

2008-008239

Klamath County, Oregon



06/06/2008 11:24:57 AM

Fee: \$61.00

MTC 82361-KR

After Recording Return to:

Sandia Laboratory Federal Credit Union
3707 Juan Tabo Blvd. NE
Albuquerque, NM 87111

SECOND TRUST DEED

THIS TRUST DEED ("Security Instrument") is made on June 4, 2008. The grantor is Margaret L. Wilson and Melissa R. Wilson, not as tenants in common, but with the right of survivorship ("Borrower"). The trustee is AmeriTitle, Inc. ("Trustee"). The beneficiary is Sandia Laboratory Federal Credit Union which is organized and existing under the laws of the United States, and whose address is 3707 Juan Tabo Blvd. NE, Albuquerque, NM 87111 ("Lender"). Borrower owes Lender the principal sum of Thirty five Thousand Eight Hundred Dollars and Zero Cents (\$35,800.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on June 1, 2028. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraphs and 2 and 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, In trust, with power of sale, the following described property located in Klamath County, Oregon:

The Southeasterly rectangular 41 feet of Lot 7 and the Northwesterly rectangular 24 feet of Lot 8, Block 10, ELDORADO ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

which has the address of 184 Dahlia Street, Klamath Falls, OR 97601 ("Property Address");

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."

BORROWER COVENANTS that Borrower is lawfully seised 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.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Taxes and Liens. Borrower agrees to keep the property free from construction or other liens and to

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pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts to beneficiary. If the grantor fails to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment, and the amount so paid, with interest at the rate set forth in the note secured by this trust deed, together with the obligations described in the following subparagraphs of this trust deed, shall be added to and become a part of the debt secured by this trust deed without waiver of any rights arising from breach of any of the covenants of this trust deed. For such payments, with interest, the property, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation described in this trust deed, and all such payments shall be immediately due and payable without notice. Nonpayment shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Prior Mortgages and Trust Deeds; Modification; Future Advance; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, trust deed or other security agreement with a lien which has priority over this Trust Deed, including Borrower's covenants to make payments when due. Borrower shall not enter into any agreement with the holder of any mortgage, Trust Deed or other security agreement which has priority over this Trust Deed by which that security agreement is modified, amended, extended, or renewed, without the prior written consent of the Lender. Borrower shall neither request nor accept any future advance under a prior mortgage, Trust Deed, or other security agreement without the prior written consent of Lender. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments. 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; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving notice.

5. Hazard or 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 floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7. All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. 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, Insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. 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 any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender

may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 18 the Property is acquired by Lender, Borrower's right to any Insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument Immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan

Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty 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. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. 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 covenants to protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement; not to commit or permit any waste of the property; to complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed, and pay when due all costs incurred; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the Lender may require and to pay for filing financial statements in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary. If this Trust Deed 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 bylaw and regulations of the condominium or planned unit development, and the constituent documents.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage Insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously

in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage Insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and Inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property Immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument Immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured Immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property Immediately before the taking is less than the amount of the sums secured Immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower falls to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. 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 any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in Interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason to any demand made by the original Borrower or Borrower's successors in Interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Cosigner. 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 21 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Trust Deed, but does not execute the Note or Credit Agreement, (a) is co-signing this Trust Deed only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Trust Deed, (b) is not personally liable under the Note or Credit Agreement or under this Trust Deed, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations or amendments with regard to the terms of this Trust Deed or the Note or Credit Agreement, without that Borrower's consent and without releasing that Borrower or modifying this Trust Deed as to that Borrower's interest in the Property. Nothing in this paragraph shall be construed to mean that Lender is obligated to consent to any transfer of interest in the Property.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected

in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Trust Deed shall be given by delivering it or by mailing such notice by first class or certified mail addressed to Borrower at the Property Address, and (b) any notice to Lender shall be given by certified 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 Trust Deed shall be deemed to have been given to Borrower when mailed and to Lender received.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

17. Transfer of the Property or a Beneficial Interest in Borrower. Subject to applicable law, Lender shall have the right to accelerate, that is, to demand immediate payment in full of all sums secured by this Mortgage or Trust Deed, if Borrower enters into an agreement to sell, transfer or encumber all or part of the Property or any rights in the Property. Lender is not under any obligation to consent to any sale, transfer or encumbrance of any interest in the Property. The sale, transfer or encumbrance of the Property shall be a default and Lender may, without notice or demand on Borrower, invoke any remedies permitted by paragraph 18.

18. Default; Termination and Acceleration; Remedies. Each of the following events shall constitute an event of default ("event of default") under this Trust Deed: (1) Borrower commits fraud or makes a material misrepresentation in connection with this Trust Deed or the Note or Credit Agreement; (2) Borrower does not meet the repayment terms of the Note or Credit Agreement; (3) Borrower fails to comply with or is in default of any of the terms of this Trust Deed; or (4) Borrower's action or inaction adversely affects the Lender's rights in the Property secured by this Trust Deed. If an event of default occurs, then the Lender may declare all sums secured by this trust deed immediately due and payable. In such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured by this trust deed whereupon the trustee shall fix the time and place of sale, give notice as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to five (5) days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

The sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact

shall be conclusive proof of the truthfulness. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

When trustee sells pursuant to the powers provided in this trust deed, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

19. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may 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 in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. 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, "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, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

22. 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 applicable law.

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

24. Attorneys' Fees. As used in this Security Instrument and in the Note, 'attorneys' fees' shall include any attorneys' fees awarded by an appellate court.

25. Riders to this Security Instrument.

If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

The following riders are applicable: Adjustable Rate Rider

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

Borrower and Lender request the holder of any mortgage, Trust Deed or other encumbrance with a lien which

has priority over this Trust Deed to give Notice to Lender, at Lender's address set forth on page one of this Trust Deed, of any default under the superior encumbrance and of any sale or other foreclosure action.

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.

Margaret L. Wilson
Margaret L. Wilson, Borrower

Melissa R. Wilson
Melissa R. Wilson, Borrower

STATE OF NEW MEXICO)
County of Bernalillo) ss.

On this 4th day of June, personally appeared the above named Margaret L. Wilson and Melissa R. Wilson and acknowledged the foregoing instrument to be their voluntary act and deed.



Shannon M. Starr
Notary Public of Bernalillo
My Commission Expires 12/03/2011

REQUEST FOR RECONVEYANCE
To be used only when obligations have been paid

TO TRUSTEE:

The undersigned is the holder of the Note or Credit Agreement secured by this Trust Deed. All sums secured by the Trust Deed have been fully paid and satisfied. You are hereby directed to cancel said Note or Credit Agreement and to reconvey, without warranty, all the estate now held by you under this Trust Deed to the person or persons legally entitled thereto.

Date: _____



P.O. Box 23040
Albuquerque, New Mexico 87192

ADJUSTABLE RATE RIDER
(10 Year Treasury Index-Rate Caps)

This Adjustable Rate Rider is made this **4th** day of **June 2008** 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 Borrowers Adjustable Rate Note (the "Note") to Sandia Laboratory Federal Credit Union (the "Lender" or "Note Holder") of the same date and covering the property described in the Security Instrument and located at:

184 Dahlia Street, Klamath Falls, OR 97601
Property Address

The Note contains provisions allowing for changes in the interest rate and the monthly payment. The Note limits the amount the borrower's adjustable interest rate can change at any one time and the maximum adjustable rate the borrower must pay.

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

1. Adjustable Rate and Payment Changes

The Note provides for an initial interest rate of **4.50 %**. The Note provides for changes in the adjustable interest rate and the payment changes as follows:

(A) Change Dates

The adjustable interest rate I will pay may change on the first day of **January 2009** and on that day every 6th month thereafter. Each date on which my adjustable interest rate could change is called a "Change Date."

(B) The Index

The "Index" is the 6 month moving average of the U.S. Treasury Securities adjusted to a constant maturity of 10 years, as made available by the Federal Reserve Statistical Release H.15(519); through Sandia Laboratory Federal Credit Union. The Board of Directors reserves the right to change the index and the percentage above the index with proper notification to the member.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding **1.00** percentage points (**1.00%**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one tenth of one percentage point (0.1 %). Subject to the limits stated in Section 4(D) of the Note, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then review the loan every three years to determine the amount of the monthly payment that would be sufficient to repay the unpaid principal by the maturity date. The result of this calculation will be the new amount of my monthly payment. Any rate increase that would create negative amortization will take the form of higher payment amounts.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **5.50%**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1%) from the rate of interest I have been paying for the preceding months. My interest rate will never be greater than **9.50%**, which is called the "Maximum Rate." My interest rate cannot increase or decrease more than 5 percentage points over the term of the loan, and in no event will the rate fall below 4.5%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. My new payment will become effective as described in Section 4(C) of the Note.

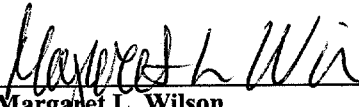
(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me.

2. 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 Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender. To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

I/We hereby acknowledge that I/we have read the Note, the Adjustable Rate Rider, the Disclosure Statement, Itemization of Amount Financed, and the Real Estate Mortgage, agree to all the terms, and have received a copy of each document.


Margaret L. Wilson 6/4/2008


Melissa R. Wilson 6/4/2008

6/4/2008

6/4/2008