Return after recording to:
Oregon Affordable Housing Assistance Corporation
725 Summer Street NE, Suite B
Salem, Oregon 97301-1266

2013-000471
Klamath County, Oregon

00129864201300004710070071

01/14/2013 09:55:27 AM Fee: $67.00

SUBORDINATE MORTGAGE

(WITH DUE ON SALE OR REFINANCE CLAUSE)
OREGON AFFORDABLE HOUSING ASSISTANCE CORPORATION
OREGON HOMEOWNERSHIP STABILIZATION INITIATIVE (OHSI)
MORTGAGE PAYMENT ASSISTANCE (MPA) PROGRAM
LOAN PRESERVATION ASSISTANCE (LPA) PROGRAM

THIS SUBORDINATE MORTGAGE (this "Mortgage") is made this 27 day of December, 2012, by JESSE R. GINESTAR (herein, the "Borrower") whose address is 1751 DERBY STREET, KLAMATH FALLS, OREGON 97603 (this address is the Property Address and shall be the Borrower's address for purposes of any notice required or permitted hereunder). This Mortgage is given to OREGON AFFORDABLE HOUSING ASSISTANCE CORPORATION (herein, the "Lender"), a nonprofit public benefit corporation, whose address is 725 SUMMER STREET NE, SUITE B, SALEM, OREGON 97301-1266 (this address shall be the Lender's address for purposes of any notice required or permitted hereunder). As used herein, the term Lender shall include any successors or assigns of the Lender.

The Borrower is indebted to the Lender in the sum of up to THIRTY THOUSAND AND NO/100 DOLLARS ($30,000.00) as evidenced by that certain Promissory Note (the "Note") of even date herewith executed by the Borrower in favor of the Lender evidencing a loan made by the Lender to the Borrower under the Oregon Homeownership Stabilization Initiative (OHSI), which is administered by the Lender pursuant to sections 101 and 109 of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, and the program guidelines established and implemented by the Lender in connection therewith. The loan (the "Loan") evidenced by the Note is made by the Lender to the Borrower, and shall be advanced on behalf of the Borrower, exclusively to satisfy mortgage related indebtedness for which the Borrower is obligated under the Borrower's First Mortgage Loan described below.

The Note provides that if at any time before the Principal Amount has been forgiven as provided in the Rider to the Note, the Note shall become immediately due and payable in full without notice or demand as provided in section 20 of this Mortgage.

The "First Mortgage" or "First Mortgage Loan" referred to in this Mortgage and in the Note means any prior mortgage loans encumbering the Property described below.

The Maturity Date of this Mortgage is JANUARY 1, 2018.

This Mortgage is subordinate to the First Mortgage.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, the payment of all other sums advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of the Borrower herein contained, the Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of Klamath, State of Oregon (insert legal description):

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents, all of which shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing, together with said property (or the leasehold estate if this Mortgage is on a leasehold) are hereinafter referred to as the "Property" or "Home."

BORROWER COVENANTS represents and warrants to Lender and its successors and assigns that Borrower is indefeasibly seized of the estate hereby conveyed in fee simple; has full right to mortgage, grant and convey the Property; and that the Property is unencumbered, except for other encumbrances of record. Borrower warrants title to the Property and will defend same against the lawful claims and demands of all persons whomsoever.

PROVIDED ALWAYS that if Borrower shall pay to Lender, all sums due or to become due under the Note or this Mortgage and shall perform, comply with, and abide by each and every stipulation, agreement, condition, and covenant of the Note and of this Mortgage, and shall pay all taxes that may accrue on the Property and all costs and expenses that Lender may be put to in collecting the Note and in foreclosure of this Mortgage or otherwise, including costs and reasonable attorney's fee, then this Mortgage and the estate hereby created shall cease and be null and void.

BORROWER FURTHER COVENANTS and agrees with Lender as follows:

1. **Payment.** Borrower shall promptly pay when due the principal amount evidenced by the Note and all other sums of money payable by virtue of the Note or this Mortgage.

2. **Funds for Taxes and Insurance.** Borrower shall pay or cause to be paid before same become delinquent all taxes, assessments and other charges, fines and impositions attributable to the Property which have attained or may attain a priority over this Mortgage, and leasehold payments or ground rents, if any.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraph 1 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower of principal of the Note; then to any other monies due under the Note or this Mortgage in that order.

4. **Warranty of Title; Prior Encumbrances, Charges and Liens.** Borrower warrants that it has good and marketable fee simple title to the Property, free and clear of all liens and encumbrances except the First Mortgage and those liens and encumbrances approved in writing by Lender.

   Borrower shall perform all of Borrower's obligations under the First Mortgage and any other mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which have attained or may attain a priority over this Mortgage, and leasehold payments or ground rents, if any.

5. **Liability and Hazard Insurance.** Borrower shall maintain liability insurance and keep the improvements now existing or hereafter erected on the Property adequately insured against loss by fire and hazards included within the term "extended coverage" and the Lender shall be named as an additional mortgagee on any such policies. All insurance policies and renewals shall be delivered to the Lender for review within fifteen (15) days following Lender's request for same.

6. **Preservation and Maintenance of Property; Leaseholds; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing such planned unit development, the by-laws and regulations of the planned unit development and constituent any other documents.

7. **Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Mortgage, including its obligations under paragraphs 2 and 5, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option (and without any obligation), may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect Lender's interest in the Property. If Borrower is required to maintain mortgage insurance as a condition of any other mortgage or deed of trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with the Borrower's written agreement or applicable law. Any amounts disbursed by Lender pursuant to this paragraph, with interest thereon, at the rate of twelve percent (12%) per annum, shall become additional indebtedness of the Borrower secured by this Mortgage. Unless Borrower and Lender agree otherwise, such amounts shall be payable upon demand. Nothing contained in this Paragraph 5 shall require Lender to incur any expense or take any action hereunder.

8. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property upon notice to Borrower specifying reasonable cause therefore related to the Lender's interest in the Property.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation to the extent of the unpaid balance of all sums due or to become due under the Note or this Mortgage, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

10. **Borrower Not Released; Forbearance by Lender Not a Waiver.** No extension of the time for payment or modification of the terms or conditions of the Note or this Mortgage granted to Borrower shall operate or release Borrower, in any manner, from liability under the Note or this Mortgage. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements and references to Borrower and Lender herein contained shall bind, and the rights hereunder shall inure to, their respective heirs, successors and assigns. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Mortgage, but does not execute the Note is co-signing this Mortgage only to mortgage, grant and convey that Borrower's interest in the property to Lender under the terms of this Mortgage; is not personally liable on the Note or under this Mortgage; agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property. This Mortgage and the Note secured thereby are nonassumable.

12. **Notice.** Except for any notice required under applicable law to be given in another manner: (a) any notice to the Borrower provided for in this Mortgage shall be given by delivering it or by mailing such notice by certified mail at the Property Address or at such other address as Borrower may designate by notice to the Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, to the address stated herein.

13. **Governing Law; Severability; Costs.** The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs," "expenses," and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation thereof.

15. **Acceleration; Remedies.** Upon the Borrower's breach of any covenant or agreement of the Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, or in the event that the Borrower shall have made a material misrepresentation or material omission in Borrower's application for the loan evidenced by the Note, Lender, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Prior to acceleration of this Mortgage, Lender shall give notice to Borrower as provided in Paragraph 12 hereof specifying (1) the breach (if the breach is curable); (2) the action required to cure such breach; (3) a date, not less than ten (10) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other

defense of Borrower acceleration and foreclosure. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees, court costs, and costs of documentary evidence, abstracts and title reports.

16. **Borrower's Right to Reinstate.** Notwithstanding the acceleration of the sums secured by this Mortgage due to the Borrower's breach, the Borrower shall have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time prior to entry of a judgment enforcing this Mortgage if: (a) Borrower pays Lender all sums which would be then due under this Mortgage and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Mortgage; (c) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Mortgage, and in enforcing Lender's remedies as provided in Paragraph 17 hereof, including, but not limited to, reasonable attorneys' fees and court costs; and (d) the Borrower takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's interest in the Property and the Borrower's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this Mortgage and the obligations secured shall hereby remain in full force and effect as if no acceleration had occurred.

17. **Release.** Upon payment of all sums secured by this Mortgage, Lender shall prepare a written satisfaction of this Mortgage and provide same to the Borrower. The Borrower shall be responsible for recording the Satisfaction of Mortgage, including the cost of recording.

18. **Subordination.** Lender and Borrower acknowledge and agree that this Mortgage is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage, or for any other purpose expressly permitted by the First Mortgage or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property.

19. **Attorney's Fees.** As used in this Mortgage and in the Note, "attorney's fees" shall include attorney's fees, if any, incurred in connection with the collection or enforcement of this Mortgage or of the Note, whether or not suit is brought and whether incurred at trial, on appeal, in bankruptcy proceedings or otherwise.

20. **Special Provisions.**

(a) **Default**. In addition to any other event of default under this Mortgage, the Borrower will be in default if any of the following occur: (i) if Borrower submits incomplete, false or misleading information to the Lender before or after the approval of the Loan; (ii) if Borrower violates any terms and conditions of the Note, the terms and conditions of which are incorporated herein by reference, or any other loan document governing the Loan; or (iii) if Borrower fails to provide to the Lender on a timely basis any information requested by the Lender in order for the Lender to monitor Borrower's continuing compliance with the terms and conditions of the Loan.

(b) **Mortgage Not Assumable**. This mortgage cannot be assumed.

(c) **Due on Sale or Refinance Clause.** If the Property is sold or refinanced at any time before the Maturity Date, the Principal Amount (or the balance thereof as shall not have been forgiven as provided in the Note at the time of such sale or refinancing) shall become immediately due and payable in full without notice or demand but only to the extent there are sufficient equity proceeds resulting from the sale or refinancing. If the Lender determines that the equity proceeds from the sale or refinancing are not sufficient to repay the balance then due in full, the Lender in its sole discretion may forgive the balance of the loan.

(d) **Limits on Personal Liability.** Notwithstanding any contrary provision in this Mortgage, Borrower's personal liability for payment of the indebtedness secured by this Mortgage and for performance of the other obligations to be performed by it under this Mortgage is limited in the manner, and to the extent, provided in the Note.

Notice Under ORS 746.201. Unless Borrower provides Lender with evidence of insurance coverage as required by this Mortgage, Lender may purchase insurance at Borrower's expense to protect Lender's interest. If the Property is damaged, the coverage purchased by Lender may not pay any claim made by Borrower or any claim made against Borrower. Borrower may later cancel the coverage obtained by Lender by providing evidence that it has provided the insurance coverage required by this Mortgage.

Borrower is responsible for the cost of any insurance obtained by Lender. The cost of that insurance may be added to the Principal Amount. If the cost is added, the interest rate set forth in Section 7 will apply to the added amount. The effective date of coverage may be the date Borrower's prior coverage lapsed or the date Borrower failed to provide proof of coverage.

The coverage purchased by Lender may be considerably more expensive than insurance Borrower may be able to obtain on its own and may not satisfy the need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Statutory Notice. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDER AFTER OCTOBER 3, 1989, CONCERNING BONDS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY LENDER TO BE ENFORCEABLE.

NOTICE TO BORROWER
DO NOT SIGN THIS MORTGAGE IF IT CONTAINS BLANK SPACES.
ALL SPACES SHOULD BE COMPLETED BEFORE YOU SIGN.

JESSE R. GINESTAR, BORROWER

STATE OF OREGON
COUNTY OF Klamath

The foregoing instrument was acknowledged before me this 27th day of December, 2012, by JESSE R. GINESTAR.

Kimberly D. Walls
Notary Public - State of Oregon

OFFICIAL SEAL
KIMBERLY I. WALLS
NOTARY PUBLIC-OREGON
COMMISSION NO. 455802
MY COMMISSION EXPIRES FEBRUARY 06, 2015

Loan Number: MPAU04519-3275

Property Address: 1751 DERBY STREET, KLAMATH FALLS, OREGON 97603

EXHIBIT "A"
LEGAL DESCRIPTION

LOT 10 IN BLOCK 1 OF BRYANT TRACTS, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.