

When recorded mail to:  
NationsBank, N.A. 4 MAC  
P.O. Box 26185  
Richmond, VA 26185

96 SEP 10 AM 125

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MTC 38969

LOAN #: 0001796880

**LINE OF CREDIT MORTGAGE**

THIS MORTGAGE is made this 30th day of August, 1996 among the Grantor,

HARRIET S. CORNACHIONE  
MICHAEL A. CORNACHIONE

(herein "Borrower"),

NationsBank, N.A., a national banking association existing under the law of THE STATE OF NORTH CAROLINA whose address is 4161 Piedmont Parkway, Greensboro, NC 27410, and the Lender,

(herein "Lender"),

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably mortgages and conveys to Lender, with the following described property located in the County of KLAMATH

State of Oregon:

See Attached Legal Description

which has the address of

3930 OLD FORT ROAD KLAMATH FALLS

Oregon 97601 (herein "Property Address")

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

This Mortgage is given to secure (1) payment of all principal and interest payable under a LineOne Equity Agreement and Disclosure dated the same as this agreement (the "Note") with a credit limit in the amount of \$ 25,000.00 (2) any amounts expended or advanced by Lender to discharge obligations of Borrower or expenses incurred by Lender to enforce obligations of Borrower under this Mortgage; and (3) the performance of Borrower's covenants and agreement under this Mortgage and the Note; all together with interest thereon. The maturity date of the Note is 8-30-11

**BORROWER: THE NOTE CONTAINS A VARIABLE INTEREST RATE.** Specifically, without limitation, this Mortgage secures a revolving line of credit, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note. Such advances may be made, repaid, and remade from time to time, subject to the limitations that the total outstanding balance owing at any one time, not including finance charges on such balance, any temporary overages, other charges, and any amounts expended or advanced as provided in this paragraph, shall not exceed the credit limit as provided in the Note. It is the intention of Borrower and Lender that this Mortgage secures the balance outstanding on the Note from time to time from zero up to the credit limit and any intermediate balance.

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 covenants that Borrower warrants and will defend generally the title to the property against all claims and demands, subject to encumbrances of record.

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**UNIFORM COVENANTS.** Borrower and Lender covenants and agree as follows:

1. **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest indebtedness evidenced by the Note and all charges as provide in the Note.
2. **(Intentionally left blank)**
3. **Application of Payments.** Unless applicable law provides otherwise, Lender shall determine how payment shall be applied.
4. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, and leasehold payments or ground rents, if any.
5. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards as Lender may require and in such amounts and for such periods as Lender may require.  
The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.  
In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.  
If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage.
6. **Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.
7. **Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.  
Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.
8. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause thereof related to Lender's interest in the Property.
9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.
10. **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 Mortgage granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
11. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Mortgage, but does not execute the Note, (a) is co-signing this Mortgage only to grant and convey that Borrower's interest in the Property to Lender under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property.
12. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by 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 Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.
13. **Governing Law; Severability.** This Mortgage and its interpretation will be governed by federal law and by the laws of the State of North Carolina, except as to certain matters involving the Mortgage, which will be governed by the law of Oregon. The Home Equity Line of Credit which is secured by this Mortgage has been applied for, considered, approved, and made in the North Carolina. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law,

*[Handwritten initials]*



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

ALL THAT CERTAIN PARCEL OF LAND SITUATED IN THE COUNTY OF KLAMATH AND STATE OF OREGON AND BEING DESCRIBED AS FOLLOWS:

LOT 6, BLOCK 2 TRACT NO. 1297 NORTH RIDGE ESTATES, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE KLAMATH COUNTY CLERK'S OFFICE.

BEING THE SAME PROPERTY CONVEYED TO MICHAEL A. CORNACHIONE AND HARRIET S. CORNACHIONE HUSBAND AND WIFE DATED 9/25/91, RECORDED 4/29/93 IN BOOK/PAGE M93/8259.

Unofficial  
Copy



such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable.

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

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

**16. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Mortgage.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The Notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Mortgage if Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Mortgage of Trust without further notice or demand on Borrower.

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

**17. Default; Acceleration; Remedies:** Each of the following, at the option of Lender, shall constitute a default ("Default") under this Mortgage: (a) Borrower commits fraud or makes a material misrepresentation at any time in connection with the credit line account. This can include, for example, a false statement about Borrower's income, assets, liabilities, or any other aspects of Borrower's financial condition, whether provided initially or subsequently (of if you fail to supply additional information upon request). (b) Any payment due under the Note is not made when due. (c) There is any adverse effect on any security interest or collateral for the Note, including but not limited to (1) the failure to maintain and provide evidence of insurance to us as further specified in paragraph 5; (2) the failure to protect the collateral as further specified in paragraph 7; (3) the failure to maintain the collateral; (4) death of any title owner of the collateral; (5) sale of the collateral (unless agree to by us); or (6) any lien or security interest in our favor is in way diminished, subordinated or otherwise impaired.

Except as provided in paragraph 16 hereof, upon Borrower's default, as set forth above, Lender, Prior to acceleration shall give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property at public auction at a date not less than 120 days in the future. The notice shall further inform Borrower of (i) the right to reinstate after acceleration, (ii) the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and foreclosure, and (iii) any other matters required to be included in such notice by applicable law. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 17, including, but not limited to, reasonable attorneys' fees.

**18. (Intentionally left blank)**

**19. Assignments of Rents; Appointment of Receiver; Lender in Possession.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the property, provided that Borrower shall, prior to acceleration under paragraph 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 17 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those rents actually received.

**20. Full Performance:** If Borrower pays all the indebtedness secured hereby when due, terminates the line of credit account, and otherwise performs all the obligations imposed on Borrower under this Mortgage, Lender shall execute and deliver to Borrower a suitable satisfaction of this Mortgage. Borrower will pay, if permitted by applicable law, any reasonable fee as determined by Lender from time to time.





