

BK 1542PG0308

STATE MS. - DESOTO CO.
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BK 1542 PG 308
W.E. DAVIS CH. CLK.]

PREPARED BY AND
WHEN RECORDED MAIL TO:
OPTION ONE MORTGAGE CORP.
P.O. BOX 57076
IRVINE, CA 92619-7076
ATTN: QUALITY CONTROL
na

prepared by:
Carol Polino
Loan Number: 261031727
Servicing Number: 669203-2

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MIS#913020

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on July 30, 2002. The grantor is PHILIP I. THORSEN AND JAMI D. THORSEN, HUSBAND AND WIFE, AS TENANTS BY THE ENTIRETY

("Borrower"). This trustee is

LEM ADAMS III

("Trustee"). The beneficiary is H&R Block Mortgage Corporation, a Massachusetts Corporation which is organized and existing under the laws of MASSACHUSETTS, and whose address is 20 Blanchard Road, Burlington, MA 01803 ("Lender").

Borrower owes Lender the principal sum of FIFTY FIVE THOUSAND FIVE HUNDRED AND NO/100THS Dollars (U.S. \$55,500.00).

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on August 01, 2032. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in De Soto County, Mississippi:

1088-3305.0-02027.00

LOT 2027, SECTION F, DESOTO VILLAGE SUBDIVISION, IN SECTION 33, TOWNSHIP 1 SOUTH, RANGE 8 WEST, DESOTO COUNTY, MISSISSIPPI, AS SHOWN BY THE PLAT APPEARING OF RECORD IN PLAT BOOK 13, PAGES 1-5, IN THE OFFICE OF THE CHANCERY CLERK OF DESOTO COUNTY, MISSISSIPPI.

*indexing instructions:
lot 2027, Section F, DeSoto Village Subdivision
in Section 33, Township 1 South, Range 8 West*

which has the address of 6235 KENSINGTON, HORN LAKE [Street, City]
Mississippi 38637-2534 ("Property Address");
[Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."
MISSISSIPPI - Single Family
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BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

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 and applying the Funds, annually analyzing the escrow 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 amounts 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.

Upon 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 21, 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, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower 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 enforcement of 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 10 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, or applicable Law otherwise requires, insurance proceeds shall be applied first to reimburse Lender for costs and expenses incurred in connection with obtaining any such insurance proceeds, and then, at Lender's option, in such order and proportion as Lender may determine in its sole and absolute discretion, and regardless of any impairment of security or lack thereof: (i) to the sums secured by this Security Instrument, whether or not then due, and to such components thereof as Lender may determine in its sole and absolute discretion; and/or (ii) to Borrower to pay the costs and expenses of necessary repairs or restoration of the Property to a condition satisfactory to Lender. 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, Lender

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may collect the insurance proceeds. Lender may, in its sole and absolute discretion, and regardless of any impairment of security or lack thereof, use the proceeds to repair or restore the Property or to pay the 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.

If Borrower obtains earthquake insurance, any other hazard insurance, or any other insurance on the Property and such insurance is not specifically required by Lender, then such insurance shall (i) name Lender as loss payee thereunder, and (ii) be subject to the provisions of this paragraph 5.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower acknowledges that the Lender does not desire to make a loan to Borrower secured by this property on the terms contained in the Note unless the property is to be occupied by Borrower as Borrower's primary/secondary residence. Lender makes non-owner residence loans of different terms. Borrower promises and assures Lender that Borrower intends to occupy this property as Borrower's primary/secondary residence and that Borrower will so occupy this property as its sole primary/secondary residence within sixty (60) days after the date of the Security Instrument. If Borrower breaches this promise to occupy the property as Borrower's primary/secondary residence, then Lender may invoke any of the following remedies, in addition to the remedies provided in the Security Instrument; (1) Declare all sums secured by the Security Instrument due and payable and foreclose the Security Instrument, (2) Decrease the term of the loan and adjust the monthly payments under the Note accordingly, increase the interest rate and adjust the monthly payments under the Note accordingly, or (3) require that the principal balance be reduced to a percentage of either the original purchase price or the appraised value then being offered on non-owner occupied loans.

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.

Borrower shall, at Borrower's own expense, appear in and defend any action or proceeding purporting to affect the Property or any portion thereof or Borrower's title thereto, the validity or priority of the lien created by this Security Instrument, or the rights or powers of Lender or Trustee with respect to this Security Instrument or the Property. All causes of action of Borrower, whether accrued before or after the date of this Security Instrument, for damage or injury to the Property or any part thereof, or in connection with any transaction financed in whole or in part by the proceeds of the Note or any other note secured by this Security Instrument, by Lender, or in connection with or affecting the Property or any part thereof, including causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are, at Lender's option, assigned to Lender, and the proceeds thereof shall be paid directly to Lender who, after deducting therefrom all its expenses, including reasonable attorneys' fees, may apply such proceeds to the sums secured by this Security Instrument or to any deficiency under this Security Instrument or may release any monies so received by it or any part thereof, as Lender may elect. Lender may, at its option, appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Borrower agrees to execute such further assignments and any other instruments as from time to time may be necessary to effectuate the foregoing provisions and as Lender shall request.

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 in effect from time to time 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 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

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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.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, 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 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 referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard 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 is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed 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 this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

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 or any other address Borrower designates 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 or clause 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 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, Lender's rights in the Property and Borrower's obligation to pay the sums secured by 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. The holder of the Note and this Security Instrument shall be deemed to be the Lender hereunder.

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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.

Borrower shall be solely responsible for, shall indemnify, defend and hold harmless Lender, its directors, officers, employees, attorneys, agents, and their respective successors and assigns, from and against any and all claims, demands, causes of action, loss, damage, cost (including actual attorneys' fees and court costs and costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, abatement, containment, remedial or other required plan), expenses and liability directly or indirectly arising out of or attributable to (a) the use, generation, storage, release, threatened release, discharge, disposal, abatement or presence of Hazardous Substances on, under or about the Property, (b) the transport to or from the Property of any Hazardous Substances, (c) the violation of any Hazardous Substances law, and (d) any Hazardous Substances claims.

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.

ADDITIONAL COVENANTS. Borrower and lender further covenant and agree as follows:

21. Acceleration; Remedies. If any installment under the Note or notes secured hereby is not paid when due, or if Borrower should be in default under any provision of this Security Instrument, or if Borrower is in default under any other deed of trust or other instrument secured by the Property, all sums secured by this Security Instrument and accrued interest thereon shall at once become due and payable at the option of Lender without prior notice, except as otherwise required by applicable law, and regardless of any prior forbearance. In such event, Lender, at its option, and subject to applicable law, may then or thereafter invoke the power of sale and/or any other remedies or take any other actions permitted by applicable law. Lender will collect all expenses incurred in pursuing the remedies described 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 Borrower, in the manner provided in paragraph 14, notice of Lender's election to sell the Property. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at such time and place in County as Trustee designates in the notice of sale in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in 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. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Lender may charge such person or persons a fee for releasing the Property for services rendered if the charging of the fee is permitted under applicable law.

23. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

24. Misrepresentation and Nondisclosure. Borrower has made certain written representations and disclosures in order to induce Lender to make the loan evidenced by the Note or notes which this Security Instrument secures, and in the event that Borrower has made any material misrepresentation or failed to disclose any material fact, Lender, at its option and without prior notice or demand, shall have the right to declare the indebtedness secured by this Security Instrument, irrespective of the maturity date specified in the Note or notes secured by this Security Instrument, immediately due and payable. To the extent permitted by applicable law, Trustee, upon presentation to it of an affidavit signed by Lender setting forth facts showing a default by Borrower under this paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

25. Time is of the Essence. Time is of the essence in the performance of each provision of this Security Instrument.

26. Waiver of Statute of Limitations. The pleading of the statute of limitations as a defense to enforcement of this Security Instrument, or any and all obligations referred to herein or secured hereby, is hereby waived to the fullest extent permitted by applicable law.

27. Modification. This Security Instrument may be modified or amended only by an agreement in writing signed by Borrower and Lender.

28. Reimbursement. To the extent permitted by applicable law, Borrower shall reimburse Trustee and Lender for any and all costs, fees and expenses which either may incur, expend or sustain in the execution of the trust created hereunder or in the performance of any act required or permitted hereunder or by law or in equity or otherwise arising out of or in connection with this Security Instrument, the Note, any other note secured by this Security Instrument or any other instrument executed by Borrower in connection with the Note or Security Instrument. To the extent permitted by applicable law, Borrower shall pay to Trustee and

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Lender their fees in connection with Trustee and Lender including, but not limited to assumption application fees; fees for payoff demands and, statements of loan balance; fees for making, transmitting and transporting copies of loan documents, verifications, full or partial lien releases and other documents requested by borrower or necessary for performance of Lender's rights or duties under this Security Instrument; fees arising from a returned or dishonored check; fees to determine whether the Property is occupied, protected, maintained or insured or related purposes; appraisal fees, inspection fees, legal fees, broker fees, insurance mid-term substitutions, repair expenses, foreclosure fees and costs arising from foreclosure of the Property and protection of the security for this Security Instrument; and all other fees and costs of a similar nature not otherwise prohibited by law.

29. Clerical Error. In the event Lender at any time discovers that the Note, any other note secured by this Security Instrument, the Security Instrument, or any other document or instrument executed in connection with the Security Instrument, Note or notes contains an error that was caused by a clerical mistake, calculation error, computer malfunction, printing error or similar error, Borrower agrees, upon notice from Lender, to reexecute any documents that are necessary to correct any such error(s). Borrower further agrees that Lender will not be liable to Borrower for any damages incurred by Borrower that are directly or indirectly caused by any such error.

30. Lost Stolen, Destroyed or Mutilated Security Instrument and Other Documents. In the event of the loss, theft or destruction of the Note, any other note secured by this Security Instrument, the Security Instrument or any other documents or instruments executed in connection with the Security Instrument, Note or notes (collectively, the "Loan Documents"), upon Borrower's receipt of an indemnification executed in favor of Borrower by Lender, or, in the event of the mutilation of any of the Loan Documents, upon Lender's surrender to Borrower of the mutilated Loan Document, Borrower shall execute and deliver to Lender a Loan Document in form and content identical to, and to serve as a replacement of, the lost, stolen, destroyed, or mutilated Loan document, and such replacement shall have the same force and effect as the lost, stolen, destroyed, or mutilated Loan Documents, and may be treated for all purposes as the original copy of such Loan Document.

31. Assignment of Rents. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property. Borrower shall have the right to collect and retain the rents of the Property as they become due and payable provided Lender has not exercised its rights to require immediate payment in full of the sums secured by this Security instrument and Borrower has not abandoned the Property.

32. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded 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.

[Check applicable box(es)]

- Adjustable Rate Rider
- No Prepayment Penalty Option Rider
- Other(s) (specify)
- Condominium Rider
- Planned Unit Development Rider
- 1-4 Family Rider
- Occupancy Rider

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

Witnesses:

(Seal)
-Borrower

(Seal)
-Borrower

Philip I. Thorsen _____ (Seal)
PHILIP I THORSEN -Borrower

Jami D. Thorsen _____ (Seal)
JAMI D THORSEN -Borrower

STATE OF MISSISSIPPI,

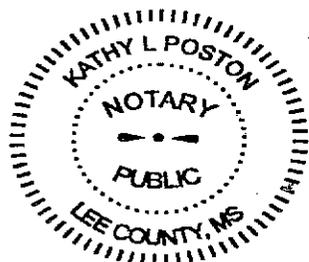
LeSoto County ss:

On this 30 day of July, 2002, personally appeared before me, the undersigned authority in and for said County and State, the within named

Philip I. Thorsen
Jami D. Thorsen husband and wife

that they signed and delivered the foregoing instrument on the day and year therein mentioned, who acknowledged Given under my hand and seal of office:

My Commission Expires: 9-4-04
(Seal)



Kathy Poston
Notary Public

Loan Number: 261031727 Servicing Number: 669203-2 Date: 07/30/02

ADJUSTABLE RATE RIDER (LIBOR Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made July 30, 2002 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to

H&R Block Mortgage Corporation, a Massachusetts Corporation (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

6235 KENSINGTON, HORN LAKE, MS 38637-2534

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

The Note provides for an initial interest rate of 10.150%. The Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of August 2004, and on that day every sixth month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index figure available as of the first business day of the month immediately preceding the month in which the Change Date occurs is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding SEVEN AND 15/100 percentage point(s) (7.150%) to the Current Index. The Note Holder will then round the result of this addition to the next higher one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will

Loan Number: 261031727 Servicing Number: 669203-2 Date: 07/30/02

be my new interest rate until the next Change Date:

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than

13.150% or less than 10.150% Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1.0%) from the rate of interest I have been paying for the preceding six months. In no event will my interest rate be greater than 16.150% or less than 10.150%

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

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.

Loan Number: 261031727

Servicing Number: 669203-2

Date: 07/30/02

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

Philip I. Thorsen (Seal)
PHILIP I THORSEN

Jami D. Thorsen (Seal)
JAMI D THORSEN

(Seal)

(Seal)

(Seal)

(Seal)

ALL INCLUSIVE AFFIDAVIT

STATE OF MISSISSIPPI

FILE # E913020

COUNTY OF De SotoPREMISES: 6235 KENSINGTON
HORN LAKE, MS 38637

BE IT REMEMBERED THAT ON THIS 30th day of July, 2002, before me, the undersigned authority, personally appeared the undersigned borrower(s), who first being duly cautioned and sworn according to the law and intending to be legally bound, depose(s) and say(s) the following:

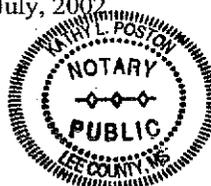
1. That the Grantor(s)/Mortgagor(s) herein is/are the owner(s) of premises being insured hereunder and the same person(s) as the grantee(s) in DEED BOOK _____ PAGE _____
2. That there are no mortgages, encumbrances, easements, bankruptcies, judgments or pending suits adversely affecting the owner(s) and the said premises which are known to the undersigned which are not being properly provided for in this transaction.
3. That there have been no repairs, additions or improvements made, ordered or contracted to be made on or to the premises, nor are there any appliances or fixtures attached to said premises which have not been paid for in full; and that there are no outstanding or disputed claims for any such work or item.
4. That there has been no work done, or notice received that work is to be done, by the Municipality (City, Borough or Township), or at its direction, in connection with the installation of sewer, water or for improvements such as paving or repaving of streets or alleys, or the installation of curbs or sidewalks.
5. That no notice has been served by any governmental authority for the removal or abatement of any nuisance, for the violation of any Zoning Regulation or concerning the condemnation of any portion of said premises.
6. That there has been no violation of any restrictions affecting the premises.
7. That there are no purchase money obligations being created in this transfer.
8. That the Grantor(s)/Mortgagor(s) is/are in actual possession of the entire premises, and that there are no leases or agreements affecting the premises or any part thereof outstanding, other than those that are presently being assigned.
9. That the present transaction is not made for the purpose of hindering, delaying or defrauding any creditors of said owner(s) and does not come within the provisions of the Bankruptcy or Insolvency Acts (or any amendments thereof).
10. That the said Grantor(s)/Mortgagor(s), if Husband and Wife, have never divorced from each other.
11. That the said Grantor(s)/Mortgagor(s) in the transactions are of full legal age and in every respect competent to convey or encumber the title to the premises in question.
12. That all taxes, sewer and water rents assessed against the said premises or indicated by the last official, billed meter reading as of the date of this settlement are fully paid.
13. That the grantor, if conveying without the joinder of his/her spouse: (a) knows of no pending divorce proceedings and (b) is conveying for a full and adequate consideration.
14. That there have been no alterations, modifications or changes in the building or buildings as shown on the survey and the locations as shown are true and correct. Further there is no dispute with adjoining property owners as to the location of lot lines as shown on the survey.

This affidavit is made for the purpose of inducing Mortgage Information Services, Inc. to hold settlement on the above premises, and to issue a title insurance policy, insuring the title thereto and deponent(s) aver(s) the foregoing statements are true and correct to the best of his/her/their knowledge and belief.

Philip L. Thorsen Jam. D. Thorsen
PHILIP L. THORSEN Thorsen PIT JAMI D. THORSEN Thorsen J.S.V.

Sworn to and Subscribed before me this 30th day of July, 2002

Walter L. Poston
Notary Public



MY COMMISSION EXPIRES:
September 4, 2004

AUTHORIZATION TO CLOSE ACCOUNT

July 30, 2002

To: MIDLAND MORTGAGE COMPANY

Loan Number:

Attention: Payoff Department

MIS File: E913020

To Whom It May Concern,

Please accept this letter as my authorization to close the aforementioned account. Enclosed, you will find a check from Mortgage Information Services, Inc. in the amount of \$38,685.90. This represents payment in full for my account. Should this dollar amount not be sufficient to close my account, please apply any escrow balance to my payoff. Should this still not be sufficient, I am instructing you to immediately accept the enclosed check as a principal-only payment, and notify Chris Owen at Mortgage Information Services, Inc. at (888) 901-4647, ext 1111.

I understand that if this account is a line of credit, I must destroy any checks associated with the account. I also understand that any further withdrawals or advances on the account are not permitted.

Please forward any surplus monies or escrow balance to me at the following address:

PHILIP I. THORNSEN
 JAMI D. THORNSEN
 6235 KENSINGTON
 HORN LAKE, MS 38637

Pursuant to Mississippi Revised Code, you are required to execute your lien release in a timely fashion. Should you require any information (i.e.- book & page, etc.) to expedite this release, you may contact MIS Customer Service at (888) 901-4647.

Thank you for your attention in this matter.

Philip I. Thorsen
 PHILIP I. THORNSEN *Thorsen PIT*

Jami D. Thorsen J.D.Y.
 JAMI D. THORNSEN *Thorsen*

AUTHORIZATION TO CLOSE ACCOUNT

July 30, 2002

To: WINN BROWN, JR.
Loan Number:
Attention: Payoff Department
MIS File: E913020.

To Whom It May Concern,

Please accept this letter as my authorization to close the aforementioned account. Enclosed, you will find a check from Mortgage Information Services, Inc. in the amount of \$601.75. This represents payment in full for my account. Should this dollar amount not be sufficient to close my account, please apply any escrow balance to my payoff. Should this still not be sufficient, I am instructing you to immediately accept the enclosed check as a principal-only payment, and notify Chris Owen at Mortgage Information Services, Inc. at (888) 901-4647, ext 1111.

I understand that if this account is a line of credit, I must destroy any checks associated with the account. I also understand that any further withdrawals or advances on the account are not permitted.

Please forward any surplus monies or escrow balance to me at the following address:

PHILIP I. THORNSEN
JAMI D. THORNSEN
6235 KENSINGTON
HORN LAKE, MS 38637

Pursuant to Mississippi Revised Code, you are required to execute your lien release in a timely fashion. Should you require any information (i.e.- book & page, etc.) to expedite this release, you may contact MIS Customer Service at (888) 901-4647.

Thank you for your attention in this matter.

Philip I. Thorsen
PHILIP I. THORNSEN *Thorsen PIT*

Jami D. Thorsen J.D.Y.
JAMI D. THORNSEN *Thorsen*

SURVEY AFFIDAVIT

STATE OF MISSISSIPPI

FILE # E913020

COUNTY OF De Soto

The undersigned Affiants, being the owners of certain real property (the "Property") commonly known as 6235 KENSINGTON in the city of HORN LAKE, County of DE SOTO and State of MISSISSIPPI, being more particularly described in a policy issued by or on behalf of Mortgage Information Services, Inc., being duly sworn, do depose and state as follows:

1. The undersigned have owned the Property for the last _____ years immediately preceding the date hereof, and during said period of ownership the undersigned have had no knowledge or notice of any claim of ownership by any other person to all or any part of the Property, including but not limited to, any boundary line disputes or disagreements which may affect the Property.
2. The Property borders upon a public street or highway having unlimited access, and the Property does not include any land lying in any alleyway or street, which has been vacated or abandoned.
3. The Property does not border upon any limited access highway to which the undersigned claim to have a right of access.
4. There is no evidence apparent from an inspection of the Property, which indicates the existence (either now or in the part) of any old roads, lanes or paths crossing the Property, and the undersigned have not observed, and are not aware of, any part who regularly crosses over any part of the Property.
5. The undersigned have not granted any easements or rights-of-way over, across or through the Property to any person or entity to cross over the Property, for the installation of utility or sewer lines, or for any other purpose.
6. The State of MISSISSIPPI or any other state or federal governmental agency or instrumentality have not taken any part of the Property by eminent domain or served any notice of an intent to take all or any part of the Property.
7. The undersigned have had no knowledge or notice of encroachment by any structure or improvements (e.g. fences, driveways, storage shed) located on the Property onto any neighboring property, and no knowledge or notice of any encroachment by any structure or improvements located on neighboring property onto the Property.
8. The dwelling structure located on the Property is set on a permanent foundation and is not a mobile home with wheels still attached and does not have any common walls or party walls with structures located on neighboring properties, and said structure is a single / multi family dwelling.
9. The undersigned are not aware of any building line violations by the structures located on the property, and the dwelling structure on the Property is not substantially closer to the street than other dwellings located on the street.
10. The undersigned have not made any structural alterations or additions to the improvements on the Property during the last _____ years immediately preceding the date hereof, and the undersigned have not laid out or constructed any driveways or passways across the Property or boundary lines of the Property.
11. The undersigned are not aware of any violations of any covenants, restrictions or easements affecting the Property, and any easements or rights-of-ways crossing the Property do not interfere with any structures or improvements presently on the Property.
12. There are no drainage ditches, feeders, lateral or underground pipes located on the Property.
13. There are no brooks, streams, rivers, ponds, lakes or other bodies of water located on or bordering the Property.
14. The undersigned make this affidavit for the purpose of inducing MORTGAGE INFORMATION SERVICES, INC. AND FIRST AMERICAN TITLE INSURANCE COMPANY to issue a policy of title insurance knowing that it will rely upon the truth on the statements herein made.

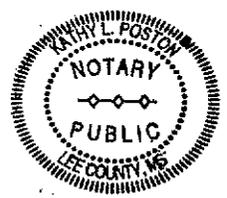
15. Exceptions to any of the above statements: _____

Philip A. Thorsen
 PHILIP A. THORSEN Thorsen PIT

Jami D. Thorsen
 JAMI D. THORSEN Thorsen

Subscribed and sworn to before me this 30th day of July, 2002.

Kathy L. Poston
 Notary Public



MY COMMISSION EXPIRES: September 4, 2004

NAME AFFIDAVIT

MIS FILE # E913020

PREMISES: 6235 KENSINGTON
HORN LAKE, MS 38637

STATE OF Mississippi

COUNTY OF DeSoto

SS:

I, the undersigned Affiant, first being duly cautioned and sworn, do hereby depose and state the following:

I am the owner of the property described above, denoted as the "PREMISES".

I am vested in title as PHILIP I. ^{Thorsen PIT} ~~THORNSSEN~~

I am also known by the following name(s):

signature of variation

printed variation

signature of variation

printed variation

signature of variation

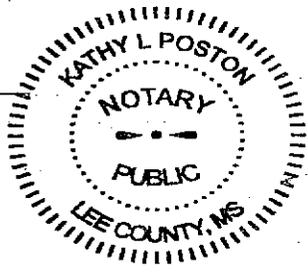
printed variation

Further Affiant Sayeth Naught.

Philip I. Thorsen
PHILIP I. THORNSSEN ^{Thorsen PIT}

Be it remembered that on this 30th day of July, 2002, personally appeared before me, the undersigned authority, PHILIP I. THORNSSEN, who acknowledged the signing of this instrument to be his/her voluntary act and deed. ^{Thorsen PIT}

Kathy L. Poston
Signature of person taking acknowledgement
Printed Name: Kathy L. Poston



My Commission Expires: 9-4-04

IDENTIFICATION AFFIDAVIT

Now come(s) the undersigned Affiant(s), being first duly cautioned and sworn, depose(s) and state(s) that he/she/they is/are the same individual(s) described in the documentation outlined below, and that they have presented the same to the Signing Agent, who has personally obtained and observed photographic identification or acceptable equivalent of the borrower(s), and do(es) hereby certify to the following:

BORROWER: PHILIP I. THORNSEN

DATE OF BIRTH 4-9-58

DRIVER'S LICENSE NO. 408150250

ISSUE DATE _____

EXPIRATION DATE 4-9-06

BORROWER: JAMI D. THORNSEN

DATE OF BIRTH 7-8-59

DRIVER'S LICENSE NO. 963550296

ISSUE DATE _____

EXPIRATION DATE 7-8-06

I (we), do hereby certify the information above is true and correct and that I (we) am (are) the person(s) described above.

Philip I. Thorsen
PHILIP I. THORNSEN Thorsen PIT

Jami D. Thorsen
JAMI D. THORNSEN Thorsen J.D.T.

STATE OF MISSISSIPPI

COUNTY OF DeSoto

Sworn to and subscribed before me this 30th day of July, 2002.

Kathy L. Poston
Notary Public

My Commission Expires: 9-4-04

