

WHEN RECORDED MAIL TO:

**MERITOR MORTGAGE CORPORATION-WEST**

**790 THE CITY DRIVE SOUTH  
ORANGE, CA 92668**

**LOAN NUMBER: 296900**

(Space Above This Line For Recording Data)

**DEED OF TRUST**

**THIS DEED OF TRUST ("Security Instrument") is made on AUGUST 31**

**1988. The grantor is ROBERT L. GRAHAM AND MARY J. GRAHAM**

**HUSBAND AND WIFE, the mortgagor herein ("Borrower"). The trustee is**

**MOUNTAIN TITLE COMPANY, A CORPORATION ("Trustee"). The beneficiary is**

**MERITOR MORTGAGE CORPORATION-WEST, A CORPORATION, which is organized and existing**

**under the laws of DELAWARE and whose address is**

**790 THE CITY DRIVE SOUTH, ORANGE, CA 92668**

**Borrower owes Lender the principal sum of FORTY FOUR THOUSAND AND NO/100---**

**Dollars (U.S. \$ 44,000.00). 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 OCTOBER 1, 2018.**

**This Security Instrument**

**secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and**

**modifications; (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 KLAMATH**

**County, Oregon:**

**THE SOUTHERLY 30 FEET OF THE NORTHERLY 60 FEET OF THE SE 1/4 SW 1/4**

**NW 1/4 LYING WEST OF THE KENO-WORDEN ROAD, AND THE E 1/2 SW 1/4 SW 1/4**

**NW 1/4 EXCEPTING THEREFROM THE NORTHERLY 30 FEET, IN SECTION 21, TOWNSHIP 40 SOUTH**

**RANGE 8 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH**

**COUNTY, OREGON.**

**which has the address of 16414 KENO-WORDEN ROAD**

**KLAMATH FALLS**

**Oregon 97603**

**(Zip Code)**

**TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights,**

**appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all 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."**

**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.**

**THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with**

**limited variations by jurisdiction to constitute a uniform security instrument covering real property.**

**OREGON-Single Family-FNMA/FHLMC UNIFORM INSTRUMENT**

**Form 3038 12/83**

**MC 0428 C**

**Financial Law Forms**

**Form 1947**



**UNIFORM 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") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. 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. 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 the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

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 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application 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 late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

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 forfeiture of any part of the Property; 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 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 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.

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 19 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. **Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. **Protection of Lender's Rights in the Property; Mortgage Insurance.** 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 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.



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Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

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

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.

10. **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.

11. **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.

12. **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.

13. **Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

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 had no acceleration 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 paragraphs 13 or 17.



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

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19. 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 paragraphs 13 and 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. The notice shall further inform Borrower of the right to reinstate after acceleration and 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. 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 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser 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.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

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

23. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes.

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

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and 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 ☐ Condominium Rider ☐ 2-4 Family Rider

☐ ADDENDUM ☐ Graduated Payment Rider ☐ Planned Unit Development Rider

☒ Other(s) [specify] BORROWER'S DECLARATION TO LENDER 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.

*Robert L. Graham* (Seal) *Mary J. Graham* (Seal)  
ROBERT L. GRAHAM Borrower MARY J. GRAHAM Borrower

Witness my hand and official seal this 11th day of September, 1988, at Klamath County, Oregon.

*Christi L. Beld* (Seal)  
Christi L. Beld Notary Public for Oregon

STATE OF OREGON, Klamath County ss:

On this 2nd day of September, 1988, personally appeared the above named ROBERT L. GRAHAM and MARY J. GRAHAM, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

(Official Seal) Before me: *Christi L. Beld*  
My Commission expires: 11/16/91

Notary Public for Oregon

REQUEST FOR RECONVEYANCE

To Trustee: The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by the Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date: .....



**BORROWER'S DECLARATION TO LENDER**

154873

**RIDER TO SECURITY INSTRUMENT**

This BORROWER'S DECLARATION TO LENDER, RIDER TO SECURITY INSTRUMENT (the "Rider") is made this 31ST day of AUGUST, 1988, 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 under signed (the "Borrower") to secure Borrower's Note (the "Note") to MERITOR MORTGAGE CORPORATION-WEST (the "Lender"),

of the same date and covering the Premises described in the Security Instrument, with reference to the following facts: Lender has agreed to make and fund a loan (the "Loan") in the amount of \$ 44,000.00 to Borrower for the purpose of acquiring or refinancing that certain real estate improved with a SINGLE-FAMILY residential dwelling more particularly described as: 16414 KENO-WORDEN ROAD KLAMATH FALLS, OR. 97603 (the "Premises"), Payment

of the Note will be secured by a FIRST lien Security Instrument in favor of Lender and encumbering the Premises. In addition thereto, and as a condition to making and funding the Loan, Lender has required certain assurances from Borrower with respect to the Truth and accuracy of certain factual matters and with respect to the purpose for which the Premises are to be acquired.

Borrower acknowledges and understands that Lender shall make and fund the Loan to Borrower in contemplation of the sale of the Loan to an investor (the "Investor"), and that, as a condition precedent to any such sale of the Loan, Lender shall typically be required to represent and warrant to the Investor the truth and accuracy of the following matters, or to represent and warrant to the Investor other matters that depend in turn upon the truth and accuracy of the following matters:

1. If Borrower has represented to Lender that Borrower intends to occupy the Premises, that at the date Lender sells the Loan to an Investor (which will typically occur within thirty days after the closing of the Loan) Borrower shall maintain the Premises as Borrower's personal and principal residence continuously for a period of not less than six months thereafter.
2. If Borrower has presented to Lender documents that purport to be copies of all or pertinent parts of Borrower's federal or state income tax returns for one or more years, that Borrower's income, and all other pertinent figures set forth in such documents, were for the years shown in fact as set forth in such documents for such years, that such documents are in fact true and correct copies of the tax returns of which they purport to be copies and that such tax returns were the returns Borrower actually filed with the Internal Revenue Service or the appropriate state taxing authority, respectively.
3. If Borrower has presented to Lender any verifications of deposit or any verifications of employment, that all of the information set forth in each of such verifications is true and accurate in every respect, that each such verification was in fact prepared, executed and delivered directly to Lender by an authorized officer, principal or agent of the person purported to have made such verification, and that Borrower did not in any manner collude with such officer, principal or agent in connection with such verification.

4. If Borrower has represented to Lender that Borrower has, or at the closing of the Loan will have, invested Borrower's cash in a minimum amount as down payment for or other cash equity in the Premises, that Borrower actually shall have, at the date of closing of the Loan, invested Borrower's cash in an amount not less than such minimum amount as down payment for or other cash equity in the Premises, that Borrower shall not, prior to the Closing of the Loan, have made or entered into any under-standing or agreement for the financing or refinancing of all or any part of Borrower's cash investment in the Premises through debt secured by the Premises, without Lender's prior written consent, and that Borrower shall not, until one year after the closing of the Loan, finance or refinance all or any part of Borrower's cash investment in the Premises through debt secured by the Premises.

5. If Borrower has presented to Lender a "gift letter" from any person, in which such person represents that such person has made a gift of funds or any other things to Borrower, that Borrower has in fact received such gift from the signatory of the gift letter in the amount and on the date set forth in the gift letter, and that Borrower is not subject to any obligation whatsoever, whether legally enforceable or not, and whether express or implied, to repay all or any part of the gift or to pay to any other person all or any part of the gift or to do any other thing whatsoever in full or partial consideration for receipt of the gift.

6. That every fact or representation set forth in Borrower's application to Lender or in any other documents, instruments or materials provided by Borrower to Lender in connection with or in support of such application was at the date delivered to Lender and at the closing of the Loan true, correct and complete in every respect and not misleading to Lender in any material respect.

With reference to the foregoing facts, and as a material consideration and inducement to Lender to make and fund the Loan, Borrower hereby represents, states, warrants, covenants and agrees, as follows:

- A. That Borrower shall, within thirty days following recordation of the Security Instrument, own, enter and occupy the Premises with the intent to use and occupy the Premises thereafter only for the purpose of making the Premises Borrower's personal and principal residence.

- B. That on the date, within thirty days following recordation of the Security Instrument, Borrower shall, in fact, own and occupy the Premises as Borrower's personal and principal residence, and that Borrower shall continue so to own and occupy the Premises for the six month period immediately following initial occupancy.

- C. That each of the matters set forth in each of paragraphs 2,3,4,5 and 6 above is true, correct and complete.

Borrower acknowledges and understands that Lender shall make and fund the Loan to Borrower only in reliance upon and in consideration of Borrower's representations, covenants and warranties herein set forth. Borrower further acknowledges and understands that Lender intends to make and undertake specific obligations to the Investor in reliance on the representations, covenants and warranties of Borrower hereinabove set forth. Borrower further acknowledges and understands that Lender would not make and fund the Loan to Borrower and that that obligations to be made and undertaken by Lender to the Investor would be made or undertaken but for Lender's reliance upon such representations, covenants and warranties of Borrower. Borrower further acknowledges and understands that in the event that any of Borrower's representations, covenants and warranties herein set forth shall prove false in any respect whatsoever, such event will materially adversely affect the marketability of the Loan to the Investor, and that Lender in making and funding the Loan is acting in reliance on the marketability of the Loan to the Investor to the extent established by the representations, covenants and warranties of Borrower herein set forth.

In reference to the foregoing, and as a material consideration and inducement to Lender to make and fund the Loan to Borrower, Borrower hereby covenants and agrees that in the event that any of Borrower's representations, covenants and warranties herein set forth shall fail, be breached or prove false in any respect whatsoever, then in addition to such other remedies as may be available to Lender under and in connection with any of the documents evidencing or securing the Loan or applicable law, Lender may, at its option, do either or both of the following: (a) recover from Borrower any loss or other damages it sustains by reason of loss of marketability of the Loan; or (b) without the necessity of notice to Borrower, elect to accelerate and declare immediately due and payable the entire principal balance and all accrued and unpaid interest on the Loan and the Note. Borrower hereby acknowledges and understands that in the event of any such acceleration, and provided Borrower fails then to promptly fully pay and discharge the entire principal balance and all accrued and unpaid interest on the Loan and the Note, Lender may, in addition to such other



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remedies as may then be available to Lender, proceed to foreclosure upon the Premises by judicial foreclosure proceedings or private trustee's sale, or as may otherwise be provided by the Security Instrument or applicable law.

Borrower acknowledges, understands and agrees that Lender shall rely upon Borrower's representations, covenants and warranties herein set forth specifically with regard to the marketability of the Loan for sale to the Investor; and that Lender shall be damaged by the falsehood of any of Borrower's representations, covenants and warranties if such falsehood impairs the marketability of the Loan for sale to the Investor, without regard to whether the Loan is at any time or from time to time in default, and without regard to and separate and apart from any foreclosure or private trustee's sale of the Premises or whether Lender suffers any deficiency therefrom.

In the event that any part of this Rider shall be held by any court to be unenforceable in whole or in part for any reason whatsoever, such part, to such extent as it is enforceable, and every other part not so held to be unenforceable, shall continue in full force and effect.

IN WITNESS WHEREOF, Borrower has executed this Rider at KLAMATH FALLS OR 97601  
(3088)X on this 2nd day of September, 19 88. (3088)X

Robert L. Graham  
ROBERT L. GRAHAM

Mary J. Graham  
MARY J. GRAHAM

MB-28 8/87

MB28A



# ADJUSTABLE RATE RIDER

## (11TH DISTRICT COST OF FUNDS INDEX - RATE CAPS)

THIS ADJUSTABLE RATE RIDER is made this **31ST** day of **AUGUST** **1988**, 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 **MERITOR MORTGAGE CORPORATION-WEST, A CORPORATION**

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:  
**16414 KENO-WORDEN ROAD, KLAMATH FALLS, OR 97603**

[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 AND MINIMUM 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:

### A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of **7.875 %**. 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 **APRIL**, 19 **89**, and on that day every **6TH** 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 **FEDERAL HOME LOAN BANK OF SAN FRANCISCO'S MONTHLY WEIGHTED AVERAGE COST OF FUNDS FOR THE ELEVENTH DISTRICT SAVINGS INSTITUTIONS.** The most recent Index figure available as of the date **45** days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which 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 **2.625** percentage points ( **2.625 %**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4 (D) below, this rounded amount will 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 **8.875 %** or less than **6.875 %**. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than **ONE PERCENTAGE POINT (1.00%)** from the rate of interest I have been paying for the preceding **6** months. My interest rate will never be greater than **13.875 %**, or less than **1.875 %**.

#### (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.

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

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

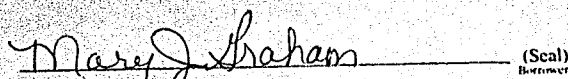
**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, 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.

  
**ROBERT L. GRAHAM**

  
**MARY J. GRAHAM**

\_\_\_\_\_  
(Seal)  
Borrower

\_\_\_\_\_  
(Seal)  
Borrower

**THIS ADJUSTABLE RATE RIDER CONTAINS AND ADDENDUM TO ADJUSTABLE RATE RIDER FOR THE FIXED RATE CONVERSION OPTION ATTACHED HERETO AND MADE A PART HEREOF. MULTISTATE ADJUSTABLE RATE RIDER — ARM — Single Family**

MB325



# ADDENDUM TO ADJUSTABLE RATE RIDER

(Fixed Rate Conversion Option)

15487-E

THIS ADDENDUM TO ADJUSTABLE RATE RIDER is made this 31ST day of AUGUST 1988, and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Rider (the "Rider") to the Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), each dated the same date as this Addendum and given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note, with Addendum To Adjustable Rate Note, to MERITOR MORTGAGE CORPORATION-WEST, A CORPORATION (the "Lender") and dated the same date as this Addendum (the "Note"), covering the property described in the Security Instrument and located at:

16414 KENO-WORDEN ROAD, KLAMATH FALLS, OR 97603  
[Property Address]

**Additional Covenants.** In addition to the covenants and agreements made in the Security Instrument and the Rider, Borrower and Lender further covenant and agree as follows:

## A. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate to a fixed interest rate, as follows:

### 1. Option to Convert to Fixed Rate

I have a Conversion Option which I can exercise unless I am in default or this Section A1 will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by the Note from an adjustable rate to a fixed rate.

The conversion can only take place on the SIXTH, EIGHTH, OR TENTH

Change Date. Each Change Date on which my interest rate can convert from an adjustable rate to a fixed rate also is called a "Conversion Date." I can convert my interest rate only on one of these Conversion Dates.

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (a) I must give the Note Holder notice that I am doing so at least 15 days before the next Conversion Date; (b) on the Conversion Date, I am not in default under the Note or the Security Instrument; (c) by the Conversion Date, I must pay the Note Holder a conversion fee of U.S. \$ 100.00; and (d) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

### 2. Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal National Mortgage Association's required net yield for 30-year, fixed rate mortgages covered by 60-day mandatory delivery commitments in effect as of the date 45 days before the Conversion Date, plus FIVE EIGHTHS OF ONE PERCENTAGE POINT (0.625%). If this required net yield is not available, the Note Holder will determine my interest rate by using a comparable figure. My new rate calculated under this section 2 will not be greater than the maximum rate stated in section 4(D) of my adjustable rate rider.

### 3. Determination of New Payment Amount

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the maturity date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the maturity date.

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

If Borrower exercises the Conversion Option under the Note as stated in Section A of this Addendum To Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in the Rider shall cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, 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.

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.

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

Robert L. Graham (Seal)  
ROBERT L. GRAHAM  
Borrower

Mary J. Graham (Seal)  
MARY J. GRAHAM  
Borrower

\_\_\_\_ (Seal) \_\_\_\_\_ (Seal)  
Borrower Borrower

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 19th day of September, 1988 at 3:16 o'clock P.M., and duly recorded in Vol. 15485 of Mortgages on Page Evelyn Biehn County Clerk

FEE 143.00

By Pauline Mullendore