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K-53359 Vol. 198 Page 46844
ASSIGNMENT OF DEED OF TRUSTResidential Loan Program
Oregon Housing and Community Services Department
State of Oregon

FOR VALUE RECEIVED, SOUTH VALLEY BANK & TRUST, Assignor,
 assigns to the OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT, STATE OF OREGON, all its beneficial
 interest in the property described in that Deed of Trust dated Dec. 22, 1998,
 executed by ARLENE M. HECKENLIVELY, Grantor,
 to FIRST AMERICAN TITLE, Trustee, recorded 12-22, 1998
 in book/reel 1798, page 46838, or as fee no. 71939 of the Mortgage Records of
KLAMATH County, Oregon, including the promissory note described in the Deed of Trust.

Date: DECEMBER 21, 1998SOUTH VALLEY BANK & TRUST

Approved Lender Name

By: Beth E Deaver

Authorized Signature

BETH E DEAVER

Name

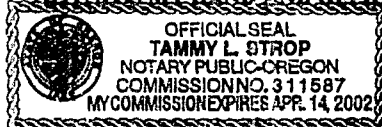
MANAGER SERVICING/UNDERWRITING

Title

STATE OF OREGONCounty of KLAMATH ss

On DECEMBER 21, 19 98, before me, the undersigned, a Notary Public in and for said County and
 State, personally appeared *** BETH E DEAVER ***, who being sworn stated that he/she is
 the *** MANAGER SERVICING/UNDERWRITING *** of assignor corporation and that he/she certifies that this
 assignment was voluntarily signed on behalf of the assignor corporation by authority of its board of Directors.

WITNESS MY HAND AND OFFICIAL SEAL

Tammy L. Strop

Notary Public in and for said County and State

My Commission expires: 04/14/02

After recording return to:

SOUTH VALLEY BANK & TRUST
ATTN: DEANNA REDDP.O. BOX 5210KLAMATH FALLS, OR 97601

**Residential Loan Program
Oregon Housing and Community Services Department
State of Oregon**

The Lender intends to assign its rights under the attached Deed of Trust to the Oregon Housing and Community Services Department, State of Oregon (the "Department"). In the event the Department accepts such assignment, the rights and obligations of the parties to the attached Deed of Trust 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.

1. As long as this mortgage is held by the Department, or its successors or assigns, the Lender may declare all sums secured by this mortgage to be immediately due and payable if:
 - a. all or part of the property is sold or otherwise transferred by Borrower to a purchaser or other transferee:
 - (i) who cannot reasonably be expected to occupy the property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143(c) and (1)(2) of the Internal Revenue Code; or
 - (ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143(d) and (1)(2) of the Internal Revenue Code (except that the language "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(1); or
 - (iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (1)(2) of the Internal Revenue Code; or
 - (iv) who has a gross family income in excess of the applicable percentage of applicable median family income as provided in Section 143(f) and (1)(2) of the Internal Revenue Code; or
 - b. Borrower fails to occupy the property described in the mortgage without prior written consent of the Lender or its successors or assigns described at the beginning of this Addendum; 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 mortgage.

References are to the Internal Revenue Code as amended and in effect on the date of issuance of bonds, the proceeds of which will be used to finance the purchase of the mortgage, and are deemed to include the implementing regulations.

2. 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.
3. The Borrower agrees that no future advances will be made under this Deed of Trust without the consent of the Department.

WARNING

Unless you (the Borrower) provide us (the Department) with evidence of the insurance coverage as required by this Deed of Trust, we (the Department) may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral (the Trust Property) becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your loan balance. If the cost is added to your loan balance, the interest rate on the underlying loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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The Borrower understands and agrees that the above provisions and the interest rate set forth in the Note shall be in effect only if this loan is purchased by the Department or its assigns. If for any reason it is not so purchased, or if such purchase is rescinded, then the above provisions shall cease to be effective and the interest rate may be increased to 7.00 % per annum, and the monthly installment of principal and interest may be increased to \$ 238.51.

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.

Date: 12-22-98

Arlene M. Heckenlively
Borrower ARLENE M. HECKENLIVELY

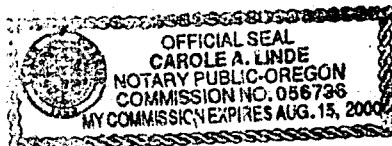
Borrower

STATE OF OREGON

County of Klamath ss

On December 22 1998, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named ARLENE M. HECKENLIVELY known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that she executed the same freely and voluntarily.

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



Carole A. Linde
Notary Public in and for said County and State

My Commission expires: 8/15/00

(Seal)

After recording, mail to: SOUTH VALLEY BANK & TRUST
ATTN: DEANNA REDD

P.O. BOX 5210

KLAMATH FALLS, OR 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 22nd day of December A.D., 19 98 at 3:14 o'clock P M., and duly recorded in Vol. M98 of Mortgages on Page 46844.

FEE \$20.00

By Bernetha G. Letsch, County Clerk
Kathleen Brown