

1 YEAR TREASURY SECURITIES INDEX

THIS ADJUSTABLE RATE RIDER is made this 12th day of December, 19 94, 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 to WASHINGTON MUTUAL BANK, a Washington Corporation (the "Lender") of the same date and covering the property described in the Security Instrument and located at 2734 HOPE ST, KLAMATH FALLS, OR 97603 (Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE SUBJECT TO THE LIMITS STATED IN THE NOTE. IF THE INTEREST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGHER. IF THE INTEREST RATE DECREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE LOWER.

THE INTEREST RATE AND MONTHLY PAYMENTS WILL REMAIN THE SAME FOR THE FIRST FIVE YEARS OF THE LOAN AND WILL BE ADJUSTED EVERY YEAR THEREAFTER.

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 8.875 %. 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 1st day of January, 2000, and on that day every 12th 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 the 1 Year Treasury Securities Index (the "Index"), which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board.

The most recent applicable Index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the applicable 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 Charges

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO & SEVEN-EIGHTHS percentage points (2.875 %) 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) Limit on Interest Rate Changes

Except as provided in any Addendum or Rider to this Note, the rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than TWO percentage points (2.000%) from the rate of interest I was paying immediately prior to that Change Date, and my interest rate shall never be greater than TEN & THREE-EIGHTHS percent (10.375 %).

Loan #01-253-362413-7

(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 mail or deliver 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 mailed or delivered 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.

After recording, mail to:

WASHINGTON MUTUAL BANK

Loan Review

P.O. Box 91006, SAS0304

Seattle, WA 98111

X Rodney Weaver
RODNEY WEAVER

X Jeanette Weaver
JEANETTE WEAVER

THIS ADDENDUM TO ADJUSTABLE RATE RIDER is made this 12th day of December, 19 94, and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Rider to the mortgage, deed of trust, or deed to secure debt (the "Security Instrument"), of the same date which has been given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note of the same date (the "Note"), as modified by an Addendum to Adjustable Rate Note of the same date, to WASHINGTON MUTUAL BANK, a Washington Corporation (the "Lender"), which Security Instrument covers the property described therein and located at the address shown below (the "Property"):

2734 HOPE ST, KLAMATH FALLS, OR 97603

(Property Address)

Defined terms in the Note or the Security Instrument shall have the same meaning when used herein. To the extent that this Addendum conflicts with the terms and conditions set forth in the Security Instrument or in the Adjustable Rate Rider, the terms and conditions set forth in this Addendum shall control.

IN ADDITION TO THE PROVISIONS SET FORTH IN THE ADJUSTABLE RATE RIDER, THE ADDENDUM TO ADJUSTABLE RATE NOTE PERMITS THE BORROWER TO CONVERT THE AMORTIZING LOAN.

ADDITIONAL COVENANTS. The Note provides for an initial interest rate and for changes in the interest rate and the monthly payments as set forth in Section A of the Adjustable Rate Rider. In addition, Sections A through F of the Addendum to Adjustable Rate Note permit the Borrower to convert the Borrower's adjustable rate loan into a fixed rate, level payment fully amortizing loan in the manner described below. Accordingly, and in addition to the covenants and agreements contained in the Security Instrument and the Adjustable Rate Rider, Borrower and Lender further covenant and agree as follows:

A. OPTION TO CONVERT TO FIXED RATE

Notwithstanding anything to the contrary in the Adjustable Rate Note or the Adjustable Rate Rider, I may choose to convert my adjustable rate loan to a fixed rate loan as of the 1st day of February, 19 96 or as of the first day of each of the following 47 calendar months. Each date as of which I could choose to convert my loan to a fixed rate loan is called a "Conversion Date". The last possible Conversion Date is January 1st, 2000. I agree conversion will be subject to: (i) no payment under the Note or Security Instrument having been more than thirty (30) days past due and the loan being current and otherwise free from default; (ii) Lender's determination that the Property is in satisfactory condition and that the fair market value of the Property is not less than that set forth on the appraisal which Lender was provided in connection with the initial making of the loan; and (iii) if this is a combination construction/permanent loan, the residence and other improvements to the Property have been completed, the loan has been fully disbursed, and principal and interest payments have commenced (or will commence on the next payment due date after the Effective Conversion Date as hereinafter defined).

If I choose to make this conversion, I must give the Note Holder a written request to convert at least ten (10) days before the next Conversion Date (the "Effective Conversion Date"). I also must sign and give to the Lender a document (the "Modification Document"), in any form that the Lender may require, changing the terms of the Note and Security Instrument as necessary to reflect the conversion. The Modification Document must be signed by: (i) everyone who originally signed the Note and/or Security Instrument unless the Note Holder has since released them in writing from liability on the loan and they no longer have an ownership interest in the Property; (ii) anyone who has subsequently assumed liability for repayment of the loan unless the Note Holder has since released them in writing from liability and they no longer have an ownership interest in the Property; and (iii) anyone else with an ownership interest in the Property.

I may make inquiry and request verbal quotes of the current conversion rate applicable to my loan at anytime. However, if I have provided a written request to convert and I do not, for any reason, satisfy all requirements to conversion and return the fully executed Modification Document to the Note Holder by the deadline applicable under Paragraph E below, I will forfeit any future right to convert to a fixed rate. In that event, the provision of this Addendum shall be null and void and my loan will remain an adjustable rate loan as provided in my Adjustable Rate Note.

Beginning with the Effective Conversion Date, if such conversion has been chosen, my interest rate will be equal to the Federal National Mortgage Association's (FNMA) published Required Net Yield for thirty (30)-year, fixed rate mortgages covered by sixty (60)-day mandatory scheduled/actual delivery commitments that was in effect as of the date fifteen (15) days before the Effective Conversion Date, plus FIVE-EIGHTHS of one percent (.625 %) rounded to the nearest 1/8% of 1%. If I do not occupy the Property as my principal residence on the Effective Conversion Date, my new fixed interest rate will be one-half of one percent (1/2%) higher than the rate otherwise payable. If the unpaid balance of the Note as of the Effective Conversion Date exceeds the then-applicable limits for purchase by FNMA, my new fixed interest rate will be three-eighths of one percent (.375%) higher than the rate otherwise payable. If such Required Net Yield is not available, the Note Holder will determine my new, fixed interest rate by using a comparable figure. In any event, my fixed rate will not exceed TEN & THREE-EIGHTHS percent (10.375 %).

B. DETERMINATION OF NEW PAYMENT AMOUNT

If I choose to convert to a fixed rate of interest as provided in Section A above, the Note Holder will then determine the monthly payment amount that would be sufficient to repay in full the principal, I am expected to owe, on the Effective Conversion Date, together with interest at my new interest rate, in substantially equal payments by the maturity date (the "New Payment Amount").

C. PAYMENT OF NEW PAYMENT AMOUNT; CONTINUATION OF FIXED RATE

Beginning with my first monthly payment that becomes due after the Effective Conversion Date, I will, if I have chosen the foregoing conversion, pay the New Payment Amount as my monthly payment, and the interest rate I pay will not change from the fixed rate established as of the Effective Conversion Date.

D. CONVERSION FEE

For choosing to convert my adjustable rate loan to a fixed rate loan as provided above, I will pay the Note Holder a conversion fee equal to ZERO percent (0.000 %) of that part of principal that, as of the Effective Conversion Date, has not been paid. I will pay the conversion fee at least one business day prior to the Effective Conversion Date.

E. NOTICE BY NOTE HOLDER

Before the Effective Conversion Date, the Note Holder will mail or deliver to me a notice of my new interest rate as of the Effective Conversion Date; the amount of my New Monthly Payment; the amount of the conversion fee; and a date (not later than one business day prior to the Effective Conversion Date) by which I must have obtained all required signatures on the Modification Document and actually delivered it to the Note Holder. The notice will include all 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.

F. FAILURE TO CHOOSE CONVERSION

If I do not, at least 10 days before the last possible Conversion Date specified in Section A above, give notice to the Note Holder that I choose to convert my adjustable rate loan to a fixed rate loan and do the other things that I must do under this Addendum within the applicable times specified in this Addendum, I will no longer have the right to convert my adjustable rate loan to a fixed rate loan in the manner described in this Addendum.

G. TRANSFER OF THE PROPERTY OR OF BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Security Instrument, as amended by the Adjustable Rate Rider, prohibits the Lender from withholding its consent to a sale or transfer of the property (or a beneficial interest in the Borrower if other than a natural person) if the purchaser or transferee meets the Lender's standards of creditworthiness applicable to similar new loans and the Lender's security would not otherwise be impaired.

Following conversion of my adjustable rate loan to a fixed rate loan as provided above, the above limitations on the Lender's right to withhold its consent shall no longer be applicable and the Lender may, in its sole discretion, either: (i) arbitrarily withhold its consent; or (ii) condition the granting of its consent upon the payment of a fee, adjustment in the interest rate payable under the Note, or such other modifications to the terms of the Borrower's loan as the Lender, in its sole discretion, may require.

IN WITNESS WHEREOF, Borrower has executed this Addendum to Adjustable Rate Rider as of the day and year first written above.

X Rodney Weaver
RODNEY WEAVER

X Jeanette Weaver
JEANETTE WEAVER

After recording, mail to:

WASHINGTON MUTUAL BANK, Loan Review
P.O. Box 91006, SAS0304, Seattle, WA 98111

9548 (8-94)

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TO BE RECORDED

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 15th day of Dec A.D., 19 94 at 1:48 o'clock P M., and duly recorded in Vol. M94 of Mortgages on Page 37801.

FEE \$45.00

Evelyn Biehn - County Clerk

By Rodney Weaver