

RETURN TO

NATIONAL FUNDING SERVICE,  
724 SOUTH CENTRAL, SUITE  
MEDFORD, OREGON 97501

NOTE NO. 4469963

NTO 4590D-M  
State This Line For Recording Date

## DEED OF TRUST

FHV CASE NO.

431-3296900-734

THIS DEED OF TRUST ("Security Instrument") is made on JANUARY 11, 1999, by UNMARRIED MAN AND MARISSA L. THOMAS, AN UNMARRIED WOMAN

The trustee is AMERITITLE

("Borrower").

The beneficiary is NATIONAL FUNDING SERVICE, INC., A OREGON CORPORATION

which is organized and existing under the laws of OREGON, and whose address is 724 SOUTH CENTRAL, SUITE 03, MEDFORD, OREGON 97501

FORTY EIGHT THOUSAND NINE Dollars (U.S. \$48,900.00) Security instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on FEBRUARY 1, 2029. (a) the repayment of the debt evidenced by the Note; (b) the payment of all other sums due under this Security instrument; and (c) the performance of the Borrower's obligations under the Note. For this purpose, Borrower conveys to Trustee, in trust, with power of sale, the following described property located in Klamath

UNIT 10336, WRIGHT AVENUE STAGE 1 ACCORDING TO THE OFFICE OF THE COUNTY CLERK, Klamath County, Oregon, #3909-03400-011400, TRACT 1336 - HALCON HEIGHTS CONDOMINIUMS, OFFICE #1, FILE THEREOF ON FILE IN THE OFFICE OF Klamath County, Oregon.

Borrower has the address of 10336 WRIGHT AVENUE, Klamath Falls, [City] Oregon 97501 [Zip Code]

TOGETHER WITH all the improvements, appurtenances, and fixtures now or hereafter covered by this Security instrument. All of BORROWER COVENANTS that Borrower will grant and convey the Property and that the Warrants and will defend generally the title to the property.

now or hereafter entered on the property, and all easements, a part of the property. All replacement and additions shall also be foregoed and referred to in this Security instrument as the "Property." Borrower is lawfully seized of the estate hereby conveyed and has the right to property is unencumbered, except for encumbrances of record. Borrower the Property against all claims and demands, subject to any encumbrances

NOTARIZED DEED OF TRUST  
431-3296900-734

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THIS SECURITY INSTRUMENT contains  
certain restrictions by jurisdiction to constitute

met uniform cover as formation used non-uniform covers with a uniform cover instrument covering real property.

## UNIFORM COVENANTS. Borrower and

1. Payment of Principal, Interest and  
on the debt evidenced by the Note and late  
fees.
  2. Monthly Payments of Taxes, Insurance,  
together with the principal and interest as  
assessments levied or to be levied against the  
(c) premiums for insurance required under  
insurance premium to the Secretary of State.  
premium would have been required if less  
would include either: (i) a sum for the annual  
monthly charge instead of a mortgage insur-  
reasonable amount to be determined by the  
are called "Escrow Items" and the sums paid

Lender may, at any time, collect and hold maximum amount that may be required for Act of 1974, 12 U.S.C. § 2601 et seq., and in time to time ("RESPA"), except that the cumulative disbursements before the Borrower's payoff of mortgage insurance premium.

If the amounts held by Lender for Escrow account to Borrower for the excess funds as are not sufficient to pay the Escrow items up the shortage as permitted by RIBSPA.

The Escrow Funds are pledged as additional  
wedges to Lender the full payment of all sums  
for all instalment items (ii), (iv), and (c) and  
obligated to pay to the Secretary, and Lender  
in a foreclosure sale of the Property or its ad-  
ditional sum for all instalments for item (iii).

1. Application of Payment. All pay  
FIRST, to the mortgage insurance premium  
by the Secretary instead of the monthly  
SECOND, to my taxes, special assessments,  
third party insurance premiums, as required  
THIRD, to interest due under the Note  
FOURTH, to amortization of the principal  
FIFTH, to law charges due under the Note.

4. Fire, Flood and Other Hazard insurance in existence or subsequently erected, a Lender requires insurance. This insurance requires Borrower shall also insure all improvements, against loss by floods to the extent approved by Lender. The insurance policies clauses in favor of, and in a form acceptable

If the event of loss Borrower shall give  
make promptly by Borrower. Each insurance  
for such loss directly to Lender, instead of  
proceeds may be applied by Lender, at its option,  
this Security Instrument, first to any delinquency  
of principal, or (b) to the restoration or  
principal shall not extend or postpone the due date  
charge the amount of such payment. Any  
indebtedness under the Note and this Securi-

In the event of foreclosure of this Security, the indebtedness, all right, title and interest in such property.

**5. Occupancy, Preservation, Maintenance and Leaseholder.** Borrower shall occupy, establish and continue to occupy the Property as Borrower unless the Lender determines that reasonable circumstances exist which are beyond Borrower's control. Borrower shall not commit any act which would cause the Property to deteriorate, reasonable wear and tear excepted.

Lender coverunt and agree as follows:

**Last Charge.** Borrower shall pay when due the principal of, and interest charges due under the Note,

**etc., and Other Charges.** Borrower shall include in each monthly payment, forthwith in the Note and any late charges, a sum for (a) taxes and special Property, (b) leasehold payments or ground rents on the Property, and paragraph 4. In any year in which the Lender must pay a mortgage and Urban Development ("Secretary"), or in any year in which such ex still holds the Security Instrument, each monthly payment shall also gage insurance premium to be paid by Lender to the Secretary, or (ii) a fence premium if this Security Instrument is held by the Secretary, in a Secretary. Except for the monthly charge by the Secretary, these items to Lender are called "Escrow Funds."

3 amounts for Escrow Items in an aggregate amount not to exceed the  
borrower's escrow account under the Real Estate Settlement Procedures  
Lendering regulations, 24 CFR Part 3500 as they may be amended from  
time to time, permitted by RESPA for unanticipated disbursements or  
as are available in the account may not be based on amounts due for the

Items exceed the amounts permitted to be held by RESPA, Lender shall require by RESPA. If the amounts of funds held by Lender at any time when due, Lender may notify the Borrower and require Borrower to make all security for all sums secured by this Security Instrument. If Borrower pays, Borrower's account shall be credited with the balance remaining on mortgage insurance premium installment that Lender has not become shall promptly refund any excess funds to Borrower. Immediately prior provisions by Lender, Borrower's account shall be credited with any balance b), and c).

ent under paragraphs 1 and 2 shall be applied by Lender as follows:  
amount to be paid by Lender to the Secretary or to the monthly charge  
mortgage insurance premium; its leastent to payments or group premiums, and fire, flood and other  
al of the Note; and  
te.

me. Borrower shall insure all improvements on the Property, whether against any hazards, casualties, and contingencies, including fire, for which shall be maintained in the amounts and for the periods that Lender requires on the Property, whether now in existence or subsequently required by the Secretary. All insurance shall be carried with companies and any renewals shall be held by Lender and shall include loss payable to Lender.

Lender immediate notice by mail. Lender may make proof of loss if not company concerned is hereby authorized and directed to make payment to Borrower and to Lender jointly. All or any part of the insurance monies, either (a) to the reduction of the indebtedness under the Note and such amounts applied in the order in paragraph 3, and then in prepayment of the damaged Property. Any application of the proceeds to the date of the monthly payments which are referred to in paragraph 2, or less insurance proceeds over an amount required to pay all outstanding instrument shall be paid to the entity legally entitled thereto. Instrument or other transfer of title to the Property that extinguishes the Borrower in aid to insurance policies in force shall pass to the

use and Protection of the Property; Borrower's Loan Application; and use the Property as Borrower's principal residence within sixty days (or within sixty days of a later sale or transfer of the Property) and shall be principal residence for at least one year after the date of occupancy, until will cause undue hardship for Borrower, or unless extenuating factor's cannot. Borrower shall notify Lender of any extenuating circumstance or destroy, damage or substantially change the Property or allow the same to become vacant if the Property is vacant.

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or documents or the loan is in default. Lender may take action to protect and preserve such vacant or delinquent property during the liquidation process, particularly to Lender's own detriment if he fails to provide information concerning his title or interest in the property, including but not limited to representations concerning Borrower's title to the property. If this Security Instrument is in a leasehold, Borrower shall comply with the provisions of the lease. If Borrower is merged unless Lender agrees to the merger.

6. Condemnation. The proceeds of an any condemnation or other taking of any part assigned and shall be paid to Lender to the Note and this Security Instrument. Lender may apply such proceeds to the reduction of the indebtedness under any delinquent amounts applied in the order provided in paragraph 3, application of the proceeds to the principal shall not extend or postpone the date of the monthly payments, which any excess proceeds over an amount required by this Security Instrument shall be paid to the entity legally entitled thereto.

7. Charges to Borrower and Protection of Lender's Rights. Borrower shall pay all governmental charges, fines and impositions in time directly to the entity which is owed the Property, upon Lender's request. Borrower

If Borrower fails to make these payments covenants and agreements contained in this instrument affect Lender's rights in the Property (such regulations), then Lender may do and pay what is necessary to protect the value of the Property, including payment of taxes,

Any amounts disbursed by Lender under this Security Instrument. These amounts and at the option of Lender shall be imputed

Borrower shall promptly discharge any lien agreed in writing to the payment of the obligation in good faith the lien by, or defends against, or operates to prevent the enforcement of the lien to Lender, subordinating the lien to this Security Instrument to a lien which may attain priority over the lien. Borrower shall satisfy the lien or take notice.

8. Fees. Lender may collect fees and Grounds for Acceleration of Debt.

(a) Default. Lender may except defaults, require immediate payment:

- Borrower defaults by failing to pay in full all monthly payments required by this Security Instrument prior to or on the due date of the next monthly payment, or
- Borrower defaults by failing in this Security Instrument.

(b) Sale Without Credit Approval. of the Garde-St. Germain Depositor approval of the Secretary, require immediate payment:

- All or part of the Property is sold or otherwise transferred;
- The Property is not occupied by the purchaser or grantee does not in accordance with the requirements.

(c) No Waiver. If circumstances exist where Lender does not require such payment.

(d) Regulation of HUD Secretary Lender's rights, in the case of payment of the Security Instrument does not permit acceleration or foreclosure if not permitted by regulations of the Secretary.

(e) Mortgage Not Insured. Borrower determined to be eligible for insurance.

60 DAYS from the date of all sums secured by this Security Instrument and the Note, the foregoing, the option may not be exercised by Lender's failure to renew a mortga-

ge or may take steps to protect and preserve such vacant or delinquent property during the liquidation process, particularly to Lender's own detriment if he fails to provide information concerning his title or interest in the property, including but not limited to representations concerning Borrower's title to the property. If this Security Instrument is in a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be affected.

award or claim for damages, direct or consequential, in connection with the Property, or for conveyance in place of condemnation, are hereby held in trust of the full amount of the indebtedness that remains unpaid under this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under any delinquent amounts applied in the order provided in paragraph 3, application of the proceeds to the principal shall not extend or postpone the date of the monthly payments, which any excess proceeds over an amount required by this Security Instrument shall be paid to the entity legally entitled thereto.

of Lender's Rights in the Property. Borrower shall pay all governmental charges, fines and impositions in time directly to the entity which is owed the Property, upon Lender's request. Borrower fails to pay would adversely affect Lender's interest in the Property. Lender shall promptly furnish to Lender receipts evidencing these payments, or the payment is required by paragraph 2, or fails to perform any other security instrument, or there is a legal proceeding that may significantly affect Lender's interest in the Property and Lender's rights to insurance and other items mentioned in paragraph 2.

this paragraph shall become an additional debt of Borrower and be due and payable from the date of disbursement at the Note rate,

which has priority over this Security Instrument unless Borrower: (a) on secured by the lien in a manner acceptable to Lender; (b) contests the validity of the lien in legal proceedings which in the Lender's opinion is not satisfactory; or (c) secures from the holder of the lien an agreement satisfactory to Lender. If Lender determines that any part of the Property is subject to a lien which may attain priority over the lien, Lender may give Borrower a notice identifying one or more of the actions set forth above within 10 days of the giving of notice.

charges authorized by the Secretary.

limited by regulations issued by the Secretary in the case of payment in full of all sums secured by this Security Instrument if failing to pay in full any monthly payment required by this Security Instrument or the date of the next monthly payment, or for a period of thirty days, to perform any other obligations contained in this Security Instrument.

Lender shall, if permitted by applicable law (including section 341(d) of the Garn-St. Germain Depositor Institutions Act of 1982, 12 U.S.C. 1701j - 3(d)) and with the prior written consent of the Secretary, require immediate payment in full of all sums secured by this Security Instrument

or a beneficial interest in a trust owning all or part of the Property, other than the devise or descent, and by the purchaser or grantee as his or her principal residence, or the occupy the Property, but his or her credit has not been approved in advance by the Secretary.

ur ther would permit Lender to require immediate payment in full, but Lender does not waive its rights with respect to subsequent events. In many circumstances regulation will limit Lender's rights, in the case of payment of the Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.

Borrower agrees that if this Security Instrument and the Note are not under the National Housing Act within the meaning of the term "mortgage" as defined in section 101 of the National Housing Act, Lender may, at its option require immediate payment in full of all sums secured by this Security Instrument. A written statement of any unauthorized agent of the Secretary from the date hereof, declining to insure this instrument, shall be deemed conclusive proof of such insufficiency. Notwithstanding the unavailability of insurance is solely due to the Secretary.

ESTATE TAXES OF TRUST  
Sovereign Trust, Inc. (SD) 00162

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10. Re-Assignment. Borrower because of Borrower's failure to pay over after foreclosure proceedings are started amounts required to bring Borrower under this Security Instrument, forces associated with the foreclosure proceeding obligations that it secures shall remain. Lender is not required to pursue non-foreclosure proceedings within two (ii) reinstatement will pre-advocacy affect the priority of the lien.

11. Borrower Not Released; No modification of amortization of the sum interest of Borrower shall not operate interest. Lender shall not be required time for payment or otherwise modify demand made by the original Borrower my right or remedy shall not be a waiver.

12. Successors and Assigns Bound Security Instrument shall bind and benefit of paragraph 9(b); Borrower's covenant Security Instrument but does not except and convey that Borrower's interest is obligated to pay the sums secured by the Note to extend, modify, forbear or make the Note without that Borrower's consent.

13. 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 given by first class mail to Lender's address provided for in this Security Instrument.

14. Governing Law; Severability. jurisdiction in which the Property is located. The Note conflicts with applicable law, such Note which can be given effect without the Note are declared to be severable.

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

16. 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 of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property to be appropriate to normal residential.

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 other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take actions in accordance with Environmental Law.

As used in this paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following: toxic pesticides and herbicides, volatile materials. As used in this paragraph 16, 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:

17. Assignment of Rents. Borrower of the Property. Borrower authorizes Lender to collect the rents and revenues each tenant of the Property to pay the Borrower of Borrower's breach of any conditionally assigns and transfers to Lender all the rents and revenues Lender or Lender's agents to collect the rents and revenues and hereby directs Lender or Lender's agents. However, prior to Lender's notice to Borrower or Borrower's breach of any condition, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment.

If Lender gives notice of breach to Borrower; (a) all rents received by Borrower shall be held by Borrower as applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents due and unpaid by Lender or Lender's agent; and (c) each tenant of the Property shall pay all rents to Lender upon demand to the tenant.

Borrower has not exercised any prior assignment of rents and has not and will not perform any act that would interfere with this paragraph 17.

Lender shall not be required to file or record any application of rents or assignment of rents of the Property.

18. Foreclosure Procedure. If the power of sale and any other rights incurred in pursuing the remedies provided in this paragraph 18, 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 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 the other persons prescribed by applicable law. After trustee, with a demand on Borrower, shall sell the Property at public auction place and under the terms designated in the notice of sale in one or more parcels. Trustee may postpone sale of all or any parcel of the Property by public auction 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 recitals in 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 attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the

If the Lender's interest in this payment in full under paragraph 9, Family Mortgage Foreclosure Act of designated under the Act to commence preceding sentence shall deprive the or applicable law.

19. Reconveyance. Upon payment in full under paragraph 9, Lender may charge such third party Trustee for services rendered. Persons shall pay any recordation costs.

20. Successor Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any conveyance of the Property, the successor trustee shall succeed to all the title, herein and by applicable law.

21. Attorneys' Fees. As used in his Security instrument and in the Note, "attorneys' fees" shall include any court.

22. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the components of each rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument. (Check applicable box(es))

upon, or control of or retain in the Property before or after giving notice of breach by Borrower. However, Any application of rents shall not terminate default or invalidate any other right or remedy of Lender. This shall terminate when the debt secured by the Security instrument is paid in full. Under required immediate payment in full under paragraph 9, Lender may invoke by applicable law, Lender shall be entitled to collect all expenses provided in this paragraph 18, 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 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 the other persons prescribed by applicable law. After trustee, with a demand on Borrower, shall sell the Property at public auction place and under the terms designated in the notice of sale in one or more parcels. Trustee may postpone sale of all or any parcel of the Property by public auction 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, 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 attorneys' fees; (b) to all sums secured by this Security

Instrument; and (c) any excess to the

Secretary is held by the Secretary and the Secretary requires immediate payment in full under paragraph 9, Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner to sell the Property as provided in the Act. Nothing in the Secretary of state's otherwise available to a Lender under this paragraph 18

of all sums secured by this Security Instrument. Lender shall request Trustee under this Security instrument and all notes evidencing debt secured by this shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender may charge such fee for reconveying the Property, if the fee is paid to a third party Trustee for services rendered, and charging of the fee is permitted under applicable law. Such person or

persons shall pay any recordation costs.

20. Successor Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any conveyance of the Property, the successor trustee shall succeed to all the title, herein and by applicable law.

21. Attorneys' Fees. As used in his Security instrument and in the Note, "attorneys' fees" shall include any court.

22. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the components of each rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security

- Condominium Rider  
 Planned Unit Development Rider  
 Non-Owner Occupancy Rider

- Graduated Payment Rider  
 Adjustable Rate Rider  
 Other [Specify]

- Growing Equity Rider  
 Rehabilitation Loan Rider

#### WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. If the collateral 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 a continuing or loan balance. If the cost of continuing or loan will apply to this added amount or the date you failed to provide

The coverage we purchase may be commercially available for property damage and liability insurance requirements imposed by applicable law.

insurance purchased by us. The cost of this insurance may be added to your added to your contract or loan balance, the interest rate on the underlying amount. The effective date of coverage may be the date prior to the effective date of coverage.

commercially available that insurance you can obtain on your own and may not satisfy any coverage or liability insurance requirements imposed by applicable law.

UNIFORM FORM RECORD OF TRUST  
Version 1993, Inc. (K) 14-1181

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BY SIGNING BELOW Borrower accepts and agrees to the terms or terms in pages 1 through 6 of this Security Instrument and in any rider(s) attached by Borrower and agrees to the same.

JAMES K. NUNN

(S.a)  
Borrower

MARISSA L. THOMAS

Seal  
Borrower(S.a)  
Borrower(Seal)  
Borrower(S.a)  
Borrower(Seal)  
Borrower

Witness:

Witness:

STATE OF OREGON,

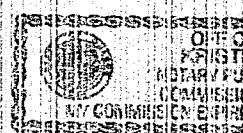
KLAMATH

County ss:

This instrument was acknowledged before me on 11/16/99  
by

JAMES K. NUNN &amp; MARISSA L. THOMAS

(Official Seal)



NOTARY PUBLIC  
STATE OF OREGON  
COMMISSION EXPIRES DECEMBER 31, 1999  
REGISTRATION NO. 100-148510

Notary Public for Oregon

*Notary Public Seal*

My Commission expires: 11/16/99

## REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the all other indebtedness secured by the note or notes and this Deed of Trust, which is held by you under this Deed of Trust. I

note or notes secured by this Deed of Trust. Said note or notes, together with said Deed of Trust, have been paid in full. You are hereby directed to cancel said Deed of Trust and to reconvey, without warranty, all the estate now or hereafter held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date:

ORIGINATOR: MORTGAGE TRUST  
Datacom Systems, Inc. (503) 595-1332

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ORIGINATOR

**FHA CONDOMINIUM RIDER**

THE CONDOMINIUM RIDER is incorporated into and shall be deemed a supplement to the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date, given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to **NATIONAL FUNDING SERVICE, INC., A OREGON CORPORATION**

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

10336 WRIGHT AVENUE, Klamath Falls, Oregon 97501

[Property Address]

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

**FALCON HEIGHTS**

[Name of Condominium Project]

(\*Condominium Project). If the Owners' Association ("Owner") holds title to the property or the benefit of its members or shareholders, the Property also includes the uses, proceeds and benefits of Borrower's interest in the Owners' Association.

**CONDOMINIUM COVENANTS.**  
Borrower and Lender further covenant

in addition to the covenants and agreements made in the Security Instrument, and agree as follows:

- A. So long as the Owners' Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring improvements now existing on the Property, and such policy is satisfactory to Lender and provides insurance coverage in the amounts, for the periods, and against the hazards required by the Security Instrument for the hazard insurance coverage on the Property, (i) Lender waives the provision in Paragraph 2 of this Security Instrument for the payment to Lender of one-twelfth of the yearly premium installments under Paragraph 4 of this Security Instrument, and (ii) Borrower's obligation to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners' Association.
- Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage and of any loss occurring from a hazard. In the event of a distribution of hazard insurance proceeds following a loss in the Property, whether to the condominium unit or to Borrower, the hazard insurance assignment shall be passed by this Security Instrument, with any excess paid to Lender for application to the unit legally entitled thereto.

- B. Borrower promises to pay all debts and assessments incurred pursuant to the legal instruments creating and governing the condominium project.

C. Borrower does not pay condition  
Any amounts disbursed by Lender  
thereafter by the Security Instrument  
these amounts shall bear interest  
payable with interest, which not

due and unaccrued when due, then Lender may pay them  
in one or more installments prior to Graph C shall become additional debt of Borrower.  
Unless Borrower and Lender agree to other terms of payment  
from the date of disbursement at the Note rate and shall be  
from Lender to Borrower requesting payment.

BY SIGNING BELOW, Borrower accepts

and agrees to the terms and provisions contained in this Condominium Rider.

JAMES C. NUNN

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

MARISSA I. THOMAS

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

THA-MULTISTATE COMM. MINIMUM  
Domestic Telecom. No. (400) 69-130

STATE OF OREGON COUNTY OF KLAUATHM

Filed for record at regular office of

Aide

ID#

Date 2/1/01

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File

2/20/01

day

on January

A.D. 1999 at

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MS-9

\$16,645.00

Linn County Clerk

Kathleen Rose