



ADDENDUM TO DEED OF TRUST

The Lender intends to assign its rights under the attached Deed of Trust on property located at _____

_____, Oregon, to the Oregon Department of Veterans' Affairs (ODVA). In the event ODVA accepts such assignment, the rights and obligations of the parties to the Deed of Trust and with the same consideration as said Deed of Trust, which is dated the same date as this Addendum, are expressly made subject to this Addendum. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust or Note, the provisions of this Addendum shall control. All provisions of the Deed of Trust not inconsistent with this Addendum shall, and do, remain in full force and effect, including, but not limited to, the remedies available to the Lender or its successors or assigns in the event of a default as described therein.

(1) Time of Essence. Time is of the essence in the Deed of Trust.

(2) Use and Transfer of Trust Property. As long as ODVA, or its successors or assigns, are the beneficiary of the Deed of Trust, ODVA may declare all sums secured by the Security Instrument to be immediately due and payable if: (a) All or part of the property is sold or otherwise transferred (except for a sale or transfer to the original Borrower, the surviving spouse, unremarried former spouse, surviving child or stepchild of the original Borrower, a governmental entity when the secured Property is transferred for public use) by Borrower to a purchaser or other transferee, or (b) Borrower rents, leases, or within 60 days after the loan is closed, fails to occupy and continue to occupy as the Borrower's principal residence the Trust Property described in the Security Instrument, (c) Borrower uses 15% or more of the total living area of the principal residence for business or commercial purposes, (ODVA may verify that 15% or more of the home is being used for business purposes through site visits, inspection of the Borrower's federal tax returns for a business use of the residence deduction, or other means, as applicable), or (d) Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for this loan. The execution and delivery by the Borrower of any joint venture agreement, partnership agreement, declaration of trust, option agreement or other instrument whereunder any other person may become entitled, directly or indirectly, to the possession or enjoyment of the Trust Property, or the income or other benefits derived or to be derived therefrom, may in each case be deemed to be a sale or transfer of Borrower's interest in the Trust Property for the purposes of this section. If ODVA exercises this option, ODVA shall give Borrower notice of acceleration.

If all or part of the property is sold or otherwise transferred (except for a sale or transfer to the original Borrower, the surviving spouse, unremarried former spouse, surviving child or stepchild of the original Borrower, a governmental entity when the secured Property is transferred for public use) by Borrower to a purchaser or other transferee, the ODVA may require payment of administrative costs and may increase the rate of interest due on the loan as prescribed in ORS 407.335 from the date of the transfer to the date the loan is paid in full, and said interest shall be considered an amount due under the Note. The increase in the rate of interest shall not affect any other remedies provided under the Security Instrument.

If a transfer to the original Borrower, the surviving spouse, unremarried former spouse, surviving child or stepchild of the original Borrower, a governmental entity (when the secured Property is transferred for public use) occurs, the interest rate on the indebtedness secured by this instrument shall conform to the current statutory requirements of the Oregon Legislature and the administrative rules adopted by the Director of the Oregon Department of Veterans' Affairs pursuant thereto which are applicable at the time of the sale or transfer, and, if the interest rate is so increased as a result of the application of those administrative rules or statutory requirements imposed by the Oregon Legislature, the monthly payment for principal and interest shall increase so as to retire the obligation within the original date of maturity.

(3) Environmental Evaluation. ODVA may from time to time determine that an environmental evaluation may be required. The borrower will pay the cost of such environmental evaluation.

(4) Hazard and Flood 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 as prescribed in the attached Deed of Trust.

If at any time it is determined that the security for this loan is located in whole or in part within a flood hazard area as defined by the National Flood Insurance Act, the Borrower will be required, and hereby agrees, to purchase flood hazard insurance acceptable to ODVA, at no cost to ODVA. If the required flood hazard insurance is not voluntarily purchased by the Borrower, within 45 days of written notice to the Borrower, ODVA may force-place the flood insurance. ODVA will pay the cost of said force-placed insurance from the Borrower's escrow account or by adding said costs to the principal balance of the Borrower's loan. If said cost is added to the loan balance, interest will be collected thereon at the note interest rate. Borrower shall pay ODVA an amount, determined by ODVA, in addition to and together with the Borrower's regular payment as it becomes due.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our Security Instrument, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your 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 obtained property coverage elsewhere.

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

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

As added clarification, the coverage we purchase covers us. The cost of this insurance may be added to your loan balance or paid from your escrow account, as applicable. At our discretion, your standard payment will be increased to recover the cost of the insurance or a demand will be made for the full amount paid for the insurance.

(5) Loan Cancellation Life Insurance (LCLI). Loan Cancellation Life Insurance (LCLI) is an optional program. If the Borrower applies and is accepted for this insurance, the Borrower agrees to pay the estimated premium to the Lender with their regular payment as it becomes due. Any LCLI accrued or unpaid premiums are a principal obligation of the loan and are secured by this security document. Any changes in the premium may change the amount of the regular payment. The insurance contract may provide that loan cancellation life insurance will be canceled after payments on the loan become four months past due.

(6) Governing Law; Severability. The Deed of Trust, Note, and this Addendum shall be governed by the laws of the State of Oregon and it is distinctly understood and agreed that the Deed of Trust, Note, and this Addendum are subject to the provisions of Article XI-A of the Oregon Constitution, ORS Chapter 407 and any subsequent amendments thereto, and to all rules and regulations which have been issued or may hereafter be issued by the Director of ODVA pursuant to the provisions of ORS Chapter 407. In the event that any provisions or clause of the Deed of Trust, Note, or this Addendum conflicts with applicable law, such conflict shall not affect other provisions of the Deed of Trust, Note, or this Addendum which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust, Note, and this Addendum are declared to be severable.

The Borrower understands that the agreements and statements of fact contained in the Addendum to Residential Loan Application are necessary conditions for granting this loan.

NOTICE TO BORROWER: THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.

I hereby consent to the modifications of the terms of the deed of trust and note which are contained in this addendum.

Table with 2 columns: Signature (Borrower, Co-Borrower) and Date Signed.

STATE OF OREGON)
County of _____)ss.

On _____, 20____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named _____, known to me to be the identical individual described within and who executed this instrument and acknowledged to me that _____, executed the same freely and voluntarily.

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

(Notary Public in and for said County and State)