

57108

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REC'D 5 MAY 1997

OREGON  
DEPARTMENT OF  
VETERANS' AFFAIRS

ATC 4 273-1146  
(Reserved for Recording Purposes)

ODVA Account Number	Loan Account Number
04C1020512	257 254

**DEED OF TRUST**

THIS DEED OF TRUST ("Security Instrument") is made on **MAY 5, 1997**

. The grantor is

Robert L. Nunn & Wilma L. Nunn

("Borrower"). The Trustee is AmeriTitle ("Trustee"). The Beneficiary is State of Oregon, by and through the Director of the Oregon Department of Veterans' Affairs, which is organized and existing under the laws of the State of Oregon, and whose address is 700 Summer Street NE, Salem, Oregon 97310-1201 ("Lender"). Borrower owes, under the principal sum of **SEVENTY FIVE THOUSAND TWO HUNDRED & 00/100**

Dollars (U.S. \$ **75,200.00**).

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 **06/01/2027**. 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 arrearages, 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 **Klamath** County, Oregon:

**Lot 4 of Block 10, TRACT 1064, PART ADDITION TO GARDWOOD, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.**

which has the address of **1358 Knightwood Dr, Klamath Falls, Oregon 97603** ("Property Address");

**AFTER RECORDING, RETURN TO:**

Unless change is requested, all tax statements shall be sent to the following address:

Oregon Department of Veterans' Affairs  
Attention: Loan Processing  
700 Summer St NE  
Salem, OR 97310-1201

Robert L. Nunn  
1358 Knightwood Dr  
Klamath Falls Oregon 97603

1147  
154

2. **Maintenance of Property Insurance.** The Property shall be insured against loss by fire, lightning, theft, and other hazards, including flood or flooding, for which Lender requires insurance. This insurance shall be maintained in the amount and for the periods that Lender requires. The insurance carrier providing the maintenance 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 11.

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 materials. 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 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 the 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 the 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, 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 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.

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 payment 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.

10. **Inspection.** Lender or its agent may enter the premises at any time and inspect one of the Property. Lender shall give Borrower notice of its intent to enter the premises and shall make a reasonable effort to cause the inspection.

11. **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 interest 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 fails 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.

12. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to 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 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 waiver of or preclude the exercise of any right or remedy.

13. **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 Borrower'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 Borrower's consent.

14. **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 charges 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.

15. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail 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.

16. **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.

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

18. **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.

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 Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

*[Handwritten signature]*



14. **Reinstatement.** Lender shall have the right to reinstate this Security Instrument, or to cause a Trustee to execute a written notice of the Security Instrument, at any time prior to the maturity of the Note, or such other period as applicable law may specify for reinstatement, before sale of this 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 sums as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured 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 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.

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.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser of the Property without any warranty or warranty, expressed or implied. The contents of the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (i) to all expenses of the sale, including, but not limited to, reasonable trustee's and attorneys' fees; (ii) to all sums secured by this Security Instrument; and (iii) any excess to the person or persons legally entitled to it.

22. 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.

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 Trustee herein and by applicable law.

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.

(Check applicable box(es))

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider   | <input type="checkbox"/> Condominium Rider                      | <input type="checkbox"/> 1-4 Family Rider       |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider         | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider           | <input type="checkbox"/> Rent Improvement Rider                 | <input type="checkbox"/> Second Home Rider      |
| <input type="checkbox"/> VA Rider                | <input type="checkbox"/> Conventional Addition to Deed of Trust | <input type="checkbox"/> Other(s) [specify]     |

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.

Witness:  
Rendin F. Moore  
 (Signature of Witness)

Robert L. Nurn  
 Robert L. Nurn (Signature of Borrower)

Rendin F. Moore  
 (Signature of Witness)

Wilma L. Nurn  
 Wilma L. Nurn (Signature of Co-Borrower)

STATE OF OREGON )  
 ) ss.  
 County of Klamath )

On May 5, 1997

personally appeared the above named Robert L. Nurn and Wilma L. Nurn  
 and acknowledged the foregoing instrument to be their  
 voluntary act and deed.



Before me:  
Marion Smith  
 (Notary Public for Oregon)  
 Commission Expires: 1/22/01

## CONFIDENTIAL ADDRESSES TO DIRECTOR OF FBI

THIS ADDENDUM is made this 5<sup>th</sup> day of May, 19 97, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust created into by

Robert L. Nunn & Wilma L. Nunn, the undersigned (the Grantor) to the Director of Oregon Department of Veterans' Affairs (ODVA) (the Beneficiary) on property located at 5358 Knightwood Dr., Klamath Falls, Oregon, and with the same consideration as said Deed of Trust, which is dated the same date as 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, in all events, 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.

- (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 sums 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 transferee, 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 misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue 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 Borrower provides ODVA with evidence of the insurance coverage as required by ODVA's loan agreement, ODVA may purchase insurance at Borrower's expense to protect ODVA's interest. The coverage ODVA purchases covers ODVA. This insurance may, but need not, also protect the Borrower's interest. If the collateral becomes damaged, the coverage ODVA purchased 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 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 standstill 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 Borrower's prior coverage ended or the date the Borrower failed to provide proof of insurance coverage.
- (c) The coverage ODVA purchases only is considerably more expensive than insurance the Borrower can obtain on the Borrower's own and may not satisfy a need for property damage coverage or any mandatory liability insurance requirements imposed by applicable state or federal law.



(5) **Loan Cancellation Life Insurance (LCL).** Loan Cancellation Life Insurance (LCL) is an optional program. If the Borrower applies and is accepted for this insurance, the Borrower agrees to pay the estimated premium to ODVA with their regular payment as it becomes due. Any LCL accrued, unpaid premiums are a principal obligation of the loan and are secured by this security document. Any change in the premium may change the amount of the regular payment. The insurance contract may provide that loan cancellation life insurance will be cancelled 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 Borrower within 45 days of written notice to 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. Borrower 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 BORROWER: THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.**

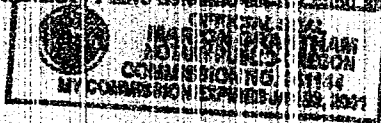
I hereby consent to the modifications of the terms of the Deed of Trust and Note which are contained in this Addendum.

Signature of Veteran	<i>Robert L. Nunn</i>	Date Signed	5/5/97
Signature of Spouse	<i>Kathleen G. Nunn</i>	Date Signed	5/5/97

STATE OF OREGON  
County of Klamath ) ss

On May 5 19 97, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Robert L. Nunn and Kathleen G. Nunn known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed my official seal this day and year last above written.



*Kathleen G. Nunn*  
(Notary Public in and for said County and State)  
Commission Expires: 1/22/01

STATE OF OREGON - COUNTY OF KLAMATH

Filed for record at request of America's Life the 5th day of May A.D. 19 97 at 3:30 o'clock P.M. and duly recorded in Vol. M97 of Mortgages on Page 1728

FILE \$45.00  
Kathleen G. Lisch, County Clerk  
*Kathleen Nunn*