OREGON-SINGLE FAMILY-FNMA/FHLNC UNIFORM INSTRUMENT PAGE 1 OF 6 ISC/CMDTOR//0792/3038(9-90)-L

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BORFOWER COVENANTS that Borrower is lawfully seised of the ostate hereby conveyed and has the right to grant and convey the Property and that it e 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

appurtenances, and fixtures now or hereafter a pan 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."

yearly taxes and (TSE Coggints which may all ain per rily over the Sector by Instrument as a fear or the TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements,

adcount under the lederal Real Estel (Sottigment 1) rectures Art of 13. Las national from for a 13 time. 12 til 3.C. 8 te exceed the maximum amountals विट for a fed is ally related sportages tear and require or sorrowers source. Oragon d has environmental, stocked fed a final land land a scale of the payers in the responsible to payer of the payers of the

The Funds shall be held in an institution whose teposia are matric over 1 dent energy in trums mality or emity due on the basis of current date, and reasonable est mates of extendad as of lights. Eschow dearn or otherwise in time, collect and hold Funds in an action hot to elegential laser and use Lander may en in ue the amount of Parals 2601 et soit (FESPA"), unless apoit actain that apoies to the Ponds se s'a lascer amount - so. Lencor may, at any

Funds are pledged as additional sec ) hy for all sums secured by this Security I stroment.

West, No. 3303-140V-4000 (dittie K60, Ny 5, 22128), be half by applicated the secure of the secure of the second sec of the second sec required to pay Borrower any in great of earnings on the Flands. Sorrower and Letreer may greating that that interest shall be paid on the Flants. Lender shall give to Borrower, will out charge, an email accounting of the independer theal estate tax tept ring service used in Lebder in company provides of his loan, or less tropic selector provides of herwise. Unless and great fent is made a leptilicable lewiner in sections to be placed to have an appropriate the provides of herwise. Unless and great fent is made a leptilicable lewiner in sections to be placed to have a large and the provides of hermital provides of hermital provides and great the provides of hermital provides of hermit permits Ler der to make such a there 3. However, 13 miles may require £ or town to pay a or refine of any for an escrow account, or verifying the Escr by items, units a Lender pays Borrover interest on the Fu are and expirable law pay the Escrow Items. Lender nay - Archerge Bork wer for histing and applying the Floor, pare body at Alyang the (including Lander, if Lender is such a Hasillution) of in any Federal Hon relicion Barrio, Langue shall acrey the Funds to

Contract Ocedou: no more than thiefue, nonthly payments, at Lendar's solvers a non Lot 3 in Block 3 Tract Note 1096 Americana, according to the official plat thereof on file in the office of the County Clerk of Klamath County Oregon.

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 paic earlier, due and payable on November 1, 2026 . 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 paragraph 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 K1 amath

The trustee is KLAMATH COUNTY TITLE CO. Which is organized and the beneficiary is SOUTH VALLEY STATE BANK, proporation and whose address existing under the laws of an Oregon Banking Corporation ("Lender"). Is PO Box 5210, KLAMATH FALLS, DR 97601 Borrower owes Lender the principal sum of Ninety Seven Thousand One Hundred Fifty Dollars Dollars (U.S. \$97, 150.00 ). This debt is Dollars (U.S. \$97, 150.00 ) which provides for monthly ("Trustee"). ("Lender").

Lender subordinating the tien to it is S : surity Instrum 1 to it Lends betein it as it at any part or the front 17 and section in a state of the front 17 and 18 and 1 DETHIS DEED OF TRUST ("Security Instrument") is made on OCTOBER 16. 9/110 p. 1996 (100). The grantor is MICHAEL R. THARPoand LAURASA of THARP world of the flow in God Income and a which to the flow agrees in whing to the payment of the Ablugation send ed by the flow in the penner accommod Borrower shall promptly discleared any tien which has priority averally. Security histogram control ("Borrower").

STATIO: (8 Defider is approval which six.) not be univers yeably with eight in the Property in accurage resorting KENNATHILEVIEW OLD 6.84601 (1) in accurage resorting to make the crimical property of the Property of the Property of the Control of the high the periods that Lander require: The Insuran | parrec providing the linar rance shot bord osen by dorrower FOWNING: 2001525 Soding, for which shider requires insurance. This has remote that on many second the anteriors Property insured against loss by fire, he zards include I within the team Red and od covereus, so he is a color heared. To a Len which may attain priority, were his Sec DEED, "OL" LEGS." Side Lorrowers in the Construction of t

CONECON-SING A TAMBLY-FUMA/FRICADED ROBBY IN SHEET AFTER RECORDING MAIL TO: SOUTH VALLEY STATE BANK

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THIS SECURITY INSTRUMENT combines uniform covenants for netional use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. Ma. UNIFORM COVENANTS Borrow manditender covenant and agree as follows: Jauge's opinion to say

and 1. Payrnent of Principal and in: rest, Prepay t and Late Charges. Borrower shall promptly pay when due the principal of and interest on the del t'evidenced by the Note and any prepayment and late charges due under the Motered by this Security instrument. All of the foreging is referred to by this Security instrument as the Pro-

sbi 2. Funds for Taxes and Insurance. Subject to applicable law onto a written waiver by Lender, Borrower shall pay to Lender on the day monthly paymen s'are due unc's the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly yearly faces and assessments which they are all phones of property, (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly flood insurance premiums, if any; (e) yearly montgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items," Lander may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lencier for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrov/ Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrov/Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender elf, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Londer at the time of acquisition or sale as a credit against the sums secured by this Security Instrument. (p) que bear

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. Charges; Liens. 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 of 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 falls to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with SCUIH WALLEY STATE BANK

AFTER RECORDING MAIL TO

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All insurance policies and renews is shall be acraptable 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 ren swal notices. In the event of loss, Horrower shall give prompt notice to the insulance carrier and Lender. Lander may make pro of or loss if not make promotly by Borrower.

Unless Lender and Borrower off a rivise agree in writing, insurance process shall be applied to restoration or repair of the Property damaged, if the restoration or repair is accomplically fear ble and Lender's security is not lessened. If the restoration or repair is not economically fear ble and Lender's security is not lessened. If the restoration or repair is not economically fear ble and Lender's security is not lessened. If the restoration or repair is not economically fear ble and Lender's security is not 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 do is not answer within 30 days a notice from Lender that the Insurance carrier has offered to settle a claim, then Londer may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Prot erty 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 21 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 extenue ting 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, as provided in paragraph 18, 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 falled 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.
- 7. Protection of Lender's Rights in the Property. If Borrower falls 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 unclor this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this pare graph 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, the sales seconded plants are unity because of the sales

- 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. It substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one twelfith 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 paid by Borrower when the insurance coverage lapsed or ceased to be in effect. 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. Cond amnation. 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 lassigned and shall be paid to Lender at Lank excess 1 10 to Souto for the except of a carrier of the In the event of a total taking of the Popenty, that it coest-constitution and because an instance of the Exercity

LOAN NO. 500125 In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whather 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 immedia a ly before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediate y before the taking, unless Borrower and Lender otherwise agree sums secure and Lender ornerwise agree in writing, the sums secured by this, it is carried by the sums secured by this, it is carried in writing, the sums secured by this, it is carried in mediately before the taking, divided by the following fraction. (a) the total an unit 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 immedially before the taking unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the procesus shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

make an award or settle a claim for damages, Borrowar 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 Somewer shell be yithe premite in repured to main and the most

- 11. Borrower Not Released; For Degrance By Londer Not a Walver. 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 Borrrower'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 of 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 walver of or preclude the exercise of any right or remedy.
- 12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borro ver'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 may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borower's consent,
- 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. Any notice to Borrovier provided for in this Security instrument shall be given by delivering it or by malling it by first class mall unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Forrower designates by notice to Lender. Any notice to Lender shall be given by first class mall to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph?
- 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. be hardule is jetter
  - 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 Eloneficial 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.

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 delive ed or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower is its to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security it attriment without further notice of demand on Borrower.

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All insurance policies and renewals at all be accepted lette ushide and all include a stender of municipal education

18. Borrower's Right to Reinstal . If Borrower neets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinst itement) before sale of the Property pursuant to any power of sale contained in this Security Instrument, or (b) entry of a judgment enforcing 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) curses a veget default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument in suding but not limited to, reasonable attorneys fees; and (d) takes such action as Lender may reasonably require to a stirl that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums accurred by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicen (1944)

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.

20. 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 20, "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 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

21. Acceleration; Remedies. Let is 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 paragraph 17 unless applicable law provides oth arwise). 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 paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title ovidence.

If Lender invokes the power of said, 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. 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 an mouncement of the time and place of any previously scheduled sale. Lender or its designee may purchase, he Property of any sale.

Trustee shall deliver to the purch her Trustee's Leed conveying the Property without her presented or warranty, expressed or implied. The radials in the Property expressed or implied. The radials in the Property expressed or implied. The radials in the Property expressed or implied. Trusten shall apply by proceeds of the radials in the following order: (a) to all

Trustee shall deliver to the purch ser Trustee't leed conveying the Property without any covenant or warranty, excressed or implied. The rectals in the frustee's deed shell be prime facile evidence of the truth of the statements made therein. Truster shall apply the proceeds of the gale in the following order: (a) to all expenses of the sale, including, but II x ilmited to a sonable Trustee's and attorneys' fees; (b) to all sums expenses of the Security instrument; I set (c) any expenses to the person or persons legally entitled to it. 110: 22. Recenveyance. Upon paymer totall sums of pured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security instrument and 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 a shall pay any recordation costs. 10: 23. Substitute Trustee: 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 Trustce herein and by applicable laws are guarantee to accome a surger property and 24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorughs, tees awalded by an abbeligts cont. Include g, bet not indicated a rescontable site respective oru 25. Riders to this Security Instructiont. Tough shall be outlined to If one or more riders are executed by Enrower 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 (all the rider(s) were a part of this Security Instrument. (Check applicable box(as)] upoter posteration of the titlest; telested ages acceptance and the title to the last second restaurable Rate Rider and second p Condominium Rider act the color of the 11-4 Family Rider. Graduated Payment Rider in the policy Planned Unit Development Rider 1988 by Biweekly Payment Rider bre: Other(e) (Isbectiv), Spring the control in this Security Instrument (but he prior to access then on the prior upon the Bulletin Bulletin is a treated then on the prior of the current Bulletin in the control is a prior to access the manage of the current Bulletin in the control is a prior to access the manage of the current Bulletin in the control is a prior to access the manage of the current Bulletin in the current Bulletin Bull BY SIGNING BELOW, Borrower act epits and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it. Witnesses: Laterliction where the Property is locate lathat relate to beath a salety of our troub and person and radioactive mutariels. As used in this paragraph 21, "time Monty in No. subsurices b. Environmental Law and the following substituting WICHVELTS THARB As used in this paragraph 20, "Haza dous Substail es" are thore substair of Environments, Lan, of which Borro ver his actual kno hedgo. Il Borroyei Jaarni, chis notified raquidante autority, that any removal of other remed it ion of Fanka swift Halb, the standard radio sary, Ectrower shell prompily talk all necessary, entities and the sary. suk covernmental or regulaçõe) agano). ອ private par ) involving the Broja ກ່y an sany Huzard me Substitutes or Borrower shall promptly give tiends, written notice of any investigation, claim, demand lay out or outer action (see) be appropriate to normal residential as a sand to main this more of the Property. presence, use, or storage on the Proper y of small guar thies of Hazardous Subaj chaes that are granatally recognized to effecting the Property that is hivid julior, frany Environs rental Lew. The property was applied as a ball not apply to the ct any Hazard xus Substances on or in the Property. Gerrowar shall mat be more boy anyone also to do, enyemp (Real) 20. Haza dous Substances. Bor i war shall not ¢ juse of partial this reserve use claus sell atorace, or repulse ether information required by applicable law. STATE OF OFIEGON Light of same continue to the total state of the transfer of On this 9th anday of QCTOBER and 996 personally appeared the above named MICHAEL IR. . . THARB tands LAURA 🚓 "THARB might tape do no has bein k (datak una pas process in injury) pres comocre ips Acto os a bangaj jutereat ji ipto kote (todenje s vigi mje geomijik) i sprava kiji pe a koto oslo. Bolo modo and acknowledged the foregoing instrument to be their voluntary act and deed. COMPRESSION DATES OF THE PROPERTY OF THE PROPERTY OF ACTION OF THE PROPERTY Lit to the Before many Sue Nova al nava Landerall summable tiben would a roug under this Security insurance and decline and no My Commission explies, or (b) smity of a judgment on a como this Security of the on. These a real time are then as applicable law may specifying a static field in a first sold (marie) that in the contract of the interest and a second as a second and a second as a second as a second as a second as enforcement of this Security Instrument. Hacquitinaed is any time prioritorit energy of (a) 6 days (it should be be od 10. Borrewer's Hight to Reinstato of Serrewer is set a certain countil may distribute shall so to be named to be a



## Lender's Account Humber 500125

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## ADDENDUM TO DEED OF TRUST

The Lender intends to assign its rights under the attached Deed of Trust on property located at \_

the Oregon Department of Veterans' Affairs (ODVA). In the event ODVA accepts such assignment, the rights and obligations of the parties to the Deed of Trust and vith the same consideration as said Deed of Trust, which is dated the same date as this Addendum, are expressly made subject to this Addendum. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust or Note, the provisions of this Addendum shall control. All provisions of the Deed of Trust not inconsistent with this Addendum shall, and do, remain in full force and effect, including, but not limited to, the remedies available to the Lender or its nuccessors or assigns in the event of a default as described therein.

- (1) Time of Essence. Time is of the essence in the Deed of Trust.
- (2) Use and Transfer of Trust Property. As long as ODVA, or its successors or assigns, are the beneficiary of this Deed of Trust, ODVA may declare all surns secured by this Deed of Trust to be immediately due and payable if:
  - (a) All or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) by Borrower to a purchaser or other transferres, or
  - (b) Borrower rents, leases, or within 60 days after the loan is closed, fails to occupy as the borrower's principal residence the property described in the Deed of Trust, or
  - (c) Borrower omits or missepresents a fact that is material with respect to the provisions of Section 143 of the Internal Reven. Code in an application for this loan.
- (3) Environmental Evaluation. ODVA may from time to time determine that an environmental evaluation may be required. The borrower will pay the cost of such environmental evaluation.
- (4) 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 any other hazards, including floods or flooding, for which Lender requires insurance as prescribed in the attached Deed of Trust.

## WARNING

- (a) Unless you provide ODVA with evidence of the insurance coverage as required by the loan agreement, ODVA may purchase insurance at the Borrower's expense to protect ODVA's interest. The coverage ODVA purchase covers ODVA. This insurance may, but need not, also protect the Borrower's interest. If the collateral becomes damaged, the coverage ODVA purchases may not pay any claim the Borrower makes or any claim made against the Borrower. The Borrower may later cancel the coverage ODVA purchased by providing evidence that the Borrower obtained property coverage elsewhere.
- (b) The Borrower is responsible for the cost of any insurance purchased by ODVA. 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 ODVA, 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 ODVA purchases may be the date the Borrows.' s prior coverage ended or the date the Borrower failed to provide proof of insurance coverage.
- (c) The coverage ODVA purchases may be considerably more expensive than insurance the Borrower can obtain on the Borrower's own and ray not satisfy the need for property damage coverage or any mandatory liability insurance requirements imposed by applicable state or federal law.

- (5) Leas Cancellation Life Insurance (LCLI). I can Cancellation Life Insurance (LCLI) is an optional program. If the Borrower applies and is accepted it r this insurance, the Borrower agrees to pay the estimated premium to the Lender with their 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.
- (6) 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 ODVA, at no cost to ODVA. If the required flood hazard insurance is not voluntarily purchased by the Forrower, within 45 days of written notice to the Borrower, ODVA may force-place the flood insurance. ODVA 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 the note interest rate. Forrower shall pay ODVA an amount, determined by ODVA, in addition to and together with the Borrower's regular payment as it becomes due.
- (7) Governing Law; Severability. The Deed of Trust, Note, and this Addendum shall be governed by the laws of the State of Oregon and it is distinctly understood and agreed that the Deed of Trust, Note, and this Addendum 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 Deed of Trust, Note, or this Addendum conflicts with applicable law, such conflict shall not affect other provisions of the Deed of Trust, Note, or this Addendum which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust, Note, and this Addendum are declared to be severable.

The Borrower understands that the agreements and statements of fact contained in the Addendum to Residential Loan Application are necessary conditions for granting this loan.

NOTICE TO BORROVER: THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.

Signature of Veteran  Signature of Spouse	10/9/96
Signature of Spouse	Data Cianad
(E. P P III) 마시아	Date Signed
Toursal all any	10/9/96
VED ( )	
STATE OF OREGON ) ss	
County of Klamath	
On October 9 , 19 96 , before me, the undersigned, a Not	tary Public in and for said County and State
personally appeared the within named MICHAEL R. THARP AND LAURA A	A. THARP
known to me to be the identical individual described within and who executed the	his instrument and acknowledged to me th
they, executed the same freely and volu	
COMMISSION NO. 044490	ial seal this day and year last above writte
MY COMMISSION EXPIRES JUN 1 00, 1999	
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2034-M (1-96)	Pare 2 o
STATE OF OREGON: COUNTY OF KLAMATH: : ss.	
Filed for record at request of Klamath County Title of October A.D., 19 96 at 10:48 o'clock A.M.,	the 11th day
of October A.D., 19 96 at 10:48 o'clock A.M.,	and duly recorded in Vol,
	: 323Uh
of Mortgages on Page Bernetha G. Letsch	