

2009-010091

Klamath County, Oregon



00070019200900100910200207

When Recorded Mail to:

WFHM FINAL DOCS X2599-024
405 SW 5TH STREET
DES MOINES, IA 50309-4600

07/24/2009 11:50:52 AM

Fee: \$116.00

Send Tax Statements To:

WELLS FARGO BANK, N.A.
1003 E. BRIER DRIVE X0501-04G
SAN BERNARDINO CA ,924082862

ATE 66848

[Space Above This Line For Recording Data]

State of Oregon

FHA Case No. 431-4819338 952

**ADJUSTABLE RATE HOME EQUITY
CONVERSION LINE OF CREDIT DEED OF TRUST**

THIS DEED OF TRUST ("Security Instrument") is made on
trustor is **MERRIE L. SCHROTT**

07/20/09. The

whose address is 145040 HWY 31, LA PINE, OR 97739

("Borrower"). The

trustee is **FIDELITY NATIONAL TITLE INSURA**

("Trustee"). The beneficiary is

WELLS FARGO BANK, N.A.

which is organized and existing under the laws of **THE UNITED STATES**
and whose address is
P.O. BOX 11701
NEWARK, NJ 071014701

("Lender"). Borrower

has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Note dated the same date as this Security Instrument ("Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest at a rate subject to adjustment (interest), and all renewals, extensions and modifications of the Note, up to a maximum principal amount of

ONE HUNDRED SEVENTY TWO THOUSAND FIVE HUNDRED AND 00/100

0107902819

First American Loan Production Services
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FALPS # YM58 : 05/08
NMFL #8913OR (QKOR) Rev 11/2008

Oregon HECM ARM Security Instrument

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(U.S. \$ *****172,500.00); (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. The full debt, including amounts described in (a), (b), and (c) above, if not due earlier, is due and payable on **OCTOBER 28TH , 2008** . 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:

SEE ATTACHED

which has the address of **145040 HWY 31**

[Street]

LA PINE

, OR

97739

("Property Address");

[City]

[State]

[Zip Code]

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

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered. 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.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note.

2. Payment of Property Charges. Borrower shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges by withholding funds from monthly payments due to the Borrower or by charging such payments to a line of credit as provided for in the Loan Agreement.

3. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire. This insurance shall be maintained in the amounts, to the extent and for the periods required by Lender or the Secretary of Housing and Urban Development ("Secretary"). Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the

Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss to Lender instead of to Borrower and to Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, 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 first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

4. Occupancy, Preservation, Maintenance and Protection of the Property: Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence after the execution of this Security Instrument, and Borrower (or at least one Borrower, if initially more than one person are Borrowers) shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. 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 the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

5. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 12(c).

If Borrower fails to make these payments or the property charges required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Secretary for the Mortgage Insurance Premium as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

6. Inspection. Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the

Property. If the property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

7. 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 place of condemnation shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property, and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

8. Fees. Lender may collect fees and charges authorized by the Secretary.

9. Grounds for Acceleration of Debt.

(a) Due and Payable. Lender may require immediate payment in full of all sums secured by this Security Instrument if:

- (i) A Borrower dies and the Property is not the principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains title to the Property in fee simple or retains a leasehold under a lease for not less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower or retains a life estate (or retaining a beneficial interest in a trust with such an interest in the Property).

(b) Due and Payable with Secretary Approval. Lender may require immediate payment in full of all sums secured by this Security Instrument, upon approval of the Secretary, if:

- (i) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower; or
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under this Security Instrument is not performed.

(c) Notice to Lender. Borrower shall notify Lender whenever any of the events listed in this Paragraph (a) (ii) or (b) occur.

(d) Notice to Secretary and Borrower. Lender shall notify the Secretary and Borrower whenever the loan becomes due and payable under Paragraph 9 (a) (ii) or (b). Lender shall not have the right to commence foreclosure until Borrower has had thirty (30) days after notice to either:

- (i) Correct the matter which resulted in the Security Instrument coming due and payable; or
- (ii) Pay the balance in full; or
- (iii) Sell the Property for the lesser of the balance or 95% of the appraised value and apply the net proceeds of the sale toward the balance; or
- (iv) Provide the Lender with a deed in lieu of foreclosure.

(e) Trusts. Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph 9. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 9.

(f) Mortgage Not Insured. Borrower agrees that should this Security Instrument and the Note not be eligible for insurance under the National Housing Act within **SIXTY DAYS** from the date hereof, if permitted by Applicable Law Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to **SIXTY DAYS** from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the

foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed. If this Security Instrument is assigned to the Secretary upon demand by the Secretary, Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.

11. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding shall be added to the principal balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the Security Instrument.

12. Lien Status.

(a) Modification. Borrower agrees to extend this Security Instrument in accordance with this Paragraph 12(a). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except this Security Instrument, the Second Security Instrument described in Paragraph 13(a) and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower to execute any documents necessary to protect the lien status of future loan advances. Borrower agrees to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

(b) Tax Deferral Programs. Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.

(c) Prior Liens. 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 all amounts secured by 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.

13. Relationship to Second Security Instrument.

(a) Second Security Instrument. In order to secure payments which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, the Secretary has required Borrower to execute a Second Note and a Second Security Instrument on the Property.

(b) Relationship of First and Second Security Instruments. Payments made by the Secretary shall not be included in the debt under the Note unless:

- (i) This Security Instrument is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursement by the Lender for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments by the Secretary, including interest on the payments, but excluding late charges paid by the Secretary, shall be included in the debt under the Note.

(c) Effect on Borrower. Where there is no assignment or reimbursement as described in (b)(i) or (ii) and the Secretary makes payments to Borrower, then Borrower shall not:

- (i) Be required to pay amounts owed under the Note, or pay any rents and revenues of the Property under Paragraph 19 to Lender or a receiver of the Property, until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note; or
- (ii) Be obligated to pay interest under the Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance under the Note.

(d) No Duty of the Secretary. The Secretary has no duty to Lender to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though Lender may be unable to collect amounts owed under the Note because of restrictions in this Paragraph 13.

14. Forbearance by Lender Not a Waiver. 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.

15. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender. Borrower may not assign any rights or obligations under this Security Instrument or under the Note, except to a trust that meets the requirements of the Secretary. Borrower's covenants and agreements shall be joint and several.

16. 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 all Borrowers jointly designate. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any 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 16.

17. 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.

18. Borrower's Copy. Borrower shall be given one conformed copy of the Note and this Security Instrument.

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

19. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 19. Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach.

Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

20. Foreclosure Procedure. If Lender requires immediate payment in full under Paragraph 9, 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 20, 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.

21. Lien Priority. The full amount secured by this Security Instrument shall have the same priority over any other liens on the Property as if the full amount had been disbursed on the date the initial disbursement was made, regardless of the actual date of any disbursement. The amount secured by this Security Instrument shall include all direct payments by Lender to Borrower and all other loan advances permitted by this Security Instrument for any purpose. This lien priority shall apply notwithstanding any State constitution, law or regulation, except that this lien priority shall not affect the priority of any liens for unpaid State or local governmental unit special assessments or taxes.

22. Adjustable Rate Feature. Under the Note, the initial interest rate of **3.043 %** which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to the change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the average of interbank offered rates for one-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal, rounded to three digits to the right of the decimal point, ("Index") plus a margin. If the Index is no longer available, Lender will use as a new Index any index prescribed by the Secretary. Lender will give Borrower notice of the new Index.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may change on the first day of **OCTOBER 2009**, and on ☐ that day of each succeeding year ☒ the first day of each succeeding month ("Change Date") until the loan is repaid in full.

The "Current Index" means the most recent Index figure available 30 days before the Change Date, and if the day that is 30 days before the Change Date is not a Sunday or Monday and not the first business day of the week, the Current Index will be the Index as published the first business day of that week. If the day that is 30 days before the Change Date is a Sunday or Monday and not the first business day of the week, the Current Index will be the Index as published the first business day of the immediately prior week. Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

☐ (Annually Adjusting Variable Rate Feature) The Calculated Interest Rate cannot be more than 2.0% higher or lower than the Existing Interest Rate, nor can it be more than 5.0% higher or lower than the Initial Interest Rate.

☒ (Monthly Adjusting Variable Rate Feature) The Calculated Interest Rate will never increase above **THIRTEEN AND 043/1000** percent (**13.043 %**).

The Calculated Interest Rate will be adjusted if necessary to comply with these rate limitation(s) and will be in effect until the next Change Date. At any Change Date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

23. 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 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 reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under Applicable Law.

24. 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.

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

26. Protective Advances. This Security Instrument secures any advances Lender, at its discretion, may make under Paragraph 5 of this Security Instrument to protect Lender's interest in the Property and rights under this Security Instrument.

27. Required Evidence of Property Insurance.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

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

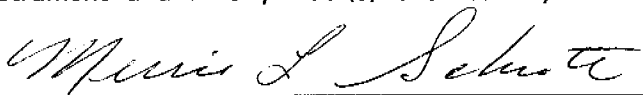
The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by Applicable Law.

28. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants 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).]

☐ Condominium Rider ☐ Planned Unit Development Rider

☒ Other (Specify) **MANUFACTURED HOUSING RIDER**

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



MERRIE L SCHROTT (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
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-Borrower

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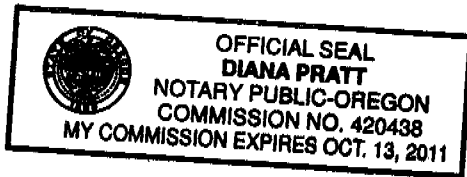
State of Oregon,

County of: Clatsop

This instrument was acknowledged before me on July 20, 2009 by

Mervin L. Schmitt

Diana Pratt
(Signature of notarial officer)



Notary
Title (and rank)

My commission expires: 10/13/2011

(Seal, if any)

Exhibit A

A portion of the SE 1/4 NE 1/4 Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the one-sixteenth section line which is 667.64 feet North 1°03'55" East along the one-sixteenth section line from the Southwest corner of the SE 1/4 of the NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence South 89°24'66" East 663.70 feet; thence North 1°43'00" East 331.40 feet; thence North 89°16'52" West 667.45 feet to the one-sixteenth section line; thence South 1°03'55" West 332.87 feet along the one-sixteenth section line to the point of beginning.

AND a portion of the SE 1/4 NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the one-sixteenth section line which is 332.87 feet North 1°03'55" East along the one-sixteenth section line from the Southwest corner of the Southeast of the NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence South 89°32'59" East 659.95 feet; thence North 1°43'00" East 331.40 feet; thence North 89°24'58" West 663.70 feet to the one-sixteenth section line; thence South 1°03'55" West 332.87 feet along the one-sixteenth section line to the point of beginning.

EXCEPTING THEREFROM that portion lying Easterly of the following described line:

Beginning at a point on the Southerly line of the land described in said deed recorded in Volume M90 at Page 1816; said point lying thereon South 89°32'32" East 330.10 feet from the Southwest corner of said deed; thence North 01°25'01" East, 409.38 feet; thence South 88°34'59" East, 28.00 feet; thence North 01°25'01" East, 35.00 feet; thence North 88°34'53" West, 28.00 feet; thence North 01°25'01" East, 220.01 feet to a point on the Northerly line of land described in said deed recorded in Volume M93 at Page 33688. Said point lying thereon South 89°15'45" East, 333.60 feet from the Northwest corner of said deed and the terminus of said line.

TOGETHER WITH an Agreement for Easement from ingress and egress dated October 15, 1993, recorded December 1, 1993 in Volume M93 at Page 31847, Deed Records of Klamath County, Oregon.

ALSO TOGETHER WITH a 20 foot wide access easement and the rights and privileges of access and egress engendered by said easement, the centerline of which is described as follows:

Beginning at a point on the East line of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, which is 329.79 feet North 1°04'49" East along said East line from the quarter corner of said Section 36; thence North 89°32'59" West 652.51 feet; thence North 1°43'00" East 682.80 feet to its terminus, all of the above described lying within Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

ALSO TOGETHER WITH a 20 foot wide access easement for ingress and egress, the Southerly line being described as follows:

Beginning at the Southeast corner of said deed recorded in Volume M90 on Page 1816; thence along the Southerly line of said deed North 89°32'32" West 329.85 feet to a point, said point lying on said Southerly line South 89°32'32" East, 330.10 feet from the Southwest corner of said deed.

CODE: 210 MAP: 2310-036A0 TL: 00500 KEY: 138773

Record and Return [] by Mail [] by Pickup to:

WFHM FINAL DOCS X2599-024

405 SW 5TH STREET

DES MOINES, IA 50309-4600

MANUFACTURED HOME RIDER TO SECURITY INSTRUMENT

This Rider is made this JULY 20, 2009, and is incorporated into and amends and supplements the Mortgage, Open-End Mortgage, Deed of Trust, or Credit Line Deed of Trust, Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note to WELLS FARGO BANK, N.A.

("Lender") of the same date
 ("Note") and covering the Property described in the Security Instrument and located at:
145040 HWY 31, LA PINE, OR 97739

(Property Address)

Borrower and Lender agree that the Security Instrument is amended and supplemented to read as follows:

1. **Meaning of Some Words.** As used in this Rider, the term "Loan Documents" means the Note, the Security Instrument and any Construction Loan Agreement, and the term "Property", as that term is defined in the Security Instrument, includes the "Manufactured Home" described in paragraph 3 of this Rider. All terms defined in the Note or the Security Instrument shall have the same meaning in this Rider.
2. **Purpose and Effect of Rider.** IF THERE IS A CONFLICT BETWEEN THE PROVISIONS IN THIS RIDER AND THOSE IN THE SECURITY INSTRUMENT, THE PROVISIONS IN THIS RIDER SHALL CONTROL. THE CONFLICTING PROVISIONS IN THE SECURITY INSTRUMENT WILL BE ELIMINATED OR MODIFIED AS MUCH AS IS NECESSARY TO MAKE ALL OF THE CONFLICTING TERMS AGREE WITH THIS RIDER.
3. **Lender's Security Interest.** All of Borrower's obligations secured by the Security Instrument also shall be secured by the Manufactured Home:
USED 1990 LIBERTY 40 27

New/Used	Year	Manufacturer's Name	Model Name or Model No.	Length x Width
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09L24452X

09L24452U

Serial No.

Serial No.

Serial No.

Serial No.



4. **Affixation.** Borrower covenants and agrees:
 - (a) to affix the Manufactured Home to a permanent foundation on the Property;
 - (b) to comply with all Applicable Law regarding the affixation of the Manufactured Home to the Property;
 - (c) upon Lender's request, to surrender the certificate of title to the Manufactured Home, if surrender is permitted by Applicable Law, and to obtain the requisite governmental approval and documentation necessary to classify the Manufactured Home as real property under Applicable Law;
 - (d) that affixing the Manufactured Home to the Property does not violate any zoning laws or other local requirements applicable to the Property;
 - (e) that the Manufactured Home will be, at all times and for all purposes, permanently affixed to and part of the Property.
5. **Charges; Liens.** Section 4, Paragraph 1 of the Security Instrument is amended to add a new third sentence to read:

Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph and receipts evidencing the payments.
6. **Property Insurance.** Section 5, Paragraph 1 of the Security Instrument is amended to add a new second sentence to read:

Whenever the Manufactured Home is transported on the highway, Borrower must have trip insurance.
7. **Notices.** The second sentence of Section 15 of the Security Instrument is amended by inserting the words "unless otherwise required by law" at the end.
8. **Additional Events of Default.** Borrower will be in default under the Security Instrument:
 - (a) if any structure on the Property, including the Manufactured Home, shall be removed, demolished, or substantially altered;
 - (b) if Borrower fails to comply with any requirement of Applicable Law (Lender, however, may comply and add the expense to the principal balance Borrower owes to Lender); or
 - (c) if Borrower grants or permits any lien on the Property other than Lender's lien, or liens for taxes and assessments that are not yet due and payable.
9. **Notice of Default.** If required by Applicable Law, before using a remedy, Lender will send Borrower any notice required by law, and wait for any cure period that the law may require for that remedy.
10. **Additional Rights of Lender in Event of Foreclosure and Sale.** In addition to those rights granted in the Note and Security Instrument, Lender shall have the following rights in the event Lender commences proceedings for the foreclosure and sale of the Property.
 - (a) At Lender's option, to the extent permitted by Applicable Law, Lender may elect to treat the Manufactured Home as personal property ("Personal Property Collateral"). Lender may repossess peacefully from the place where the Personal Property Collateral is located without Borrower's permission. Lender also may require Borrower to make the Personal Property Collateral available to Lender at a place Lender designates that is reasonably convenient to Lender and Borrower. At Lender's option, to the extent permitted by Applicable Law, Lender may detach and remove Personal Property Collateral from the Property, or Lender may take possession of it and leave it on the Property. Borrower agrees to cooperate with Lender if Lender exercises these rights.

- (b) After Lender repossesses, Lender may sell the Personal Property Collateral and apply the sale proceeds to Lender's reasonable repossession, repair, storage, and sale expenses, and then toward any other amounts Borrower owes under the Loan Documents
- (c) In the event of any foreclosure sale, whether made by Trustee, or under judgment of a court, all of the real and Personal Property Collateral may, at the option of Lender, be sold as a whole or in parcels. It shall not be necessary to have present at the place of such sale the Personal Property Collateral or any part thereof. Lender, as well as Trustee on Lender's behalf, shall have all the rights, remedies and recourse with respect to the Personal Property Collateral afforded to a "Secured Party" by Applicable Law in addition to, and not in limitation of, the other rights and recourse afforded Lender and/or Trustee under the Security Instrument.

By signing below, Borrower accepts and agrees to the terms and covenants contained in this Rider.


MERRIE L SCHROTT

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

Drafted By: _____

STATE OF Oregon)
COUNTY OF Deschutes) ss.:

On the 20th day of July in the year 2009
before me, the undersigned, a Notary Public in and for said State, personally appeared

Mervin H. Schratt
personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Diana Pratt
Notary Signature

Notary Public, State of Oregon

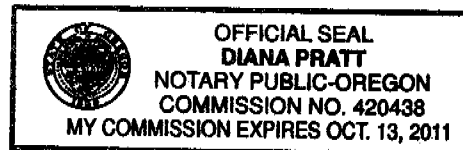
My Commission expires: 10/13/2011

Official Seal:

Diana Pratt
Notary Printed Name

Qualified in the County of Deschutes

Drafted By: _____



MANUFACTURED HOME AFFIDAVIT OF AFFIXATION

Record and Return ☐ by Mail ☐ by Pickup to:

WFHM FINAL DOCS X2599-024

405 SW 5TH STREET

DES MOINES, IA 50309-4600

STATE OF _____)

) SS.:

COUNTY OF)

BEFORE ME, the undersigned notary public, on this day personally appeared

MERRIE L. SCHROTT

[Type the name of each Homeowner signing this Affidavit]:

known to me to be the person(s) whose name(s) is/are subscribed below (each a "Homeowner"), and who, being by me first duly sworn, did each on his or her oath state as follows:

1. Homeowner owns the manufactured home ("Home") described as follows:

USED	1990	LIBERTY
------	------	---------

New/Used	Year	Manufacturer's Name	Model Name
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40 27 09L24452X

Model No.	Length X Width	Manufacturer's Serial No.
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09L24452U

Manufacturer's Serial No.

Manufacturer's Serial No.

Manufacturer's Serial No.

2. The Home was built in compliance with the federal Manufactured Home Construction and Safety Standards Act.

ATTENTION COUNTY CLERK: This instrument covers goods that are or are to become fixtures on the Land described herein and is to be filed for record in the records where conveyances of real estate are recorded.



3. If the Homeowner is the first retail buyer of the Home, Homeowner is in receipt of (i) the manufacturer's warranty for the Home, (ii) the Consumer Manual for the Home, (iii) the Insulation Disclosure for the Home, and (iv) the formaldehyde health notice for the Home.

4. The Home is or will be located at the following "Property Address":

145040 HWY 31, LA PINE, KLAMATH, OR 97739

Street or Route, City, County, State Zip Code

5. The legal description of the Property Address ("Land") is:

SEE ATTACHED

6. The Homeowner is the owner of the Land or, if not the owner of the Land, is in possession of the real property pursuant to a lease in recordable form, and the consent of the lessor is attached to this Affidavit.

7. The Home [☒] is [☐] shall be anchored to the Land by attachment to a permanent foundation, constructed in accordance with applicable state and local building codes and manufacturer's specifications in a manner sufficient to validate any applicable manufacturer's warranty, and permanently connected to appropriate residential utilities (e.g., water, gas, electricity, sewer) ("Permanently Affixed"). The Homeowner intends that the Home be an immoveable fixture and a permanent improvement to the Land.

8. The Home shall be assessed and taxed as an improvement to the Land.

9. Homeowner agrees that as of today, or if the Home is not yet located at the Property Address, upon the delivery of the Home to the Property Address:

- (a) All permits required by governmental authorities have been obtained;
- (b) The foundation system for the Home was designed by an engineer to meet the soil conditions of the Land. All foundations are constructed in accordance with applicable state and local building codes, and manufacturer's specifications in a manner sufficient to validate any applicable manufacturer's warranty.
- (c) The wheels, axles, towbar or hitch were removed when the Home was, or will be, placed on the Property Address; and
- (d) The Home is (i) Permanently Affixed to a foundation, (ii) has the characteristics of site-built housing, and (iii) is part of the Land.

ATTENTION COUNTY CLERK: This instrument covers goods that are or are to become fixtures on the Land described herein and is to be filed for record in the records where conveyances of real estate are recorded.

10. If the Homeowner is the owner of the Land, any conveyance or financing of the Home and the Land shall be a single transaction under applicable state law.
11. Other than those disclosed in this Affidavit, the Homeowner is not aware of (i) any other claim, lien or encumbrance affecting the Home, (ii) any facts or information known to the Homeowner that could reasonably affect the validity of the title of the Home or the existence or non-existence of security interests in it.
12. A Homeowner shall initial only one of the following, as it applies to title to the Home:
☒ The Home is not covered by a certificate of title. The original manufacturer's certificate of origin, duly endorsed to the Homeowner, is attached to this Affidavit, or previously was recorded in the real property records of the jurisdiction where the Home is to be located.
☐ The Home is not covered by a certificate of title. After diligent search and inquiry, the Homeowner is unable to produce the original manufacturer's certificate of origin.
☐ The ☐ manufacturer's certificate of origin ☐ certificate of title to the Home ☐ shall be ☐ has been eliminated as required by applicable law.
☐ The Home shall be covered by a certificate of title.
13. The Homeowner designates the following person to record this Affidavit in the real property records of the jurisdiction where the Home is to be located and upon its recording it shall be returned by the recording officer to same:

Name: WFHM FINAL DOCS X2599-024

Address: 405 SW 5TH STREET, DES MOINES, IA 50309-4600

14. This Affidavit is executed by Homeowner(s) pursuant to applicable state law.

IN WITNESS WHEREOF, Homeowner(s) has executed this Affidavit in my presence and in the presence of the undersigned witnesses on this 20th day of July, 2009.

Merrie L Schrott
Homeowner #1 (SEAL)
MERRIE L SCHROTT

Witness

Merrie L Schrott
Printed Name

Homeowner #2 (SEAL)

Witness

Printed Name

ATTENTION COUNTY CLERK: This instrument covers goods that are or are to become fixtures on the Land described herein and is to be filed for record in the records where conveyances of real estate are recorded.

Homeowner #3 (SEAL)

Witness

Printed Name

Homeowner #4 (SEAL)

Witness

Printed Name

STATE OF Oregon
COUNTY OF Deschutes ss.:

On the 20th day of July in the year 2009
before me, the undersigned, a Notary Public in and for said State, personally appeared

Mervin G. Schrock
personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

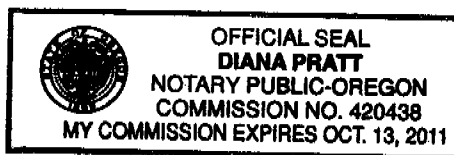
Diana Pratt
Notary Signature

Notary Public, State of Oregon

My Commission expires: 10/13/2011

Official Seal:

Diana Pratt
Notary Printed Name
Qualified in the County of Deschutes



ATTENTION COUNTY CLERK: This instrument covers goods that are or are to become fixtures on the Land described herein and is to be filed for record in the records where conveyances of real estate are recorded.

Exhibit A

A portion of the SE 1/4 NE 1/4 Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the one-sixteenth section line which is 667.64 feet North 1°03'55" East along the one-sixteenth section line from the Southwest corner of the SE 1/4 of the NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence South 89°24'66" East 663.70 feet; thence North 1°43'00" East 331.40 feet; thence North 89°16'52" West 667.45 feet to the one-sixteenth section line; thence South 1°03'55" West 332.87 feet along the one-sixteenth section line to the point of beginning.

AND a portion of the SE 1/4 NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the one-sixteenth section line which is 332.87 feet North 1°03'55" East along the one-sixteenth section line from the Southwest corner of the Southeast of the NE 1/4 of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon; thence South 89°32'59" East 659.95 feet; thence North 1°43'00" East 331.40 feet; thence North 89°24'58" West 663.70 feet to the one-sixteenth section line; thence South 1°03'55" West 332.87 feet along the one-sixteenth section line to the point of beginning.

EXCEPTING THEREFROM that portion lying Easterly of the following described line:

Beginning at a point on the Southerly line of the land described in said deed recorded in Volume M90 at Page 1816; said point lying thereon South 89°32'32" East 330.10 feet from the Southwest corner of said deed; thence North 01°25'01" East, 409.38 feet; thence South 88°34'59" East, 28.00 feet; thence North 01°25'01" East, 35.00 feet; thence North 88°34'53" West, 28.00 feet; thence North 01°25'01" East, 220.01 feet to a point on the Northerly line of land described in said deed recorded in Volume M93 at Page 33688. Said point lying thereon South 89°15'45" East, 333.60 feet from the Northwest corner of said deed and the terminus of said line.

TOGETHER WITH an Agreement for Easement from ingress and egress dated October 15, 1993, recorded December 1, 1993 in Volume M93 at Page 31847, Deed Records of Klamath County, Oregon.

ALSO TOGETHER WITH a 20 foot wide access easement and the rights and privileges if access and egress engendered by said easement, the centerline of which is described as follows:

Beginning at a point on the East line of Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, which is 329.79 feet North 1°04'49" East along said East line from the quarter corner of said Section 36; thence North 89°32'59" West 652.51 feet; thence North 1°43'00" East 682.80 feet to its terminus, all of the above described lying within Section 36, Township 23 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

ALSO TOGETHER WITH a 20 foot wide access easement for ingress and egress, the Southerly line being described as follows:

Beginning at the Southeast corner of said deed recorded in Volume M90 on Page 1816; thence along the Southerly line of said deed North 89°32'32" West 329.85 feet to a point, said point lying on said Southerly line South 89°32'32" East, 330.10 feet from the Southwest corner of said deed.

CODE: 210 MAP: 2310-036A0 TL: 00500 KEY: 138773