or hereafter attached to the Property to the extent they are fixtures added to the property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

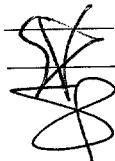
D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Section 5.

E. "BORROWER'S RIGHT TO REINSTATE" DELETED. Section 19 is deleted.

F. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, Section 6 concerning Borrower's occupancy of the Property is deleted.

G. ASSIGNMENT OF LEASES. Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

Borrower's Initials 


Borrower's initials

1. **CROSS-DEFALKT PROVISION.** Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

Borrower, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any assignment of Rents not cure any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to Lender from exercising its rights under this paragraph.

Borrower repudiates and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent

pursuant to Section 9

If the Rents of the Property are not sufficient to cover the costs of taking control of the Property without any showing as to the inadequacy of the Property as security, and managing the Property and of collecting the Rents any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument and management of the Property and collection of the Rents any funds expended by Lender for such

possessions of and manage the Property and collect the Rents and profits derived from the

actual receipt; and (vi) Lender shall be entitled to have a receiver appointed to take

agents or any judicially appointed receiver shall be liable to account for only those Rents

on the Property, and then to the sums secured by the Security Instrument; (v) Lender's, Lender's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges

Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's

applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be

upheld to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless

the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and

be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured

by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of

Rents received by Borrower shall be applied to Borrower: (i) all Rents received by Borrower shall

absolute assignment and not an assignment for additional security only.

Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an

assignment of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the

to Section 22 of the Security Instrument and (i) Lender has given Borrower notice of default pursuant

Borrower shall receive the Rents until (i) Lender has given Borrower notice of default pursuant

each tenant of the Property shall pay the Rents to Lender or Lender's agents. However,

are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that

Rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property

POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the

H. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN**

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this 1-4 Family Rider.

THE SARGO 2001 REVOCABLE TRUST

JEFFREY H SARGO, TRUSTEE

ANNETTE B SARGO, TRUSTEE