ATER RECORDING MAIL TO: "FIRE DAISON 98" HRE'S NI 36 SOUTH VALLEY BANK & TRUST Vol. <u>M48</u> Page - 9615 PO BOX 5210 KEAMATHUFALLS; OR co97601 bijou octani constanto to protecti ander a tichia la tra bross of an accessoration with ATTNE JOANGALES LESTENHOU shall use be increasingly, washed in Estimated to project tender a rights in the Property in decreasing with the product of the property in the Prop Bollowick shell calls in the feet of the sec DEFO OF TRUST to we within 10 the control of the inclusion of the first trust of the feet the feet of the To a just which then any in beauty cost this section is the product of the product of the product of the product of the section is section. It is not the product of the pr agrees in writing to the payment of the obligation section by the lighting transfer accountain as in the continue and the payment of the advancement to be a light and the continue of the payment of the advancement of the light and the continue of the light and the continue of the light and the continue of the light and the light and the continue of the light and t Borrower shall promptly discharge arrellon which has provide the facility brains from the control of the charge arrellong and the control of the charge to the charge The trustee is AMERITITLE The trustee is AMERITITLE
The beneficiary is SOUTH VALLEY BANK & TRUST

existing under the laws of AN OREGON BANKING CORPORATION

which is organized and some source of the principal sum of Forty One Thousand Five Hundred Dollars and ("Lender").

Dollars AI S 641 500 00 ("Trustee"). Borrower owes Lender the principal sum of Forty One Thousand Five Hundred Dollars and no/100

Dollars (U.S. \$41,500.00). This debt is payments, with the full debt, if not paid earlier, one and payable on April 1, 2028

Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, to protect the security instrument and (b) the payment of all other sums, with interest, advanced under paragraph? to protect the security of this Security Instrument; and (o) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower Inevocably grants and conveys to Trustee, In trust, with power of sale, the following described property located in K1 amath a special property County, Oregon: he more than thinks morehy payments, at Londer's sole discretion Unit 10857, (Vincent Drive), Tract 1336 - FALCON HEIGHTS CONDOMINIUMS - STAGE Clerk of Klamath County, Oregon CODE: 164, SERIAL NO: 769476 MAP/TAX LOT NO. that idierest shed be pried on the Funds. As the shall give to Borrowest which each dauge on a great accoming of the Funds should be pried or the Funds and the great post for which each dauge and decide to markites and the greatest house society hard more than a funds and decide of the funds was incide. The Funds are the short of the funds was incide. The Funds are the short of the funds of the funds are incidentally for all forms are incidental housest house society hard more than the funds of the funds are the short of the funds are incidentally for all forms are incidentally forms. enional sucurity for all soms accured by this security institution required to pay Berrower any interest or earnings on the Funda. Gordwar and Lemier may hare an winner in their near the transfer the main an ten Friends. I worker shall must be Hear above substant about a service of members of their mouldes otherwise. 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Lender may not charge Ronower for no dind and applying the Funds, ampubly charge and now psy the Eserory here. (melading Lender, il Lender is auch am inclination) of ill any Federici Home Ecci, Bank (Lendershall apply are runns to The Fands short be first in an institution woose disposits are insufted by a tederal agency, insufcricitality; or emby the Fands should be made in the first strength of the fir accordance with applicable law due on the haus of curron date and reasonable estimates of expensiones of tuture Eschar laws or observied in another management and the pasts of curron date and the seconable assignments. times collect and hard Funds in an amount rust to exceed the least are amount. Leaster may centrale the amount of Fands 2601 ut seq. (*RESPAT), unless another that applies in the Funds sets a lessen amount. It so, Londer may, at any unade collars and based transfering an advisor material that the collars and based transfering an advisor material that the collars and based transfering an advisor material transfering an advisor material and collars and based transfering an advisor material and collars and c to expend the maximum amount a lenderfor algorially related mondagle lost they require to those and account under the federal Real Estain Suttlement Procedures act of 1074 as amount if so it offers may account under the federal Real Estain Suttlement Procedures act of 1074 as amounts if so it offers may at any people of the federal Research and the research of the federal Research and the research of the resear Which has the address of the Language 10857 VINCENTUDRIVE A SECURITY OF THE COST KLAMATH FALLS assirence (a Landa. in accordance with the pisseeling of patragons, in that of the payment [CM] arrange in accordance with the pisseeling of patragons, in the state of the payment in the pisseeling of the pisse yearly taxes and (136 cod) and writen may attain phonty over this Security Institution, as a firm on the transportation of payments and transportation of the cod in accordance with the olementary of payments and the cod in accordance with the olementary of any and the cod in accordance with the olementary of any and the cod in accordance with the olementary of any accordance to the cod in accordance with the olementary of any accordance to the cod in accordance with the olementary of any accordance with the olementary of any accordance with the olementary of any accordance to the code of TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements. appurteriances, and focuses now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." BORROWER COVENANTS that Borrower is lawfully selsed of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any eucrimptances of tecord in tion to constitute a trailorm security instrument covering real cropert, THIS SECURITY INSTRUMENT combines uniform covenants for national usoland non-uniform coverance with OREGON-SINGLE FAMILY-FHMA/FHLMC UNIFORM INSTRUMENT ISC/CMDTOR//0792/3038(9-90)-L

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TOYM NO 5 10 FORM 3038 9/90

LOAN NO. 830050811333

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited varietions by jurisdiction to constitute a uniform security instrument covering real property. MUNIFORM COVENANTS: Borrower and Lender covenant and agree as follows wild use the place to unit

the principal of and interest; Prepayment and Late Charges. Sorrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Notered by this Security in Humani. Alter the regulary is returned to in this Security in a conent to the Property

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Londer on the day monthly payments are due under 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 taxes and assessments which may attain priority over this Security institution as a new or the Property, (b) yearly fleasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage 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." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender 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 Escrow 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 Escrow 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 cums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, 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 Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument. (b) the bacterial of the off of Peters Astronomy

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 ilen. 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 SOUTH VALUET SANK & TRUST

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FORM 3038 9/90

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrie; 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 Lender to the extent of the sums secured by this Security Instrument Immediately prior to the acquisition.

- 6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, 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 pricrity over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

- 8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.
- 9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.
- 10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lenderwije and excess bard to Gottomore. In the excess to a rest report of the problem, the brockeds applying abblided to the condemnation of the proceeds applying abblided to the condemnation.

FORM 3038 9/90 8 1

LOAN NO. 830050811 93 8618 In the event of a total (alking of the Property, the proceeds shall be applied to the sums secured by this Security Institutent; 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 immediately before the taking is equal to or greater than the amount of the aums secured by this Security instrument immediately before the taking unless Borrower and Lender otherwise agree 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 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

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower falls to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such

- 11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason 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.
- 12. Successors and Assigns Bound; Joint and Several Liability; Cc-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
- 13. Lcan 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 charges, and trial law is lineary interpreted so that the lines of 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 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 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
- 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
 - 16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.
- 17. Transfer of the Property or a Beneficial Interest in Borrower. 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 Lander 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 falls 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.

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18. Borrower's Right to Reinstate. If Borrower meets 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 reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (o) 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 borrower: (a) pays Lender all sums which then would be due under this security instrument and the Note as it 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 Socurity 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. Abigueges Alacija sich dechi

19. Sale of Note; Chango of Loan Servicer. (934) 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

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release other information required by applicable law. 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 any governmental or regulatory agency of private party involving the Property and any Flazardous Substance of 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 remedles provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of a mas securado membros a 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 parcels of the Property by public announcement at the time and place of any previously scheduled sale. Lander or ha designee may purchase the Property at any sale-junesed, a use appearance to the purchase the Property at any sale-junesed, a use appearance to the property at any sale-junesed, and a property at any sale-junesed, and a property at any sale-junesed, a use appearance to the property at any sale-junesed, and a property at any sale-junesed, a use appearance to the property at any sale-junesed, and a property at any sale-junesed, a use appearance to the property at any sale-junesed, and a property at any sale-junesed, a use a property at a property at any sale-junesed, and a property at a prop the disconunt made therein. Trustee shall apply the proceede of the sale in the following to the fat to all

warranty, or pressed or implied. The recitals in the trustee's doed shall be prints finis avecare of the fruit of Trustee shall deliver to the purchaser Trustee's dosa conveying the Property without any envenent or

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THIS CONDOMINIUM RIDER is made this ______ day of MARCH, 1998 , and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to SOUTH VALLEY BANK & TRUST, SOUTH VALLEY BANK & TRUST

(tn "Lender") of the same date and covering the Property described in the Security Instrument and located at:

10857 VINCENT DRIVE, KLAMATH FALLS, OR 97603 [Property Address]

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as:

FALCON HEIGHTS CONDOMINIUMS AN OREGON CONDOMINIUM

[Name of Condominium Project]

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the banefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

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

- A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.
- B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of the yearly premium installments for hazard insurance on the Property; and

Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

- In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower, and a condensation of the sums secured by the Security Instrument, with any excess paid to Borrower, and a condensation of the sums secured by the Security Instrument, with any excess paid to Borrower, and a condensation of the sums secured by the Security Instrument.
- C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.
- D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lander Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 19.000 pt 10.000 pt 10.000

MULTISTATE CONDOMINIUM RIDER Single Family—FNMA/FHLMC UNIFORM INSTRUMENT ISC/CRID**//0195/3140(0990)-L Page 1 of 2 Form 3140 9/90, Revised 8/91

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	Lender may pay them. Any amounts disbursed by Lender under this paragraph E shall become addition debt of Borrower secured by the Security instrument. Unless Borrower and Lender agree to other terms payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall payable, with interest, upon notice from Lender to Borrower requesting payment.	nal of
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	prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the Condominium Project, except for abandonment	or
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