

7-153-112  
At a charge is requested in advance  
sent to the following address:

AFTER RECEIVING RETURN TO:  
ELDORADO BANK DEP.  
COMMERCIAL SECURITY BANK  
1515 RIVER PARK DRIVE  
SACRAMENTO, CA 95815  
LICENSE # 006391947  
VA. LGR # 0276553

Account Number:

1

Tax Account Number:

C-0749 Page 3152

R-52774  
**DEED OF TRUST**

**NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.**

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 14, 1999

between D. THOMAS AND HOLLY B.

. The grantor is

("Borrower"). The trustee is

FIRST AMERICAN TITLE COMPANY

("Trustee"). The beneficiary is ELDORADO BANK DEP. COMMERCIAL SECURITY BANK,

ITS SUCCESSORS AND/OR ASSIGNS

which is organized and existing under the laws of CALIFORNIA, and whose address is 1515 RIVER PARK DRIVE, STATE 100, SACRAMENTO, CA 95815

ONE HUNDRED FIFTEEN THOUSAND

00/100

("Lender"). Borrower owes Lender the principal sum of

This debt is evidenced by Borrower's note payments, with the full debt, if not paid earlier, due and payable on FEBRUARY 1, 2019. 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 Borrower's obligations and agreements under 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:  
TEN N 1/2 E 1/2 S 81 1/4 NE 1/4 OF  
THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

which has the address of

1104 ROB

ROAD, LAINE

Street, City,

Oregon

97

3S

[Zip Code]

(Property Address).

OREGON-Single Family FNMA/FHLMC UNIFORM INSTRUMENT Form 9138 Amended 7/91

4-6V(DR)(sec1)  
FHA MORTGAGE FORMS - (MCH) 1-728  
Page 1 of 6

7/91

7/91

7/91

R-52774-71

TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Security Instrument, at all times hereinafter referred to in this instrument as the "Property".

**BORROWER COVENANTS** that he will convey the Property and that the Property is lawfully seized in the estate hereby conveyed and has the right to grant and 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 encumbrances of record.

**THIS SECURITY INSTRUMENT** contains uniform covenants for mutual use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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

1. **Payment of Principal and Interest.** Borrower 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 Note.
2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are made, assessments which may attain priority over ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) 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 escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 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 Lender, if Lender is such an institution) or whose deposits are insured by a federal agency, instrumentality, or entity (including in any Federal Home Loan Bank. Lender shall apply the Funds to pay 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 it 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. 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.

**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 household 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 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 any part of the Property is subject to a lien which may attain priority over 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 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, floods or flooding, for which Lender requires. The insurance carrier for which shall not be unreasonably withheld. If option, obtain coverage to protect Lender's rights included with the term "extended coverage" and any other hazards, including insurance. This insurance shall be maintained in the amounts and for the periods during the insurance shall be chosen by Borrower subject to Lender's approval. Borrower fails to maintain coverage described above, Lender may, at Lender's in the Property in accordance with paragraph 7.

All insurance policies and insurance premiums may make right to hold the policies and renewal notices. In the event of loss or damage by fire, water, or other causes, Lender and Borrower shall be responsible to Lender and shall include a standard mortgage clause. Lender shall promptly give to Lender all receipts of paid premiums. Borrower shall promptly give to Lender notice of the insurance carrier and Lender. Lender

Unit Lender and Borrower both  
Property damaged, if the restoration or  
repair is not economically feasible or  
secured by this Security Instrument.  
Property, or does not answer within  
Lender may collect the insurance price  
by this Security Instrument, whether or  
otherwise agreed in writing, insurance proceeds shall be applied to restoration or repair of the  
Property if the repair is economically feasible and Lender's security is not lessened. If the restoration or  
repair is not economically feasible and Lender's security is not lessened, the insurance proceeds shall be applied to the sums  
due, with any excess paid to Borrower. If Borrower abandons the  
Property, Lender may use the proceeds to repair or restore the Property or to new construct  
the Property.

14. Security instrument, whether or not then due. The 30-day period will begin when the notice is given.  
15. 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 as the exit 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, 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.** It is

**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 given by Lender to Borrower requesting payment.

Instrument. Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the claim 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 one-twelfth of the yearly mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to the 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 that Lender requires) provided by an insurance company 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. Condemnation.** The proceeds of condemnation or other taking of any part of the Property or for convenience of the Lender or applicable law, shall be paid to the Lender or its agent, or to the Borrower and his heirs reasonable entry upon an inspection specifying reasonable cause for the inspection.

In the event of a total taking or the whether or not then due, with any excess value of the Property immediately before the instrument, immediately before the taking, Security Instrument shall be reduced by the sums secured immediately before the taking. Any balance shall be paid to Borrower Property immediately before the taking, unless Borrower and Lender otherwise agree in writing.

If the Property is abandoned by Borrower or settles a claim for damages, Borrower is authorized to collect and apply the proceeds by this Security Instrument, whether or not otherwise 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.

**11. Borrower Not Released; Forbearance.** 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 extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument in interest. Any forbearance by Lender in exercising any right or

right shall not be a waiver of or preclude the exercise of any other right or power, or if, after notice by Lender to Borrower that the condemnor offers to make an offer fails to respond to Lender within 30 days after the date the notice is given, Lender may, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not otherwise due.

In the event of a partial taking of the Property in which the fair market value of the sums secured by this Security Instrument is less than the amount of the proceeds multiplied by the following fraction: (a) the total amount of the partial taking, divided by (b) the fair market value of the Property immediately before the partial taking of the Property in which the fair market value of the sum of the sums secured immediately before the taking, unless otherwise law otherwise provides, the proceeds shall be applied to the

holder or not the sums are then due.

In the event of a partial taking of the Property in which the fair market value of the sum of the sums secured by this Security Instrument is less than the amount of the proceeds multiplied by the following fraction: (a) the total amount of the partial taking, divided by (b) the fair market value of the Property immediately before the partial taking of the Property in which the fair market value of the sum of the sums secured immediately before the taking, unless otherwise law otherwise provides, the proceeds shall be applied to the holder or not the sums are then due.

In the event of a partial taking of the Property in which the fair market value of the sum of the sums secured by this Security Instrument is less than the amount of the proceeds multiplied by the following fraction: (a) the total amount of the partial taking, divided by (b) the fair market value of the Property immediately before the partial taking of the Property in which the fair market value of the sum of the sums secured immediately before the taking, unless otherwise law otherwise provides, the proceeds shall be applied to the holder or not the sums are then due.

**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 shall not be 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

terms of this Security Instrument or the Note without that Borrower'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 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.

**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.

**16. Borrower's Copy.** Borrower shall be given one conforming 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, in 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.

**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 (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 default of any other covenants or agreements; (b) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (c) takes such action as Lender may reasonably require to assure that the title of this Security Instrument, Lender's right in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchallenged. Upon acceleration by Lender, 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

**19. Sale of Note; Change of Lender.** The Note may be sold or otherwise transferred ("Change in the entity known as the "Loan Servicer") that makes changes of the Loan Servicer. In such event, notice of the change in address of the new Loan Servicer and 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 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: 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.

**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) 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 and conditions set forth 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 Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The rentals in 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: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess.

**22. Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey this Security Instrument and all notes evidencing debt secured by this Security Instrument to such person or persons legally entitled to it.

**23. Substitute Trustee.** Lender may appoint hereinunder. Without conveyance, transfer or assignment upon Trustee herein and by applicable law.

**24. Attorneys' Fees.** As laid in this instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

Servicer shall be the holder of a partial interest in the Note, together with this Security Instrument. A sale may result in a change in the entity known as the "Loan Servicer" and his Security Instrument. There also may be one or more changes of the Note. If there is a change of the Loan Servicer, Borrower will be advised writing notice of the change in address of the new Loan Servicer and information required by applicable law.

**25. Payment.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any 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 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: 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.

**26. Covenants.** Borrower and Lender further covenant and agree as follows:

**27. Power of Sale.** 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) 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 and conditions set forth 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 Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The rentals in 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: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess.

**28. Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey this Security Instrument and all notes evidencing debt secured by this Security Instrument to such person or persons legally entitled to it.

**29. Substitute Trustee.** Lender may appoint hereinunder. Without conveyance, transfer or assignment upon Trustee herein and by applicable law.

**30. Attorneys' Fees.** As laid in this instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

25. Riders to this Security Instrument:  
Security Instrument, the covenants and  
the covenant and agreements of this Secu-  
(Check applicable box(es))

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- VA Rider

26. If one or more riders are executed by Borrower and recorded together with this  
Security Instrument, the covenants and agreements of which such rider(s) shall be incorporated into and shall amend and supplement  
this Security Instrument as if the rider(s) were a part of this Security Instrument.

- Condominium Rider
- Planned Unit Development Rider
- Right of First Refusal Rider
- Other(s) [Specify]: \_\_\_\_\_

- 1-4 Partially Rider
- Biweekly Payment Rider
- Second Home Rider

BY SIGNING BELOW, Borrower at  
any rider(s) executed by Borrower and rec-  
orded with it  
I certify and agree to the terms and covenants contained in this Security Instrument and in  
the rider(s) executed by Borrower and re-  
corded with it.

*Bruce D. Thrasher*  
BRIAN D. THRASHER

(Seal)

Borrower

*Tracy M. Thrasher*  
TRACY M. THRASHER

(Seal)

Borrower

(Seal)  
Borrower

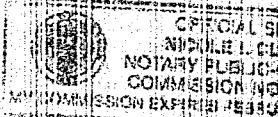
(Seal)

Borrower

STATE OF OREGON

On this 15th day of January, 1998,  
Bruce D. Thrasher,  
the foregoing instrument to be then,

My Commission Expires: 2/28/2000  
(Official Seal)



*6/1/00 (See)*

County: Deschutes  
Personally appeared the above named  
Bruce D. Thrasher  
voluntarily and freely,  
and acknowledged

before me:

*6/1/00 Tracy P. Thrasher*  
Notary Public for Oregon

Form 3030-S700

LAW 551457

**VA GUARANTEED LOAN AND ASSUMPTION POLICY RIDER**

**NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.**

THIS VA GUARANTEED LOAN AND ASSUMPTION POLICY RIDER is made this 13th day of JANUARY , 1995 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Deed-in-Scere Debt (herein "Security Instrument") dated of ever date herewith, given by the undersigned (herein "Borrower") to secure Borrower's Note to ELDORADO BANK DEA CONVERTIBLE SECURITY BANK, A CALIFORNIA CORPORATION, (herein "Lender") and covering the property described in the Security Instrument and located at 1004 WOKE ROAD, LIPZINE, REGION 97719

(Open Address)

**VA GUARANTEED LOAN COVENANT:** In addition to the covenants and agreements made in the Security instrument, Borrower and Lender further covenant and agree as follows:  
If the indebtedness secured hereby is guaranteed or insured under Title 38, United States Code, such Title and Regulations issued thereunder and in effect on the date hereof shall govern the rights, duties and liabilities of Borrower and Lender. Any provisions of the Security Instrument or other instruments executed in connection with said indebtedness which are inconsistent with said Title or Regulations, including, but not limited to, the provision for payment of any sum in connection with prepayment of the secured indebtedness and the provision that the Lender may accelerate payment of the secured indebtedness pursuant to Covenant 17 of the Security Instrument, are hereby amended or negated to the extent necessary to conform such instruments to said Title or Regulations.

**LATE CHARGE:** At Lender's option, Borrower will pay a "late charge" not exceeding four per centum (4%) of the overdue payment when paid more than fifteen (15) days after the due date thereof to cover the extra expense involved in handling delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured hereby.

**GUARANTY:** Should the Department of Veterans Affairs fail or refuse to issue its guaranty in full amount within 60 days from the date that this loan would normally become eligible for such guaranty committed upon by the Department of Veterans Affairs under the provisions of Title 38 of the U.S. Code "Veterans Benefits," the Mortgagor may declare the indebtedness hereby secured at once due and payable and may foreclose immediately or may exercise any other rights hereunder or take any other proper action as by law provided.

**TRANSFER OF THE PROPERTY:** This loan may be declared immediately due and payable upon transfer of the property securing such loan to any transferee, unless the acceptability of the assumption of the loan is established pursuant to Section 3714 of Chapter 7, Title 38, United States Code.

An authorized transfer ("assumption") of the property shall also be subject to additional covenants and agreements as set forth below:

(a) **ASSUMPTION FUNDING FEES:** A fee equal to one-half of one per centum (.50%) of the balance of this loan as of the date of transfer of the property shall be payable at the time of transfer to the loan holder or its authorized agent, or trustee for the Department of Veterans Affairs. If the assignee fails to pay this fee at the time of

**VA GUARANTEED LOAN AND ASSUMPTION POLICY RIDER**

transfer, the fee shall constitute the title fee(s) provided, and the transferor, shall be immediately liable to pay to the transferee, in addition to that already secured by this instrument, shall bear interest at the option of the title of the indebtedness hereby secured or any transferee and payable. This fee is automatically waived if the assumption is exempt under the provisions of 38 U.S.C. 3719 (e).

(c) **ASSUMPTION FEES:** Upon application for approval to allow assumption of this loan, a processing fee may be charged by the loan holder or its authorized agent for determining the creditworthiness of the assumed transfer. The amount of this charge shall not exceed the maximum established by the Department of Veterans Affairs for a loan to which Section 3719 of Chapter 37, Title 38, United States Code applies.

(c) **ASSUMPTION INDEMNITY LIABILITY:** If this obligation is assumed, then the assumed hereby agrees to assume all of the obligations of the veteran under the terms of the instruments creating and securing the loan. The assumed further agrees to indemnify the Department of Veterans Affairs to the extent of any claim payment arising from the guarantee or insurance of the indebtedness created by this instrument.

IN WITNESS WHEREOF, Borrower(s) has executed this VA Guaranteed Loan and Assumption Policy Rider.

*James G. Blasher*

BRUCE D. TERRASIER

Borrower

*James G. Blasher*

COLIN D. TERRASIER

Borrower

Borrower

Borrower

STATE OF OREGON : COUNTY OF KLAMATH

Searched for record at request of \_\_\_\_\_  
on \_\_\_\_\_ January A.D. 19\_\_\_\_\_  
of \_\_\_\_\_ B.M.C.  
Fee \$45.00

SEARCHED	INDEXED	FILED	RECORDED
1-132	1-132	P.A.	1, and duly recorded in Vol. 19C on page 252
the 21st day of January 19_____ by [Signature]			

Lake County Clerk