



Aspen Title Escrow #01044992
(Reserved for Recording Purposes)

DAILY SIMPLE INTEREST ASSUMPTION AGREEMENT

Account Number	County Tax Account Number
P10123-81448	001 R484782, 002 R455705

PARTIES: Scott B. Munson BUYER
Joyce L. Munson
Alan E. Greaves SELLER
Iris R. Greaves

The STATE OF OREGON, by and through the Director of the Oregon Department of Veterans' Affairs LENDER
THE PARTIES STATE THAT:

1. The consideration for this Assumption Agreement is the amount owing on this debt as listed in Number 3. In this agreement the items mentioned in 3 (a), (b), (c), and (d) will be called "Security Documents" from here on.
2. Seller has sold and conveyed (or is about to sell and convey) to Buyer (hereinafter called Borrower), all, or a portion, of the property located at 4990 Haskins Rd Bonanza OR 97623, and described in the Security Documents. Both Seller and Borrower have asked Lender to release Seller from further liability under or on account of the Security Documents.

AFTER RECORDING RETURN TO:

OREGON DEPARTMENT OF VETERANS' AFFAIRS
ATTN: Transfers
700 SUMMER ST NE
SALEM OR 97310-1201

Until a change is requested, all tax statements shall be sent to the following address:
Scott B. Munson
PO BOX 8062
Klamath Falls OR 97602

3. Seller owes Lender the debt shown by:

- (a) A note in the sum of \$ 150,000.00 dated April 4, 19 79, which note is secured by a mortgage of the same date, and recorded in the office of the county recording officer of Klamath County, Oregon, in Volume/Reel/Book Vol M79 Page 7781 on April 9, 19 79.
- (b) A note in the sum of \$ _____ dated _____, 19 _____, which note is secured by a Trust Deed of the same date, and recorded in the office of the county recording officer of _____ County, Oregon, in Volume/Reel/Book _____ on _____, 19 _____.
- (c) A note in the sum of \$ _____ dated _____, 19 _____, which note is secured by a Security Agreement of the same date.
- (d) and further shown by _____

FOR THE REASONS SET FORTH ABOVE, AND IN CONSIDERATION OF THE MUTUAL AGREEMENTS OF THE PARTIES, SELLER, LENDER, AND BORROWER AGREE AS FOLLOWS:

SECTION 1. UNPAID BALANCE OF SECURED OBLIGATION

The unpaid balance on the loan being assumed is \$ 133,022.79 as of April 12, 19 96.

SECTION 2. RELEASE OF LIABILITY

Seller is hereby released from further liability under or on account of the Security Documents.

SECTION 3. ASSUMPTION OF LIABILITY

Except for specific changes affected by this Assumption Agreement, if any, Borrower agrees to pay the debt shown by the Security Documents. Borrower agrees to assume all responsibilities and to perform all of the obligations provided in the Security Documents, which are subject to the provisions of Article XI-A of the Oregon Constitution, ORS Chapter 407 and any subsequent amendments thereto, and to all rules and regulations which have been issued or may hereafter be issued by the Director of ODVA pursuant to the provisions of ORS Chapter 407. Borrower agrees to perform those obligations at the time, in the manner, and in all respects as are provided in the Security Documents. Borrower agrees to be bound by all of the terms of such Security Documents including subsequent changes in applicable law affected by Oregon Administrative Rule, Statutory amendments or otherwise.

SECTION 4. INTEREST RATE AND PAYMENTS

The interest rate is ☐ fixed and will be _____ percent per annum.
☒ will be 10.75 percent per annum and may be adjusted periodically by the Director of ODVA pursuant to ORS 407.325.

If the interest rate is subject to change, the Lender can periodically change the interest rate by Administrative Rule. Changes in the interest rate will change the payment on the loan.

The initial principal and interest payments on the loan are \$ 15,650.00 to be paid ^{annually} ~~monthly~~ (payments will change if interest rate changes.) Payments are applied first to LCL premium (if applicable) due and payable, second to Tax Escrow (if applicable), third to interest due and payable, and the remainder to the unpaid balance.

The payments on the loan being assumed by this agreement may be periodically adjusted by Lender to an amount that will cause the loan to be paid in full on the due date of the last payment.

SECTION 5. AMORTIZATION

The Lender may increase payments of principal and other payment terms of the loan when the balance of the loan will not amortize within the terms of the security documents.

SECTION 6. DUE ON SALE

Except for a sale or transfer to the original borrower, the surviving spouse, unmarried former spouse, surviving child or stepchild of the original borrower, a governmental entity when the secured property is transferred for public use, or to a veteran eligible for a loan under ORS Chapter 407 and Article XI-A of the Oregon Constitution, only one sale or transfer of the property referred to in ORS 407.275(2) is permitted after July 20, 1983. In the event of a second sale or transfer of the property, or any part thereof, the entire unpaid balance of the loan for the property may become immediately due and payable at the discretion of the Director as prescribed by rule.

SECTION 7. LOAN CANCELLATION LIFE INSURANCE (LCLI)

Loan Cancellation Life Insurance (LCLI) is an optional program. If the Borrower applies and is accepted for this insurance, the Borrower agrees to pay the estimated premium to the Lender with the Borrower's regular payment as it becomes due. Any LCLI accrued, unpaid premiums are a principal obligation of the loan and are secured by this security document. Any changes in the premium may change the amount of the regular payment. The insurance contract may provide that loan cancellation life insurance will be canceled after payments on the loan become four months past due.

SECTION 8. TAX ESCROWS

Borrower agrees to pay to the Lender (in addition to the regular payments of principal and interest) a sum, estimated by the Lender, of the property taxes and special assessments next due and payable on the property covered by this Assumption Agreement. Borrower shall pay this amount into an escrow account. At least once each year the Lender will analyze the escrow account balance in relation to the projected payments to be received into the account and paid from the account.

EXCESS FUNDS IN ACCOUNT - Excess funds in an escrow account will be returned to the Borrower as established by Administrative Rule.

SHORTAGE IN ACCOUNT - In the event Lender determines that amounts in the escrow account are insufficient to pay projected needs, the Lender will increase the escrow portion of the payments on the loan to recover any interest, fees and advances. The Borrower will pay the necessary amount to the Lender during the next payment year, unless the Borrower elects to repay the Lender in a lump sum. Failure to pay the required amount within the time allowed constitutes a default under this Assumption Agreement.

INTEREST - Lender agrees to pay interest on the balance in the escrow account as provided in ORS 86.245.

SECTION 9. LATE PAYMENT

If the Lender has not received the full amount of any payment by the end of 15 calendar days after the date it is due, the Lender may impose a late charge to the Borrower. The amount of the charge will be not more than 5 percent of the overdue payment of principal and interest. The late charge may be charged only once on any late payment.

SECTION 10. CONDEMNATION

Should any part of or interest in the security be taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any similar manner (a "Condemnation"), or should Borrower receive any notice or other information regarding such action, Borrower shall give immediate notice of such action to the Lender.

Borrower hereby irrevocably assigns to the Lender, and the Lender shall be entitled to, all compensation, awards, and other payments or relief ("Condemnation Proceeds") up to the full amount of the Obligations.

Borrower shall file and prosecute in good faith and with due diligence what otherwise would be the Borrower's claim in any condemnation award or payment and will cause the same to be collected and paid over to the Lender. However, the Lender shall be entitled, at the Lender's option, to commence, appear in, and prosecute any Condemnation proceeding in the Lender's own or Borrower's name and make any compromise or settlement in connection with such Condemnation or by reasons of sale under threat thereof, or in anticipation of the exercise of the right of Condemnation. In the event the secured property is taken in its entirety by condemnation, all Obligations secured by the Security Documents, at the Lender's election, shall become immediately due and collectible.

The Lender may, at the Lender's sole option, apply the Condemnation Proceeds to the reduction of the Obligations, including reasonable costs expenses, including attorneys' fees, which may have been incurred by the Lender in the collection thereof, as well as in such order as the Lender may determine, apply all or any portion to the Condemnation Proceeds to the cost of restoring and improving the remaining secured property. In the event that the Lender elects to apply any of the Condemnation Proceeds to restoration and improvement, the proceeds shall be held by the Lender and shall be released only upon such terms and conditions as the Lender shall require in the Lender's sole discretion, including but not limited to prior approval of plans and release of liens. No Condemnation Proceeds shall be released if Borrower is in default under the Security Documents.

SECTION 11. LIMITATIONS

To the full extent permitted by law, Borrower waives the right to plead any statute of limitations as a defense to any obligations and demands secured by or mentioned in the Security Documents.

SECTION 12. FLOOD INSURANCE

If at any time it is determined that the security for this loan is located in whole or in part within a flood hazard area as defined by the National Flood Insurance Act, the Borrower will be required, and hereby agrees, to purchase flood hazard insurance acceptable to the Lender, at no cost to The Lender. If the required flood hazard insurance is not voluntarily purchased by the Borrower, within 45 days of written notice to the Borrower, the Lender may force-place the flood insurance. The Lender will pay the cost of said force placed insurance from the Borrower's escrow account or by adding said costs to the principal balance of the Borrower's loan. If said cost is added to the loan balance, interest will be collected thereon at this Security Document interest rate. Borrower shall pay the Lender an amount, determined as follows, in addition to and together with Borrower's regular payment as it becomes due:

- a. When regular payments are due monthly, a sum equal to one-twelfth of the yearly insurance premium; or,
- b. When regular payments are due annually, an amount equal to one year's insurance premium.

SECTION 13. PROPERTY DAMAGE 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," floods (where applicable) and such other hazards as Lender may require. Borrower shall keep the required insurance in such amounts and for such periods as Lender may require, provided that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Assumption Agreement and the Security Documents.

All insurance policies and renewals shall be in a form and with an insurer acceptable to Lender and shall include a standard mortgagee clause in favor of Lender. Lender shall have the right to hold the policies and renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums.

WARNING

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

The Borrower is responsible for the cost of any insurance purchased by the Lender. The cost of this insurance may be added to the Borrower's loan balance or paid from the Borrower's escrow account, as applicable. If the cost is added to the Borrower's loan balance, the interest rate being charged on the loan will apply to the added insurance premium. At the discretion of the Lender, the Borrower's standard payment will be increased to recover the cost of the insurance or a demand will be made for the full amount paid for the insurance. The effective date of the coverage the Lender purchases may be the date the Borrower's prior coverage ended or the date the Borrower failed to provide proof of insurance coverage.

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

SECTION 14. INTERPRETATION

In this agreement, the singular number includes the plural and the plural number includes the singular. If this agreement is executed by more than the person, firm, or corporation as Borrower, the obligations of each such person, firm, or corporation shall be joint and several.

SECTION 15. NONWAIVER

The rights and obligations of the parties to the Security Documents and with the same consideration as said Security Documents are expressly made subject to this Assumption Agreement. Failure by the parties to exercise any of these rights or remedies at any time shall not constitute a waiver of said rights or remedies.

SECTION 16. MERGER CLAUSE


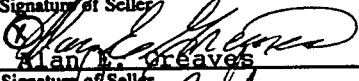


In the event of any conflict between the provisions of this Assumption Agreement and the provisions of the Security Documents, the provisions of this Assumption Agreement shall control. All provisions of the Security Documents not inconsistent with this Assumption Agreement shall, and do, remain in full force and effect, including, but not limited to, the remedies available to the Lender or its successors or assigns in the event of a default as described therein.

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P10123-81448

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SECTION 17. GOVERNING LAW; SEVERABILITY

The Security Documents shall be governed by the laws of the State of Oregon and it is distinctly understood and agreed that the Security Documents are subject to the provisions of Article XI-A of the Oregon Constitution, ORS Chapter 407 and any subsequent amendments thereto, and to all rules and regulations which have been issued or may hereafter be issued by the Director of ODVA pursuant to the provisions of ORS Chapter 407. In the event that any provisions or clause of the Security Documents conflicts with applicable law, such conflict shall not affect other provisions of the Security Documents which can be given effect without the conflicting provision, and to this end the provisions of the Security Documents are declared to be severable.

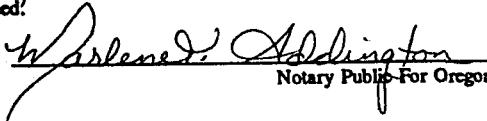
Signature of Borrower  Scott B. Munson	Date Borrower Signed 8-28-96	Signature of Seller  Alan E. Greaves	Date Seller Signed 8/28/96
Signature of Borrower  Joyce L. Munson	Date Borrower Signed 8-28-96	Signature of Seller  Iris R. Greaves	Date Seller Signed 8/28/96

STATE OF OREGON

COUNTY OF Klamath)
SS. August 28, 1996.

personally appeared the above-named Scott B. Munson & Joyce L. Munson
and acknowledged the foregoing instrument to be his/her (their) voluntary act and deed.

Before me:

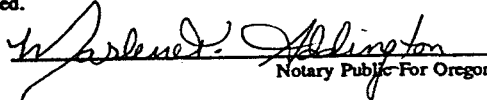

Notary Public For Oregon

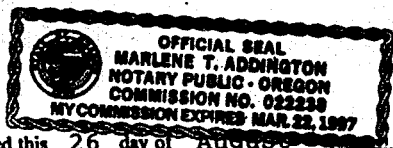
STATE OF OREGON

COUNTY OF Klamath)
SS. August 28, 1996.

personally appeared the above-named Alan E. Greaves & Iris R. Greaves
and acknowledged the foregoing instrument to be his/her (their) voluntary act and deed.

Before me:


Notary Public For Oregon

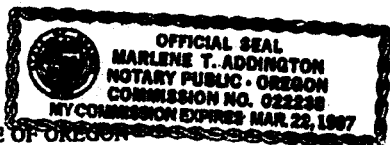


Signed this 26 day of August, 19 96.

DIRECTOR OF OREGON DEPARTMENT OF VETERANS' AFFAIRS - Lender

By:


Cliff Jones, Manager Loan Processing



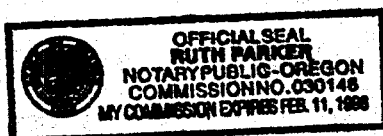
STATE OF OREGON

COUNTY OF MARION)
SS. August 26, 19 96.

this instrument was acknowledged before me by the above-named Cliff Jones, who personally appeared, and, being first duly sworn, did say that he/she is duly authorized to sign the foregoing document on behalf of the Oregon Department of Veterans' Affairs by authority of its Director.

Before me:


Notary Public For Oregon



308-M (1-94)

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STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of Aspen Title & Escrow the 29th day
of August, 19 96 at 3:21 o'clock P M., and duly recorded in Vol. M96
of Mortgages on Page 26800

FEE \$ 30.00

Bernetha G. Letsch County Clerk

By

