

FILED FOR RECORD
SKAMANIA CO. WASH
BY SKAMANIA CO. TITLE

84-41382

Filed for Record at Request of

TMI Financial, Inc.

5000 Plaza On the Lake Suite 100
Austin, TX 78746

MAR 11 12 44 PM '95

Olson
AUDITOR

GARY H. OLSON

THIS SPACE PROVIDED FOR RECORDER'S USE

After recording please return to this address

124761

BOOK 755 PAGE 945

ASSIGNMENT OF DEED OF TRUST

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned beneficiary (hereafter "assignor"), for legally sufficient consideration, does hereby grant, sell, assign, transfer, set over and convey to Empire Funding Corp., 5000 Plaza On the Lake #100, Travis County, Texas 78746 all right, title and interest of the assignor in and to that certain Deed of Trust executed by LARRY R BASHAM AND DONNA M BASHAM, HUSBAND AND WIFE in favor of the assignor dated the 26TH day of OCTOBER, 1995, and encumbering upon and covering the following described real estate situated in SKAMANIA County, State of WASHINGTON, to wit:

THE WEST 520 FEET OF THE NORTH HALF OF THE SOUTHEAST
QUARTER OF SECTION 27, TOWNSHIP 2 NORTH, RANGE 6 EAST
OF THE WILLAMETTE MERIDIAN, SKAMANIA COUNTY, WASHINGTON.

EXCEPT THAT PORTION LYING WITH DAVIS ROAD.

which said Deed of Trust is duly recorded under Auditor's file number B-155 P-39 124357, of the aforesaid county and state, together with all right, title and interest of the same and the property therein described.

WESTERN BUILDERS & DESIGN CORP.
Company

Assignor WARDE J. MILLER

Title pres

Date 10-26-95

(INDIVIDUAL ACKNOWLEDGMENT)

State of _____, County of _____, SS

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____

My commission expires: _____

(seal)

Notary Public

(CORPORATION ACKNOWLEDGEMENT)

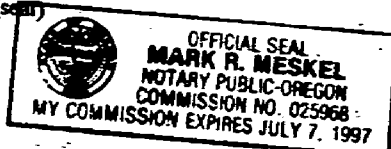
State of Oregon, County of Multnomah, SS

The foregoing instrument was acknowledged before me this 26TH day of OCTOBER, 1995, by Warde J. Miller in his capacity as President on behalf of the corporation, WESTERN BUILDERS & DESIGN CORP.

My commission expires: 7-7-97

(seal)

Mark R. Meskel
Notary Public



Registered _____
Indexed, Dir _____
Indirect _____
Filed _____
Mailed _____

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SKAMANIA CO. WASH
BY *Empire Funding*

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TMI Financial, Inc.

5000 Plaza On the Lake Suite 100
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BOOK 155 PAGE 945

ASSIGNMENT OF DEED OF TRUST

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That the undersigned beneficiary (hereafter "assignor"), for legally sufficient consideration, does hereby grant, sell, assign, transfer, set over and convey to Empire Funding Corp., 5000 Plaza On the Lake #100, Travis County, Texas 78746 all right, title and interest of the assignor in and to that certain Deed of Trust executed by LARRY R BASHAM AND DONNA M BASHAM, HUSBAND AND WIFE in favor of the assignor dated the 26TH day of OCTOBER, 1995, and encumbering upon and covering the following described real estate situated in SKAMANIA County, State of WASHINGTON, to wit:

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OF THE WILLAMETTE MERIDIAN, SKAMANIA COUNTY, WASHINGTON.
EXCEPT THAT PORTION LYING WITH DAVIS ROAD.

which said Deed of Trust is duly recorded under Auditor's file number 124357 of the aforesaid county and state, together with all right, title and interest of the same and the property therein described.

WESTERN BUILDERS & DESIGN CORP.
Company

Assignor

WARDE J. MILLER

Title

Date

10-26-95

(INDIVIDUAL ACKNOWLEDGMENT)

State of _____, County of _____ SS

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____

My commission expires: _____

(seal)

Notary Public

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My commission expires: 7-7-97

Mark A. Meskel
Notary Public



Registered _____
Indexed. Cir _____
Indirect _____
Filed _____
Mailed _____

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, 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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

Edward Krall (Seal)
EDWARD KRALL -Borrower

Katherine Krall (Seal)
KATHERINE KRALL -Borrower

(Seal)
-Borrower

(Seal)
-Borrower

BOOK 156 PAGE 125

Loan Number: 88-520485-4

(a) **ASSUMPTION FUNDING FEE:** A fee equal to one-half of 1 percent (.50%) of the unpaid balance of this loan as of the date of transfer of the property shall be payable at the time of transfer to the mortgagee or its authorized agent, as trustee for the Department of Veterans Affairs. If the assumer fails to pay this fee at the time of transfer, the fee shall constitute an additional debt to that already secured by this instrument, shall bear interest at the rate herein provided, and, at the option of the mortgagee of the indebtedness hereby secured or any transferee thereof, shall be immediately due and payable. This fee is automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 3729 (c).

(b) **ASSUMPTION PROCESSING CHARGE:** Upon application for approval to allow assumption and transfer of this loan, a processing fee may be charged by the mortgagee or its authorized agent for determining the creditworthiness of the assumer and subsequently revising the holder's ownership records when an approved transfer is completed. The amount of this charge shall not exceed the lesser of the maximum established by the Department of Veterans Affairs for a loan to which Section 3714 of Chapter 37, Title 38, United States Code applies or any maximum prescribed by applicable State law.

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

IN WITNESS WHEREOF, Mortgagor(s) has executed this Assumption Policy Rider.

J. Tyler Brown
J. Tyler Brown
JAMES T. SMITH
J. TYLER BROWN

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

COVENANTS

BOOK 156 PAGE 182

1. **Payments.** Borrower agrees to make all payments on the secured debt when due. Unless Borrower and Lender agree otherwise, any payments Lender receives from Borrower or for Borrower's benefit will be applied first to any amounts Borrower owes on the secured debt exclusive of interest or principal, second to interest, and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any scheduled payment until the secured debt is paid in full.
2. **Claims Against Title.** Borrower will pay all taxes, assessments, and other charges attributable to the property when due and will defend title to the property against any claims which would impair the lien of this deed of trust. Lender may require Borrower to assign any rights, claims or defenses which Borrower may have against parties who supply labor or materials to improve or maintain the property.
3. **Insurance.** Borrower will keep the property insured under terms acceptable to Lender at Borrower's expense and for Lender's benefit. All insurance policies shall include a standard mortgage clause in favor of Lender. Lender will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within Lender's discretion, to either the restoration or repair of the damaged property or to the secured debt. If Lender requires mortgage insurance, Borrower agrees to maintain such insurance for as long as Lender requires.
4. **Property.** Borrower will keep the property in good condition and make all repairs reasonably necessary.
5. **Expenses.** Borrower agrees to pay all Lender's expenses, including reasonable attorneys' fees, if Borrower breaks any covenants in this deed of trust or in any obligation secured by this deed of trust. Borrower will pay these amounts to Lender as provided in Covenant 9 of this deed of trust.
6. **Prior Security Interests.** Unless Borrower first obtains Lender's written consent, Borrower will not make or permit any changes to any prior security interests. Borrower will perform all of Borrower's obligations under any prior mortgage, deed of trust or other security agreement, including Borrower's covenants to make payments when due.
7. **Assignment of Rents and Profits.** Borrower assigns to Lender the rents and profits of the property. Unless Borrower and Lender have agreed otherwise in writing, Borrower may collect and retain the rents as long as Borrower is not in default. If Borrower defaults, Lender, Lender's agent, or a court appointed receiver may take possession and manage the property and collect the rents. Any rents Lender collects shall be applied first to the costs of managing the property, including court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amount of rents will then apply to payments on the secured debt as provided in Covenant 1.
8. **Leaseholds; Condominiums; Planned Unit Developments.** Borrower agrees to comply with the provisions of any lease if this deed of trust is on a leasehold. If this deed of trust is on a unit in a condominium or a planned unit development, Borrower will perform all of Borrower's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.
9. **Authority of Lender to Perform for Borrower.** If Borrower fails to perform any of Borrower's duties under this deed of trust, Lender may perform the duties or cause them to be performed. Lender may sign Borrower's name or pay any amount if necessary for performance. If any construction on the property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the property. This may include completing the construction.
Lender's failure to perform will not preclude Lender from exercising any of its other rights under the law or this deed of trust.
Any amounts paid by Lender to protect Lender's security interest will be secured by this deed of trust. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect on the secured debt.
10. **Default and Acceleration.** If Borrower fails to make any payment when due or breaks any covenants under this deed of trust or any obligation secured by this deed of trust, Lender may accelerate the maturity of the secured debt and demand immediate payment and may invoke its power of sale and any other remedies permitted by applicable law.
11. **Power of Sale.** If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the property to be sold. Trustee and Lender shall give such notices to Borrower and to other persons as applicable law may require. In addition, Trustee shall record a notice of sale in the county in which the property is located and shall publish notice of sale in accordance with applicable law. Trustee shall then sell the property (in gross or in parcels) at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale. Lender or Lender's 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. Trustee shall apply the proceeds of the sale in the following order: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (2) to all sums secured by this deed of trust; and (3) the excess, if any, to the clerk of the superior court of the county in which the sale took place.
12. **Inspection.** Lender may enter the property to inspect it if Lender gives Borrower notice beforehand. The notice must state the reasonable cause for Lender's inspection.
13. **Condemnation.** Borrower assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.
14. **Waiver.** By exercising any remedy available to Lender, Lender does not give up any rights to later use any other remedy. By not exercising any remedy upon Borrower's default, Lender does not waive any right to later consider the event a default if it happens again.
15. **Joint and Several Liability; Co-signers; Successors and Assigns Bound.** All duties under this deed of trust are joint and several. Any Borrower who co-signs this deed of trust but does not co-sign the underlying debt instrument(s) does so only to grant and convey that Borrower's interest in the property to the Trustee under the terms of this deed of trust. In addition, such a Borrower agrees that the Lender and any other Borrower under this deed of trust may extend, modify or make any other changes in the terms of this deed of trust or the secured debt without that Borrower's consent and without releasing that Borrower from the terms of this deed of trust.
The duties and benefits of this deed of trust shall bind and benefit the successors and assigns of Lender and Borrower.
16. **Notice.** Unless otherwise required by law, any notice to Borrower shall be given by delivering it or by mailing it addressed to Borrower at the property address or any other address that Borrower has given to Lender. Borrower will mail any notice to Lender at Lender's address on page 1 of this deed of trust, or to any other address which Lender has designated.
Any notice shall be deemed to have been given to Borrower or Lender when given in the manner stated above.
17. **Transfer of the Property or a Beneficial Interest in the Borrower.** If all or any part of the property or any interest in it is sold or transferred without Lender's prior written consent, Lender may demand immediate payment of the secured debt. Lender may also demand immediate payment if the Borrower is not a natural person and a beneficial interest in the Borrower is sold or transferred. However, Lender may not demand payment in the above situations if it is prohibited by federal law as of the date of this deed of trust.
18. **Release.** When Borrower has paid the secured debt in full and all underlying agreements have been terminated, Lender shall request Trustee to reconvey the property. Borrower agrees to pay all costs to record such reconveyance.
19. **Substitute Trustee.** Trustee shall resign at the request of Lender and may resign at its own election. Upon the resignation, incapacity, disability or death of Trustee, Lender shall appoint a successor trustee by an instrument recorded in the county in which this deed of trust is recorded. The successor trustee shall thereupon be vested with all powers of the original Trustee.
20. **Use of Property.** The property subject to this deed of trust is not used principally for agricultural or farming purposes.

DM *[Signature]*

BOOK 156 PAGE 189

BOOK 155 PAGE 219

EXHIBIT "A"

DESCRIPTION:

A parcel of land in the Northeast Quarter of the Northwest Quarter of Section 35, Township 4 North, Range 7 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Lot 3 of the ROSETTA M. HOLLENBERRY DRURY SHORT PLAT, as recorded in Book 2 of Short Plats, Page 7, Skamania County records.

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 in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, 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 all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of 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 unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the 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 the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property at public auction at a date not less than 120 days in the future. The notice shall further inform Borrower of the right to reinstate after acceleration, the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale, and any other matters required to be included in the notice by applicable law. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee and Lender shall take such action regarding notice of sale and shall give such notices to Borrower and to other persons as applicable law may require. After the time required

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 then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. 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.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender'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 required 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