

UNIFORM COVENANTS. Borrower and Lender agree as follows:

1. Payment of Principal and Interest; Prepayment of Principal and Interest on the debt evidenced by the Note and any replacement and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law, the day monthly payments are due under this Security Instrument as a lien on the Property, if any, shall be held by Lender in accordance with the provisions of paragraph 3, in full from time to time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of future Escrow Items or otherwise of expenditures of 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 or applying the Funds, annually analyzing the 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 amount 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.

If 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 2, 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, fees and impositions attributable to the Property, including but not limited to, property taxes, assessments, charges, fees and impositions attributable to the Property, and household payments or ground rents, if any. Borrower shall pay them on time which may attain priority over this Security Instrument, and Lender shall promptly furnish to Lender all notices of amounts to be paid under this paragraph 2, or if not paid in that manner, 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 holder of the lien from enforcing 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 lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 30 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 fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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 carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not in cash, with any excess paid to Borrower. If Borrower abandons this Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, 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.

Borrower shall promptly pay when due the Note and any replacement and late charges due under the Note.

Borrower shall pay to a written waiver by Lender, Borrower shall pay to the Note is paid in full, a sum ("Funds") for: (a) yearly household payments or ground rents, if any; (b) yearly household hazard or property insurance premiums; (c) yearly flood insurance premiums, if any; and (d) any sums payable by Borrower to the payment of mortgage insurance premiums. These Funds shall be held by Lender in accordance with the provisions of paragraph 3, in full from time to time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of future Escrow Items or otherwise of expenditures of 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 or applying the Funds, annually analyzing the 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 amount 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.

If 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 2, 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, fees and impositions attributable to the Property, including but not limited to, property taxes, assessments, charges, fees and impositions attributable to the Property, and household payments or ground rents, if any. Borrower shall pay them on time which may attain priority over this Security Instrument, and Lender shall promptly furnish to Lender all notices of amounts to be paid under this paragraph 2, or if not paid in that manner, 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 holder of the lien from enforcing 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 lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 30 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 fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

Unless Lender and Borrower otherwise agree in writing, any application for proceeds to principal shall not extend or postpone the due date of the monthly payments provided in paragraphs 1 and 2 or change the amount of the payments. If the Property is damaged or destroyed, the amount of the payments shall be reduced by the amount of any insurance proceeds and proceeds resulting from the sale of the Property in the event of the total taking of the Property.

6. **Occupancy, Preservation, and Protection of the Property.** 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, or otherwise materially waste or diminish the value of the Property. Borrower shall be in default if Borrower fails to maintain the Property in good repair or to cause the repair of the Property or other material impairment of the Property, during the loan application process, Lender's security interest, or during the term of this Security Instrument or Lender's security interest, if the failure to maintain or repair the Property or other material impairment is caused by the action or proceeding to be taken, or if the failure to maintain or repair the Property or other material impairment is caused by the action or proceeding to be taken, or if the failure to maintain or repair the Property or other material impairment is caused by the action or proceeding to be taken.

7. **Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

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

8. **Mortgage Insurance.** If Lender requires 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 Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any 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 sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower, Borrower fails to respond to Lender within 30 days after the date the notice is given, or if, after notice by Lender to Borrower, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the satisfaction of 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 provided in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released. Forbearance or moratorium of the sums secured by this Security Instrument shall not constitute a discharge or release of the liability of the Borrower to commence proceedings against any accommodation of the sums secured by this Security Instrument in interest. Any forbearance shall not constitute a discharge or release of the liability of any right or remedy.

12. Successors and Assigns. This Security Instrument shall bind and benefit the successors and assigns of Borrower as provided in paragraph 17. Borrower's covenants in this Security Instrument shall not be limited by the terms of this Security Instrument and shall extend to the successors and assigns of Borrower.

13. Loan Charges. If the loan secured by this Security Instrument exceeds 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 the payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any

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 of any other address designated 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 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 conformed copy of the Note and of this Security Instrument. 17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Property or any interest in it is sold or transferred) and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay these 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 musts certain conditions, Borrower shall have the right to have the Security Instrument reinstated prior to the earlier of: (a) 5 days (or such other period as may be provided in the Security Instrument) 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) cures any default of any other covered instrument; (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 lien of this Security Instrument and the obligations secured by it shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured by it shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer. Borrower will be given written notice of each change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do nor allow anyone else to do anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving this 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, any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

By Lender: I, _____, as agent of the time for payment or modification of this Security Instrument created by Lender to my successor in interest of Borrower shall remain in full force and effect. Lender shall not be required to extend the time for payment or modification of this Security Instrument by reason of any demand made by the original Borrower or any successor in interest. Any right or remedy shall not be waived of or

int and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall be joint and several. Any Borrower who co-signs this Security Instrument is co-signing this Security Instrument only to mortgage, grant and convey that the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; or the Note without that Borrower's consent. (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or to the terms of this Security Instrument or the Note without that Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument exceeds 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 the payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any

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 of any other address designated 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 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 conformed copy of the Note and of this Security Instrument. 17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Property or any interest in it is sold or transferred) and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay these 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 musts certain conditions, Borrower shall have the right to have the Security Instrument reinstated prior to the earlier of: (a) 5 days (or such other period as may be provided in the Security Instrument) 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) cures any default of any other covered instrument; (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 lien of this Security Instrument and the obligations secured by it shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured by it shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer. Borrower will be given written notice of each change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do nor allow anyone else to do anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving this 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, 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 (2), "Environmental Law" includes, but is not limited to, laws relating to pesticides and herbicides, violations of which are prohibited by law, and safety or health laws.

NON-UNIFORM COVENANTS

21. Acceleration; Remedies. If any covenant or agreement in this Security Instrument is applicable law provides otherwise, (c) a default, not less than 30 days, and (d) that failure to cure the sums secured by this Security Instrument to reinstate after acceleration any other default of Borrower to the notice, Lender at its option may without further demand and may Lender shall be entitled to collect including, but not limited to, reasonable attorneys' fees and costs of title.

If Lender invokes the power of foreclosure of an event of default and of 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. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and 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 expressed or implied. The recitals made therein. Trustee shall apply sale, including, but not limited to, Instrument; and (c) any excess to the

22. Reconveyance. Upon payment of the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to the person or persons legally entitled to it. Such person or persons shall pay all recordation costs.

23. Substitute Trustee. Lender may, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and applicable law.

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

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

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- Co-representation Rider
- Other (i) (specify):

- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Growing Equity Rider

- 1-4 Family Rider
- Bi-weekly Payment Rider
- Second Home Rider

various substances are those substances defined as toxic or hazardous substances by various laws, including, but not limited to, the Federal Superfund Amendments and Reauthorization Act of 1980, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Clean Air Act of 1970, the Clean Water Act of 1972, the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, and the Atomic Energy Act of 1954. As used in this paragraph (2), "Environmental Law" includes, but is not limited to, laws relating to pesticides and herbicides, violations of which are prohibited by law, and safety or health laws.

Lender and Lender further covenant and agree as follows: Lender shall give notice to Borrower prior to acceleration following Borrower's breach of this Security Instrument (but not prior to acceleration under paragraph 17 unless the notice shall specify: (a) the default; (b) the action required to cure the default; and (c) the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the sums secured by this Security Instrument will on or before the date specified in the notice may result in acceleration of the instrument and sale of the Property. The notice shall further inform Borrower of the and the right to bring a court action to assert the non-existence of a default or acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender shall require immediate payment in full of all sums secured by this Security Instrument. 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.

Lender shall execute on 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. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and 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.

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 person or persons legally entitled to it.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to the person or persons legally entitled to it. Such person or persons shall pay all recordation costs.

23. Substitute Trustee. Lender may, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and applicable law.

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

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

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) attached by Borrower and recorded with it.

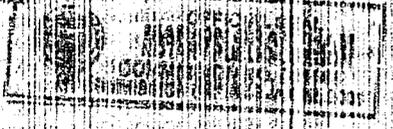
Witnesses:

Charles Chamberlain
CHAS. LEBEN CHANCELLOR - Borrower

STATE OF OREGON, CLERK

On this 25th day of January 1998, I, CHAS. LEBEN CHANCELLOR, and I acknowledge the foregoing instrument to be the true and correct copy of the same as the same appears from the original thereof.

My Commission expires: 12/31/01
Official Seal



Witnesses:
I, _____, personally appeared the above named _____ voluntarily and acknowledged to me that he executed the foregoing instrument for the purposes and consideration therein expressed.

W. Henry Grant
Notary Public for Oregon

EXHIBIT "A"

Lot 2 in Block 16 of TRACT 1220 - SOUTH ADDITION TO THE MEADOWS,
according to the official plat thereof on file in the office of the County
Clerk of Clatsop County, Oregon.



STATE OF OREGON COUNTY OF CLATSOP
Filed for record at request of _____ A _____ the _____ 26th _____ day
of January _____ A.D. 1993 _____ of Block _____ M., and duly recorded in Vol. 199
of _____ MO _____ Page 2763
Linda Smith, County Clerk
by Kathleen R. Reed

Fee \$40.00