

WESTERN TITLE & ESCROW COMPANY

WT0253366

Amerititle # 599716AM

RECORDING REQUESTED BY
AND AFTER RECORDING RETURN TO:

Guidance Residential, LLC
11107 Sunset Hills Rd., Suite 300
Reston, VA 20190
Attn: Maria Asbun

NAME AND ADDRESS OF THE PERSON
HOLDING A LIEN IN THE PROPERTY IS:

2004-0000351, LLC
11107 Sunset Hills Rd., Suite 300
Reston, VA 20190

MIN #: 100154100000826784

2023-006968

Klamath County, Oregon

08/15/2023 11:34:02 AM

Fee: \$212.00

DEED OF TRUST

GRANTOR: (1) IBRAHEEM YOUSEF SALEH, A SINGLE (Consumer/Grantor)
PERSON

GRANTEE: (1) MERS, solely as Nominee for Co-Owner 2004-0000351, LLC
and its successors and assigns (Beneficiary)

(2) U.S. Bank Trust Company, National Association (Trustee)

The maturity date of the obligations secured by this instrument, exclusive of any option to renew or extend such maturity date, is: September 1, 2053

The Tax Account No. for the real property covered by this deed of trust is: 3809-035DC-00300
In the event of any conflict between the description of the real property included in this instrument and the foregoing tax account numbers, the description in this instrument shall control.



DEED OF TRUST

This Security Instrument dated August 9, 2023
IBRAHEEM YOUSEF SALEH, A SINGLE PERSON

and including any Riders hereto, is between

("Consumer"),
also known as "Grantor," to U.S. Bank Trust Company, National Association, Trustee, with an address of 111
Southwest Fifth Avenue, Portland, OR 97204.

The grantee herein is MERS (solely as Nominee for Co-Owner, 2004-0000351, LLC
, and its successors and assigns, which is the Beneficiary)
and the successors and assigns of MERS.

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined under the caption
TRANSFER OF RIGHTS IN THE PROPERTY and in Sections 3, 4, 10, 11, 12, 16, 19, 24, and 25. Certain rules
regarding the usage of words used in this document are also provided in Section 17.

Parties

(A) "Consumer" means the person(s) currently residing at 1322 SHADOW CIR, UPLAND,
CALIFORNIA 91784

and who enter into a Transaction with the Co-Owner pursuant to a Co-Ownership Agreement and is obligated to
Co-Owner, as part of its monthly payment, to make Acquisition Payments to acquire an additional interest in the
Property. "Consumer" includes any person(s) approved by Co-Owner or Co-Owner's Assignee to assume Consumer's
rights and obligations under the Co-Ownership Agreement, the Obligation to Pay and/or the Security Instrument.

(B) "Co-Owner" means the series limited liability company that: (i) purchases a percentage of the Property from
the Seller to facilitate Consumer's acquisition of the Property; or (ii) acquires certain rights with respect to the
Property from Consumer to facilitate Consumer's replacing standard interest-bearing mortgage financing. Co-Owner
is organized and existing under the laws of the State of Delaware, owns the Property jointly with Consumer, and will
retain an ownership interest in the Property and may transfer and assign together its interest in the Co-Ownership
Agreement, Obligation to Pay and Security Instrument. Co-Owner's address is 11107 Sunset Hills Road, Reston, VA
20190. The term "Co-Owner" includes any successors and assigns of Co-Owner.

(C) "Co-Owner's Assignee" means the Financier and/or their successors or assigns to whom the Co-Owner
assigns its rights, title and interest in the Obligation to Pay and its beneficial interest in the Security Instrument,
together with all rights, duties and obligations of the Co-Owner in the Property as specified in those documents and
under the Co-Ownership Agreement, including, but not limited to, the Indicia of Ownership.

(D) "Financier" means the legal entity licensed or otherwise permitted by law by virtue of its legal status in
accordance with Applicable Law to perform its financial obligations to Co-Owner and to participate in the Closing
of the Transaction by Consumer and Co-Owner.

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting
solely as nominee for Co-Owner and Co-Owner's successors and assigns. MERS is the beneficiary under this Security
Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number
of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.



(F) **"Trustee"** means the party that holds the title to the collateral Property under this Security Instrument on behalf of the Co-Owner and the Co-Owner's Assignee for purposes of obtaining and maintaining a security interest on behalf of such parties. Trustee is U.S. Bank Trust Company, National Association with an address of 111 Southwest Fifth Avenue, Portland, OR 97204. The term "Trustee" includes any substitute/successor Trustee.

Documents

(G) **"Co-Ownership Agreement"** means an agreement between Consumer and Co-Owner, and any riders or addenda thereto, that reflects respective rights and duties of the parties to one another in connection with the Transaction.

(H) **"Obligation to Pay"** means the instrument (of same date herewith) that evidences Consumer's promise to pay the Monthly Payments (which includes Acquisition Payments applied towards the Original Acquisition Balance), and any riders or addenda thereto, which Obligation to Pay is executed to induce and complete the Transaction. Each Consumer who has signed the Obligation to Pay has promised to pay the Co-Owner the Original Acquisition Balance, plus Profit Payments, in full not later than **September 1, 2053**. The Obligation to Pay is in either (1) paper form, using Consumer's written pen and ink signature, or (2) electronic form, using Consumer's adopted Electronic Signature in accordance with the UETA or E-SIGN as applicable.

(I) **"Riders"** mean all Riders to this Security Instrument that are signed by Consumer. All such Riders are incorporated into and deemed to be a part of this Security Instrument. The following Riders are to be signed by Consumer [check box as applicable]:

- | | | |
|--|---|--|
| <input type="checkbox"/> Adjustable Profit Payment Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> MERS Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Planned Unit Development Rider | <input checked="" type="checkbox"/> Other(s) [specify] |
| <input type="checkbox"/> Second Home Rider | | <u>MERS Rider</u> |

(J) **"Security Instrument"** means this document, which is dated **August 9, 2023**, together with any Riders thereto, that secures to MERS, as nominee for Co-Owner, Co-Owner's successors and assigns, the Consumer's obligation to make Monthly Payments under the Co-Ownership Agreement and the Obligation to Pay.

Additional Definitions

(K) **"Applicable Law"** means all controlling applicable federal, state, and local statutes, regulations, ordinances, and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(L) **"Acquisition Payments"** mean that portion of the Consumer's Monthly Payments that is applied to increase the Consumer's ownership interest in the Property, which varies by month in accordance with the Schedule.

(M) **"Buyout"** means the exercise by the Consumer of his or her right to acquire the remaining interest of the Co-Owner, as that interest exists under the Co-Ownership Agreement at the time of such Buyout.

(N) **"Buyout Amount"** means the amount paid to the Co-Owner in connection with a Transfer Event equal to the Remaining Acquisition Balance plus or minus any amounts due to, or from, Consumer or Co-Owner.

(O) **"Buyout Notice"** means the notice given by Consumer to Co-Owner specifying the date, terms and conditions of the Buyout.



(P) **"Casualty Event"** means an occurrence on or relating to the Property, whether sudden and accidental or gradual, which causes any damage or loss to the Property and such occurrence results in the payment of insurance proceeds under the coverages described in Section 5 of this Security Instrument.

(Q) **"Closing"** means the settlement transaction whereby (i) Co-Owner and Consumer purchase the Property from the Seller, or as the case may be, consummate the Mortgage Replacement Program; (ii) the Consumer and Co-Owner enter into and execute the Co-Ownership Agreement and the Security Instrument; and (iii) the Consumer enters into the Obligation to Pay and agrees to the execution of the Assignment Agreement in favor of the Financier and executes any and all other documents and disclosures necessary to legally bind the Consumer and Co-Owner under the Transaction.

(R) **"Community Association Dues, Fees, and Assessments"** means all dues, fees, assessments, and other charges that are imposed on Consumer or the Property by a condominium association, homeowners association, or similar organization.

(S) **"Co-Ownership Agreement Servicer"** means the entity that has the contractual right to receive Consumer's Periodic Payments and any other payments made by Consumer, and administers the Transaction on behalf of Co-Owner. Co-Ownership Agreement Servicer does not include a sub-servicer, which is an entity that may service the Transaction on behalf of the Co-Ownership Agreement Servicer.

(T) **"Default"** means: (i) the failure to pay any Periodic Payment or any other amount secured by this Security Instrument on the date it is due; (ii) a breach of any representation, warranty, covenant, obligation, or agreement in this Security Instrument, the Co-Ownership Agreement or the Obligation to Pay; (iii) any materially false, misleading, or inaccurate information or statement to Co-Owner provided by Consumer or any persons or entities acting at Consumer's direction or with Consumer's knowledge or consent, or failure to provide Co-Owner with material information in connection with the Transaction, as described in Section 8; or (iv) any action or proceeding described in Section 12(e).

(U) **"Early Acquisition Payment"** means the tender by Consumer of an Acquisition Payment prior to its due date, which increases the percentage ownership by the Consumer, decreases the percentage ownership by the Co-Owner, reduces the profit to the Co-Owner and shortens the term of Co-Ownership.

(V) **"Electronic Fund Transfer"** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone or other electronic device capable of communicating with such financial institution, wire transfers, and automated clearinghouse transfers.

(W) **"Electronic Signature"** means an "Electronic Signature" as defined in the UETA or E-SIGN, as applicable.

(X) **"E-SIGN"** means the Electronic Signatures in Global and National Commerce Act (15 U.S.C. § 7001 et seq.), as it may be amended from time to time, or any applicable additional or successor legislation that governs the same subject matter.

(Y) **"Escrow Items"** means: (i) taxes and assessments and other items that can attain priority over this Security Instrument as a lien or encumbrance on the Property; (ii) leasehold payments or ground rents on the Property, if any; (iii) premiums for any and all insurance required by Co-Owner under Section 5; (iv) Mortgage Insurance premiums, if any, or any sums payable by Consumer to Co-Owner in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 11; and (v) Community Association Dues, Fees, and Assessments if Co-Owner requires that they be escrowed beginning at Closing or at any time during the term of the Transaction.



(Z) **"Exercise of Remedies"** means the exercise by the Co-Owner or the Co-Owner's Assignee of its rights and remedies in the event of a Default.

(AA) **"Initial Property Value"** means the value of the Property based upon an appraisal that is the basis of determining the percentage ownership interest of the Consumer and Co-Owner as of Closing for purposes of the Mortgage Replacement Program.

(BB) **"Late Payment Fees"** means the amounts assessed by Co-Owner to Consumer for processing a monthly payment due from Consumer that is not received by the last day of the grace period following the applicable due date. The amount of this charge to be retained by the Co-Owner is not designed to be an advantage to the Co-Owner, but to merely defray the additional administrative costs incurred by Co-Owner for monitoring, tracking, communicating and collecting any monthly payments due from Consumer that are not timely paid.

(CC) **"Miscellaneous Proceeds"** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(DD) **"Miscellaneous Proceeds Occurrence"** means any occurrence that results in the payment of Miscellaneous Proceeds.

(EE) **"Monthly Payment"** means the total of the Profit Payment, Acquisition Payment and Other Payments paid by the Consumer to the Co-Owner each month for the Consumer's enjoyment and use of the whole Property and to acquire Co-Owner's interest in the Property.

(FF) **"Mortgage Insurance"** means insurance paid for by Consumer protecting Co-Owner against default under the Co-Ownership Agreement and Obligation to Pay as a result of nonpayment.

(GG) **"Original Acquisition Balance"** means the sum of all Acquisition Payments due over the term of the Transaction from Consumer to Co-Owner measured at the time of the Closing.

(HH) **"Other Payments"** means any other payments to be made by the Consumer to the Co-Owner under the Co-Ownership Agreement.

(II) **"Partial Payment"** means any payment by Consumer, other than an Early Acquisition Payment permitted under the Obligation to Pay, which is less than a full outstanding Periodic Payment.

(JJ) **"Periodic Payment"** means Profit Payments, Acquisition Payments and Escrow Items.

(KK) **"Profit Payments"** means that portion of the Monthly Payment that Consumer pays to Co-Owner for Consumer's enjoyment and use of the whole property.

(LL) **"Property"** means the property that is described below under the heading "TRANSFER OF RIGHTS IN THE PROPERTY".

(MM) **"Property Insurance"** means the insurance for the protection of the Property for loss or damage from fire and other perils that provides for guaranteed replacement cost valuation with coverage for additional cost for updated code requirements, but does not include other coverages provided under Consumer's Insurance.

(NN) **"Purchase Price"** means the price stated in the Residential Contract of Sale as such may be amended through the date of Closing.



(OO) **"Remaining Acquisition Balance"** means the amount of Acquisition Payments to be made to Co-Owner to enable Consumer to acquire Co-Owner's remaining interest in the Property and is determined by subtracting from the Original Acquisition all Acquisition Payments made by Consumer to Co-Owner through the time of measurement.

(PP) **"Rents"** means all amounts received by or due Consumer in connection with the lease, use, and/or occupancy of the Property by a party other than Consumer.

(QQ) **"RESPA"** means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (12 C.F.R. Part 1024), as they may be amended from time to time, or any additional or successor federal legislation or regulation that governs the subject matter. When used in this Security Instrument, "RESPA" refers to all requirements and restrictions that would apply to a "federally related mortgage" even if the transaction does not qualify as a "federally related mortgage" under RESPA.

(RR) **"Successor in Interest of Consumer"** means any party that has taken Consumer's interest in the Property, whether or not that party has assumed Consumer's obligations under the Obligation to Pay and/or this Security Instrument.

(SS) **"Total Loss"** means, upon the occurrence of a Casualty Event, that proceeds from Property Insurance are insufficient to completely restore or repair the Property.

(TT) **"Transaction"** means the contractual obligations entered into between the Consumer, Co-Owner and Financier resulting in, or stemming from, the acquisition of the Property, or the replacement or renegotiation of home financing in compliance with Applicable Law.

(UU) **"UETA"** means the Uniform Electronic Transactions Act, as enacted by the jurisdiction in which the Property is located, as it may be amended from time to time, or any applicable additional or successor legislation that governs the same subject matter.

In addition to the terms defined above, this Security Instrument contains certain terms that are defined in the Definitions of Key Terms ("Definitions") that has been provided to you. Those defined terms are capitalized in the body of the text of the paragraphs of this Security Instrument. Please review the Definitions that are incorporated herein where applicable.

INTERPRETATION OF TRANSACTION DOCUMENTS

In the event of a conflict between the provisions of this Security Instrument and any other Transaction document on matters relating to the security interest granted hereunder, and the enforcement and the Exercise of Remedies related thereto, the provisions, of this Security Instrument shall control.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Co-Owner and Co-Owner's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to MERS the performance of Consumer's covenants and agreements under the Co-Ownership Agreement and the Obligation to Pay, which contain a promise from Consumer to pay the Original Acquisition Balance of \$ 264,000.00 plus accrued unpaid Profit Payments thereunder, and any modifications, extensions or renewals of the Co-Ownership Agreement and the Obligation to Pay.

In order to secure payment and performance of its obligations under the Co-Ownership Agreement, the Obligation to Pay and this Security Instrument, Consumer irrevocably grants and conveys to Trustee, in trust, with power of sale and right of entry and possession and for the benefit of MERS (solely as Nominee for Co-Owner, as beneficiary,) all



of Consumer's right, title and interest, now owned or hereafter acquired in and to the following described Property, (including, but not limited to, any increase in Consumer's ownership interest in the Property as a result of any Acquisition Payments made by Consumer or otherwise as provided in the Co-Ownership Agreement), and legally described in Exhibit A attached hereto and located in the

COUNTY _____ of KLAMATH _____ which currently has the address of
[Type of Recording Jurisdiction] [Name of Recording Jurisdiction]

1410 HOMEDALE RD

[Street]

KLAMATH FALLS OREGON 97603 ("Property Address")
[City] [State] [Zip Code]

Parcel ID Number: 3809-035DC-00300

TOGETHER WITH all the improvements now or subsequently erected on the Property, including, but not limited to, any future interest in the Property and any increase in Consumer's ownership interest in the Property as a result of any Acquisition Payments made by Consumer or otherwise as provided in the Co-Ownership Agreement, including replacements and additions to the improvements on such property, all property rights, including, without limitation, all easements, appurtenances, royalties, mineral rights, oil or gas rights or profits, water rights, and fixtures now or subsequently a part of the property. All of the foregoing is referred to in this Security Instrument as the "Property."

CONSUMER REPRESENTS, WARRANTS, COVENANTS AND AGREES that: (i) Consumer lawfully owns and possesses the Property conveyed in this Security Instrument in fee simple or lawfully has the right to use and occupy the Property under a leasehold estate; (ii) Consumer has the right to grant and convey the Property or Consumer's leasehold interest in the Property; and (iii) the Property is unencumbered, and not subject to any other ownership interest in the Property, except for encumbrances and ownership interests of record or as otherwise provided for in the Transaction documents. Consumer warrants generally the title to the Property and covenants and agrees to defend the title to the Property against all claims and demands, subject to any encumbrances and ownership interests of record as of Closing.

THIS SECURITY INSTRUMENT combines uniform covenants for national use with limited variations and non-uniform covenants that reflect specific Oregon state requirements to constitute a uniform Security Instrument covering real property.

UNIFORM COVENANTS. Consumer and Co-Owner covenant and agree as follows:

1. Payments Under Obligation to Pay and Late Payment Fees. Consumer will pay when due the Monthly Payments under the Co-Ownership Agreement, as evidenced by the Consumer's Obligation to Pay and any other amounts due under this Security Instrument, which must be made in U.S. currency. If any check or other instrument received by Co-Owner as payment under the Obligation to Pay or this Security Instrument is returned to Co-Owner unpaid, Co-Owner may require that any or all subsequent payments due under the Obligation to Pay and this Security Instrument be made in one or more of the following forms, as selected by Co-Owner: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a U.S. federal agency, instrumentality, or entity; or (d) Electronic Fund Transfer.

Payments are deemed received by Co-Owner when received at the location designated in the Obligation to Pay or at such other location as may be designated by Co-Owner in accordance with the notice provisions in Section 16. Co-Owner may accept or return any Partial Payments in its sole discretion pursuant to Section 2.



Any offset or claim that Consumer may have now or in the future against Co-Owner will not relieve Consumer from making the full amount of all Monthly Payments due under the Obligation to Pay and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Acceptance and Application of Payments or Proceeds.

(a) **Acceptance and Application of Partial Payments.** Co-Owner may accept and either apply or hold in suspense Partial Payments in its sole discretion in accordance with this Section 2. Co-Owner is not obligated to accept any Partial Payments or to apply any Partial Payments at the time such payments are accepted, and also will not pay a return on such unapplied funds. Co-Owner may hold such unapplied funds until Consumer makes payment sufficient to cover a full Periodic Payment, at which time the amount of the full Periodic Payment will be applied to the Transaction. If Consumer does not make such a payment within a reasonable period of time, Co-Owner will either apply such funds in accordance with this Section 2 or return them to Consumer. If not applied earlier, Partial Payments will be credited against the total amount due under the Transaction in calculating the amount due in connection with any foreclosure proceeding, Buyout, modification, or reinstatement. Co-Owner may accept any payment insufficient to bring the Transaction current without waiver of any rights under this Security Instrument or prejudice to its rights to refuse such payments in the future.

(b) **Order of Application of Partial Payments and Periodic Payments.** Except as otherwise described in this Section 2, if Co-Owner applies a payment, such payment will be applied to each Periodic Payment in the order in which it became due, beginning with the oldest outstanding Periodic Payment as follows: first to Profit Payment and then to Acquisition Payment due under the Co-Ownership Agreement and Obligation to Pay, and finally to Escrow Items. If all outstanding Periodic Payments then due are paid in full, any payment amounts remaining may be applied to Late Payment Fees, and to any other amounts then due under this Security Instrument including Other Payments. If all sums then due under the Co-Ownership Agreement, Obligation to Pay, and this Security Instrument are paid in full, any remaining payment amount may be applied, in Co-Owner's sole discretion, to a future Periodic Payment or to reduce the Remaining Acquisition Balance.

If Co-Owner receives a payment from Consumer in the amount of one or more Periodic Payments and the amount of any Late Payment Fees due for a delinquent Periodic Payment, the payment may be applied to the delinquent payment and the Late Payment Fees.

When applying payments, Co-Owner will apply such payments in accordance with Applicable Law.

(c) **Early Acquisition Payments.** Early Acquisition Payments will be applied as described in the Co-Ownership Agreement and the Obligation to Pay.

(d) **Change to Payment Schedule.** Any application of payments, insurance proceeds, or Miscellaneous Proceeds to Acquisition Payments due under the Co-Ownership Agreement and Obligation to Pay will not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items.

(a) **Escrow Requirement; Escrow Items.** Consumer must pay to Co-Owner on the day the Monthly Payments are due under the Obligation to Pay, until the Obligation to Pay is paid in full, a sum of money to provide for payment of amounts due for Escrow Items (the "Funds"). The amount of the Funds required to be paid each month may change during the term of the Transaction. Consumer must promptly furnish to Co-Owner all notices or invoices of amounts to be paid under this Section 3.

(b) **Payment of Funds; Waiver.** Consumer must pay Co-Owner the Funds for Escrow Items unless Co-Owner waives this obligation in writing. Co-Owner may waive this obligation for any Escrow Item at any time. In the event of such waiver, Consumer must pay directly, when and where payable, the amounts due for any Escrow Items subject to the waiver. If Co-Owner has waived the requirement to pay Co-Owner the Funds for any or all Escrow Items, Co-Owner may require Consumer to provide proof of direct payment of those items within such time period as Co-Owner may require. Consumer's obligation to make such timely payments and to provide proof of payment is deemed to be a covenant and agreement of Consumer under this Security Instrument. If Consumer is obligated to pay Escrow Items directly pursuant to a waiver, and Consumer fails to pay timely the amount due for an Escrow Item, Co-Owner may exercise its rights under Section 9 to pay such amount and Consumer will be obligated to repay to Co-Owner any such amount in accordance with Section 9.



Co-Owner may withdraw the waiver as to any or all Escrow Items at any time by giving a notice in accordance with Section 16; upon such withdrawal, Consumer must pay to Co-Owner all Funds for such Escrow Items, and in such amounts, that are then required under this Section 3.

(c) **Amount of Funds; Application of Funds.** Co-Owner may, at any time, collect and hold Funds in an amount up to, but not in excess of, the maximum amount it can require under RESPA. Co-Owner will estimate the amount of Escrow Items due in accordance with Applicable Law.

The Funds will be held in an institution whose deposits are insured by a U.S. federal agency, instrumentality, or entity (including Co-Owner, if Co-Owner is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Co-Owner will apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Co-Owner may not charge Consumer for: (i) holding and applying the Funds; (ii) annually analyzing the escrow account; or (iii) verifying the Escrow Items, unless Co-Owner pays Consumer interest on the Funds and Applicable Law permits Co-Owner to make such a charge. Unless Co-Owner and Consumer agree in writing or Applicable Law requires interest to be paid on the Funds, Co-Owner will not pay Consumer any interest or earnings on the Funds. Co-Owner will give to Consumer, without charge, an annual accounting of the Funds as required by Applicable Law.

(d) **Surplus; Shortage and Deficiency of Funds.** In accordance with RESPA, if there is a surplus of Funds held in escrow, Co-Owner will account to Consumer for such surplus. If Consumer's Periodic Payment is delinquent by more than 30 days, Co-Owner may retain the surplus in the escrow account for the payment of the Escrow Items. If there is a shortage or deficiency of Funds held in escrow, Co-Owner will notify Consumer, and Consumer will pay to Co-Owner the amount necessary to make up the shortage or the deficiency in accordance with RESPA.

Upon payment in full of all sums secured by this Security Instrument, Co-Owner will promptly refund to Consumer any Funds held by Co-Owner.

4. Charges; Liens. Consumer must pay (a) all taxes, assessments, charges, fines, and impositions attributable to the Property which have priority or may attain priority over this Security Instrument, (b) leasehold payments or ground rents on the Property, if any, and (c) Community Association Dues, Fees, and Assessments, if any. If any of these items are Escrow Items, Consumer will pay them in the manner provided in Section 3.

Consumer must promptly discharge any lien that has priority or may attain priority over this Security Instrument unless Consumer: (aa) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Co-Owner, but only so long as Consumer is performing under such agreement; (bb) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which Co-Owner determines, in its sole discretion, operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (cc) secures from the holder of the lien an agreement satisfactory to Co-Owner that subordinates the lien to this Security Instrument (collectively, the "Required Actions"). If Co-Owner determines that any part of the Property is subject to a lien that has priority or may attain priority over this Security Instrument and Consumer has not taken any of the Required Actions in regard to such lien, Co-Owner may give Consumer a notice identifying the lien. Within 10 days after the date on which that notice is given, Consumer must satisfy the lien or take one or more of the Required Actions.

5. Property Insurance.

(a) **Insurance Requirement; Coverages.** As specified in Section 5.4 of the Co-Ownership Agreement, Consumer must keep the improvements now existing or subsequently erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes, winds, and floods, for which Co-Owner requires insurance. Consumer must maintain the types of insurance Co-Owner requires in the amounts (including deductible levels) and for the periods that Co-Owner requires. What Co-Owner requires pursuant to the preceding sentences can change during the term of the Transaction, and may exceed any minimum coverage required by Applicable Law. Consumer may choose the insurance carrier providing the insurance, subject to Co-Owner's right to disapprove Consumer's choice, which right will not be exercised unreasonably.

(b) **Failure to Maintain Insurance.** If Co-Owner has a reasonable basis to believe that Consumer has failed to maintain any of the required insurance coverages described above, Co-Owner may obtain insurance coverage, at



Co-Owner's option and Consumer's expense. Unless required by Applicable Law, Co-Owner is under no obligation to advance premiums for, or to seek to reinstate, any prior lapsed coverage obtained by Consumer. Co-Owner is under no obligation to purchase any particular type or amount of coverage and may select the provider of such insurance in its sole discretion. Before purchasing such coverage, Co-Owner will notify Consumer if required to do so under Applicable Law. Any such coverage will insure Co-Owner, but might not protect Consumer, Consumer's equity in the Property, or the contents of the Property, against certain risk, hazard, or liability and might provide greater or lesser coverage than was previously in effect, but not exceeding the coverage required under Section 5(a). Consumer acknowledges that the cost of the insurance coverage so obtained may significantly exceed the cost of insurance that Consumer could have obtained. Any amounts disbursed by Co-Owner for costs associated with reinstating Co-Owner's insurance policy or with placing new insurance under this Section 5 will become an additional obligation of Consumer secured by this Security Instrument. Any amounts disbursed by Co-Owner under this Section 5 will be repaid over a period not to exceed 12 months from the date of Co-Owner's disbursement of such funds.

(c) **Insurance Policies.** All insurance policies required by Co-Owner and renewals of such policies: (i) will be subject to Co-Owner's right to disapprove such policies; (ii) must include a standard mortgage clause; and (ii) must name Co-Owner as mortgagee and/or as an additional insured. Consumer further agrees to generally assign rights to insurance proceeds to Co-Owner up to the Buyout Amount outstanding from time to time. If Applicable Law does not allow Co-Owner to be listed as an additional insured on Consumer's hazard insurance policy, then Co-Owner's Assignee will be listed as a financier and/or additional loss payee on such insurance policies. Co-Owner will have the right to hold the policies and renewal certificates. If Co-Owner requires, Consumer will promptly give to Co-Owner proof of paid premiums and renewal notices. If Consumer obtains any form of insurance coverage, not otherwise required by Co-Owner, for damage to, or destruction of, the Property, such policy must include a standard mortgage clause and must name Co-Owner as mortgagee and/or as an additional loss payee.

(d) **Proof of Loss; Application of Proceeds.** In the event of loss, Consumer must give prompt notice to the insurance carrier and Co-Owner. Co-Owner may make proof of loss if not made promptly by Consumer. Any insurance proceeds, whether or not the underlying insurance was required by Co-Owner, will be applied to restoration or repair of the Property, if Co-Owner deems the restoration or repair to be economically feasible and determines that Co-Owner's security will not be lessened by such restoration or repair.

If the Property is to be repaired or restored, Co-Owner will disburse from the insurance proceeds any initial amounts that are necessary to begin the repair or restoration, subject to any restrictions applicable to Co-Owner. During the subsequent repair and restoration period, Co-Owner will have the right to hold such insurance proceeds until Co-Owner has had an opportunity to inspect such Property to ensure the work has been completed to Co-Owner's satisfaction (which may include satisfying Co-Owner's minimum eligibility requirements for persons repairing the Property, including, but not limited to, licensing, bond, and insurance requirements) provided that such inspection must be undertaken promptly. Co-Owner may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed, depending on the size of the repair or restoration, the terms of the repair agreement, and whether Consumer is in Default on the Transaction. Co-Owner may make such disbursements directly to Consumer, to the person repairing or restoring the Property, or payable jointly to both. Unless Applicable Law requires interest to be paid on such insurance proceeds, Co-Owner will not pay Consumer any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Consumer will not be paid out of the insurance proceeds and will be the sole obligation of Consumer. If the restoration or repair is not economically feasible or Co-Owner's security would be lessened, the insurance proceeds will be disbursed in an amount equal to the Co-Owner's ownership interest at the time of the occurrence of the Casualty Event, which Co-Owner's ownership interest will be equal to the Remaining Acquisition Balance minus any amounts due to Consumer from Co-Owner plus any amounts due from Consumer to Co-Owner, which result is then (i) divided by the Purchase Price, or the Initial Property Value, as applicable, and then (ii) multiplied by the amount of the casualty insurance proceeds. The remaining casualty insurance proceeds must be distributed to the Consumer.

Notwithstanding the above, in the event that there is a Total Loss and the Consumer has not obtained or maintained Property Insurance (but other hazard insurance coverage is in place on the Property), the insurance proceeds arising from such Total Loss will be distributed to the Parties as follows: (i) first, to the Co-Owner as outlined in the paragraph immediately above, plus an additional amount (Additional Loss Proceeds) equal to the Remaining Acquisition Balance plus or minus any amounts due to, or from, Consumer to Co-Owner less the amount



distributed to the Co-Owner as outlined in the paragraph immediately above, except that the Additional Loss Proceeds must not be less than zero; and, (ii) with the remainder of the proceeds being distributed to Consumer. In the event Consumer does not obtain or maintain Property Insurance (notwithstanding that Property Insurance may be available to Co-Owner from other sources), the Additional Loss Proceeds must be distributed to the Co-Owner in the above manner because Consumer-obtained (or maintained) Property Insurance would have made the Parties whole but for the Consumer's failure to obtain or maintain such Property Insurance.

(e) **Insurance Settlements; Assignment of Proceeds.** If Consumer abandons the Property, Co-Owner may file, negotiate and settle any available insurance claim and related matters. If Consumer does not respond within 30 days to a notice from Co-Owner that the insurance carrier has offered to settle a claim, then Co-Owner may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Co-Owner acquires the Property under Section 26 or otherwise, Consumer is unconditionally assigning to Co-Owner (i) Consumer's rights to any insurance proceeds in an amount not to exceed the amounts obligated under the Obligation to Pay and this Security Instrument, and (ii) any other of Consumer's rights (other than the right to any refund of unearned premiums paid by Consumer, provided, however, Consumer will not be entitled to any refund of premiums paid by Co-Owner for Property Insurance) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. If Co-Owner files, negotiates, or settles a claim, Consumer agrees that any insurance proceeds may be made payable directly to Co-Owner without the need to include Consumer as an additional loss payee. Co-Owner may use the insurance proceeds either to repair or restore the Property (as provided in Section 5(d)) or to pay amounts under the Obligation to Pay or this Security Instrument, whether or not then due.

6. Occupancy. Consumer must occupy, establish, and use the Property as Consumer's principal residence within 60 days after the execution of this Security Instrument and must continue to occupy the Property as Consumer's principal residence, unless Co-Owner otherwise agrees in writing, which consent will not be unreasonably withheld, or unless extenuating circumstances exist that are beyond Consumer's control. Any lease by Consumer of the Property with a term of three years or less will be deemed approved without necessity of prior consent by Co-Owner. If any request by Consumer to lease the Property for a period in excess of three years is not disapproved by Co-Owner in writing within 30 days of Consumer's written request to enter into such a lease (which notices must be provided as specified in Section 8 of the Obligation to Pay), such lease will be deemed approved by Co-Owner.

7. Preservation, Maintenance and Protection of the Property; Inspections. Consumer will not destroy, damage, or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Whether or not Consumer is residing in the Property, Consumer must maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless Co-Owner determines pursuant to Section 5 that repair or restoration is not economically feasible, Consumer will promptly repair the Property if damaged to avoid further deterioration or damage.

If insurance or condemnation proceeds are paid to Co-Owner in connection with damage to, or the taking of, the Property, Consumer will be responsible for repairing or restoring the Property only if Co-Owner has released proceeds for such purposes. Co-Owner may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed, depending on the size of the repair or restoration, the terms of the repair agreement, and whether Co-Owner is in Default on the Transaction. Co-Owner may make such disbursements directly to Consumer, to the person repairing or restoring the Property, or payable jointly to both. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Consumer remains obligated to complete such repair or restoration.

Co-Owner or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Co-Owner may inspect the interior of the improvements on the Property. Co-Owner will give Consumer notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Consumer's Co-Ownership Application. Consumer will be in Default if, during the Co-Ownership application process, Consumer or any persons or entities acting at the Consumer's direction or with Consumer's knowledge or



consent gave materially false, misleading, or inaccurate information or statements to Financier (or failed to provide Financier with material information) in connection with the Co-Ownership Application and the Co-Ownership Agreement, including, but are not limited to, overstating Consumer's income or assets, understating or failing to provide documentation of Consumer's obligations and liabilities, and misrepresenting Consumer's occupancy or intended occupancy of the Property as Consumer's principal residence.

9. Protection of Co-Owner's Interest in the Property and Rights Under this Security Instrument.

(a) **Protection of Co-Owner's Interest.** If: (i) Consumer fails to perform the covenants and agreements contained in this Security Instrument; (ii) there is a legal proceeding or government order that might significantly affect Co-Owner's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien that has priority or may attain priority over this Security Instrument, or to enforce laws or regulations); or (iii) Co-Owner reasonably believes that Consumer has abandoned the Property, then Co-Owner may do and pay for whatever is reasonable or appropriate to protect Co-Owner's interest in the Property and/or rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Co-Owner's actions may include, but are not limited to: (I) paying any sums secured by a lien that has priority or may attain priority over this Security Instrument; (II) appearing in court; and (III) paying: (A) reasonable attorneys' fees and costs; (B) property inspection and valuation fees; and (C) other fees incurred for the purpose of protecting Co-Owner's interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, exterior and interior inspections of the Property, entering the Property to make repairs, changing locks, replacing or boarding up doors and windows, draining water from pipes, eliminating building or other code violations or dangerous conditions, and having utilities turned on or off. Although Co-Owner may take action under this Section 9, Co-Owner is not required to do so and is not under any duty or obligation to do so. Co-Owner will not be liable for not taking any or all actions authorized under this Section 9.

(b) **Avoiding Foreclosure; Mitigating Losses.** If Consumer is in Default, Co-Owner may work with Consumer to avoid foreclosure and/or mitigate Co-Owner's potential losses, but is not obligated to do so unless required by Applicable Law. Co-Owner may take reasonable actions to evaluate Consumer for available alternatives to foreclosure, including, but not limited to, obtaining credit reports, title reports, title insurance, property valuations, subordination agreements, and third-party approvals. Consumer authorizes and consents to these actions. Any costs associated with such loss mitigation activities may be paid by Co-Owner and recovered from Consumer as described below in Section 9(c), unless prohibited by Applicable Law.

(c) **Additional Amounts Secured.** Any amounts disbursed by Co-Owner under this Section 9 will become an additional obligation of Consumer secured by this Security Instrument.

(d) **Leasehold Terms.** If this Security Instrument is on a leasehold, Consumer will comply with all the provisions of the lease. If Consumer acquires fee title to the Property, the leasehold and the fee title will not merge unless Co-Owner agrees to the merger in writing.

10. Assignment of Rents.

(a) **Assignment of Rents.** If the Property is leased to, used by, or occupied by a third party ("Tenant"), Consumer is unconditionally assigning and transferring to Co-Owner any Rents, regardless of to whom the Rents are payable. Consumer authorizes Co-Owner to collect the Rents, and agrees that each Tenant will pay the Rents to Co-Owner. However, Consumer will receive the Rents until (i) Co-Owner has given Consumer notice of Default pursuant to Section 26, and (ii) Co-Owner has given notice to the Tenant that the Rents are to be paid to Co-Owner. This Section 10 constitutes an absolute assignment and not an assignment for additional security only.

(b) **Notice of Default.** If Co-Owner gives notice of Default to Consumer: (i) all Rents received by Consumer must be held by Consumer as trustee for the benefit of Co-Owner only, to be applied to the sums secured by the Security Instrument; (ii) Co-Owner will be entitled to collect and receive all of the Rents; (iii) Consumer agrees to instruct each Tenant that Tenant is to pay all Rents due and unpaid to Co-Owner upon Co-Owner's written demand to the Tenant; (iv) Consumer will ensure that each Tenant pays all Rents due to Co-Owner and will take whatever action is necessary to collect such Rents if not paid to Co-Owner; (v) unless Applicable Law provides otherwise, all Rents collected by Co-Owner will be applied first to the costs of taking control of and managing the Property and



collecting the Rents, including, but not limited to, reasonable attorneys' fees and costs, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments, and other charges on the Property, and then to any other sums secured by this Security Instrument; (vi) Co-Owner, or any judicially appointed receiver, will be liable to account for only those Rents actually received; and (vii) Co-Owner will be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

(c) **Funds Paid by Co-Owner.** If the Rents are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents, any funds paid by Co-Owner for such purposes will become an obligation of Consumer to Co-Owner secured by this Security Instrument pursuant to Section 9.

(d) **Limitation on Collection of Rents.** Consumer may not collect any of the Rents more than one month in advance of the time when the Rents become due, except for security or similar deposits.

(e) **No Other Assignment of Rents.** Consumer represents, warrants, covenants, and agrees that Consumer has not signed any prior assignment of the Rents, will not make any further assignment of the Rents, and has not performed, and will not perform, any act that could prevent Co-Owner from exercising its rights under this Security Instrument.

(f) **Control and Maintenance of the Property.** Unless required by Applicable Law, Co-Owner, or a receiver appointed under Applicable Law, is not obligated to enter upon, take control of, or maintain the Property before or after giving notice of Default to Consumer. However, Co-Owner, or a receiver appointed under Applicable Law, may do so at any time when Consumer is in Default, subject to Applicable Law.

(g) **Additional Provisions.** Any application of the Rents will not cure or waive any Default or invalidate any other right or remedy of Co-Owner. This Section 10 does not relieve Consumer of Consumer's obligations under Section 6.

This Section 10 will terminate when all the sums secured by this Security Instrument are satisfied in full.

11. Mortgage Insurance.

(a) **Payment of Premiums; Substitution of Policy; Loss Reserve; Protection of Co-Owner.** If Co-Owner and Consumer agree that Mortgage Insurance is a condition of the Transaction, Consumer will pay the premiums required to maintain the Mortgage Insurance in effect. If Consumer was required to make separately designated payments toward the premiums for Mortgage Insurance, and (i) the Mortgage Insurance coverage required ceases for any reason to be available from the mortgage insurer that previously provided such insurance, or (ii) Co-Owner determines in its sole discretion that such mortgage insurer is no longer eligible to provide the Mortgage Insurance coverage required by Co-Owner, Consumer will pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Consumer of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Co-Owner.

If substantially equivalent Mortgage Insurance coverage is not available, Consumer will continue to pay to Co-Owner the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Co-Owner will accept, use, and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve will be non-refundable, even when the Transaction is satisfied in full, and Co-Owner will not be obligated to pay Consumer any earnings or other amounts on such loss reserve.

Co-Owner will no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Co-Owner requires) provided by an insurer selected by Co-Owner again becomes available, is obtained, and Co-Owner requires separately designated payments toward the premiums for Mortgage Insurance.

If Co-Owner required Mortgage Insurance as a condition of entering into the Transaction and Consumer was required to make separately designated payments toward the premiums for Mortgage Insurance, Consumer will pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Co-Owner's requirement for Mortgage Insurance ends in accordance with any written agreement between Consumer and Co-Owner providing for such termination or until termination is required by Applicable Law. Nothing in this Section 11 affects Consumer's obligation to make Profit Payments as specified in the Co-Ownership Agreement and Obligation to Pay.



(b) Mortgage Insurance Agreements. Mortgage Insurance reimburses the Co-Owner for certain losses Co-Owner may incur if Consumer does not comply with the agreed upon terms of the Co-Ownership Agreement and payment obligations of the Obligation to Pay. Consumer is not a party to the Mortgage Insurance policy or coverage. Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Co-Owner, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Consumer's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses.

Any such agreements will not: (i) affect the amounts that Consumer has agreed to pay for Mortgage Insurance, or any other terms of the Transaction; (ii) increase the amount Consumer will owe for Mortgage Insurance; (iii) entitle Consumer to any refund; or (iv) affect the rights Consumer has, if any, with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 (12 U.S.C. § 4901 et seq.), as it may be amended from time to time, or any additional or successor federal legislation or regulation that governs the same subject matter ("HPA"). These rights under the HPA may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

12. Assignment and Application of Miscellaneous Proceeds; Forfeiture.

(a) Assignment of Miscellaneous Proceeds. Consumer is unconditionally assigning the right to receive all Miscellaneous Proceeds to Co-Owner and agrees that such amounts will be paid to Co-Owner.

(b) Application of Miscellaneous Proceeds upon Damage to Property. If the Property is damaged, any Miscellaneous Proceeds will be applied to restoration or repair of the Property, if Co-Owner deems the restoration or repair to be economically feasible and Co-Owner's security will not be lessened by such restoration and repair. During such repair and restoration period, Co-Owner will have the right to hold such Miscellaneous Proceeds until Co-Owner has had an opportunity to inspect the Property to ensure the work has been completed to Co-Owner's satisfaction (which may include satisfying Co-Owner's minimum eligibility requirements for persons repairing the Property, including, but not limited to, licensing, bond, and insurance requirements) provided that such inspection must be undertaken promptly. Co-Owner may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed, depending on the size of the repair or restoration, the terms of the repair agreement, and whether Consumer is in Default on the Transaction. Co-Owner may make such disbursements directly to Consumer, to the person repairing or restoring the Property, or payable jointly to both. Unless Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Co-Owner will not pay Consumer any interest or earnings on such Miscellaneous Proceeds. If Co-Owner is required by Applicable Law to pay interest on such Miscellaneous Proceeds, such interest will be paid to the Consumer. If Co-Owner deems the restoration or repair not to be economically feasible or Co-Owner's security would be lessened by such restoration or repair, the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Consumer. Such Miscellaneous Proceeds will be applied in the order provided for in Section 2(b).

(c) Application of Miscellaneous Proceeds upon Condemnation, Destruction, or Loss in Value of the Property. In the event of a total taking, destruction, or loss in value of the Property that qualifies as a Miscellaneous Proceeds Occurrence, all of the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, up to an amount equal to the Co-Owner's ownership interest at the time of the total taking, destruction, or loss and the Co-Owner's ownership interest will be equal to the Remaining Acquisition Balance plus or minus any amounts due to, or from, Consumer to Co-Owner divided by the Purchase Price, or the Initial Property Value, as applicable, which result is then multiplied by the amount of the Miscellaneous Proceeds. The remaining Miscellaneous Proceeds will be distributed to the Consumer. In the event that a condemnation award paid pursuant to a Miscellaneous Proceeds Occurrence is greater than the Remaining Acquisition Balance, the Consumer and Co-Owner may agree in writing to the distribution of the condemnation proceeds in a manner other



than upon a pro rata basis. In the event of a partial taking, destruction, or loss in value of the Property (each, a "Partial Devaluation") where the fair market value of the Property immediately before the Partial Devaluation is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the Partial Devaluation, a percentage of the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument unless Consumer and Co-Owner otherwise agree in writing. The amount of the Miscellaneous Proceeds that will be so applied is determined by multiplying the total amount of the Miscellaneous Proceeds by a percentage calculated by taking (i) the total amount of the sums secured immediately before the Partial Devaluation, and dividing it by (ii) the fair market value of the Property immediately before the Partial Devaluation. Any balance of the Miscellaneous Proceeds will be paid to Consumer.

In the event of a Partial Devaluation where the fair market value of the Property immediately before the Partial Devaluation is less than the amount of the sums secured immediately before the Partial Devaluation, all of the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument whether or not the sums are then due, unless Consumer and Co-Owner otherwise agree in writing.

(d) Settlement of Claims. Co-Owner is authorized to collect and apply the Miscellaneous Proceeds either to the sums secured by this Security Instrument, whether or not then due, or to restoration or repair of the Property, if Consumer (i) abandons the Property, or (ii) fails to respond to Co-Owner within 30 days after the date Co-Owner notifies Consumer that the Opposing Party (as defined in the next sentence) offers to settle a claim for damages. "Opposing Party" means the third party that owes Consumer the Miscellaneous Proceeds or the party against whom Consumer has a right of action in regard to the Miscellaneous Proceeds.

(e) Proceeding Affecting Co-Owner's Interest in the Property. Consumer will be in Default if any action or proceeding begins, whether civil or criminal, that, in Co-Owner's judgment, could result in forfeiture of the Property or other material impairment of Co-Owner's interest in the Property or rights under this Security Instrument. Consumer can cure such a Default as provided in Section 20, by causing the action or proceeding to be dismissed with a ruling that, in Co-Owner's judgment, precludes forfeiture of the Property or other material impairment of Co-Owner's interest in the Property or rights under this Security Instrument. Consumer is unconditionally assigning to Co-Owner the proceeds of any award or claim for damages that are attributable to the impairment of Co-Owner's interest in the Property, which proceeds will be paid to Co-Owner. All Miscellaneous Proceeds that are not applied to restoration or repair of the Property will be applied in the order provided for in Section 2(b).

13. Consumer Not Released; Forbearance by Co-Owner Not a Waiver. Consumer or any Successor in Interest of Consumer will not be released from liability under this Security Instrument if Co-Owner extends the time for payment or modifies the sums secured by this Security Instrument. Co-Owner will not be required to commence proceedings against any Successor in Interest of Consumer, or to refuse to extend time for payment or otherwise modify the sums secured by this Security Instrument, by reason of any demand made by the Consumer or any Successors in Interest of Consumer. Any forbearance by Co-Owner in exercising any right or remedy including, without limitation, Co-Owner's acceptance of payments from third persons, entities, or Successors in Interest of Consumer or in amounts less than the amount then due, will not be a waiver of, or preclude the exercise of, any right or remedy by Co-Owner.

14. Joint and Several Liability; Signatories; Successors and Assigns Bound. Consumer's obligations and liability under this Security Instrument will be joint and several. However, any Consumer who signs this Security Instrument but does not sign the Obligation to Pay: (a) signs this Security Instrument to mortgage, grant, and convey such Consumer's interest in the Property under the terms of this Security Instrument; (b) signs this Security Instrument to waive any applicable inchoate rights such as dower and curtesy and any available homestead exemptions; (c) signs this Security Instrument to assign any Miscellaneous Proceeds, Rents, or other earnings from the Property to Co-Owner; (d) is not personally obligated to pay the sums due under the Obligation to Pay or this Security Instrument; and (e) agrees that Co-Owner and any other Consumer can agree to extend, modify, forbear, or make any accommodations with regard to the terms of the Obligation to Pay or this Security Instrument without such Consumer's consent and without affecting such Consumer's obligations under this Security Instrument.



Subject to the provisions of Section 19, any Successor in Interest of Consumer who assumes Consumer's obligations under this Security Instrument in writing, and is approved by Co-Owner, will obtain all of Consumer's rights, obligations, and benefits under this Security Instrument. Consumer will not be released from Consumer's obligations and liability under this Security Instrument unless Co-Owner agrees to such release in writing.

15. Co-Ownership Agreement Charges.

(a) **Tax and Flood Determination Fees.** Co-Owner may require Consumer to pay (i) a one-time charge for a real estate tax verification and/or reporting service used by Co-Owner in connection with this Transaction, and (ii) either (A) a one-time charge for flood zone determination, certification, and tracking services, or (B) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur that reasonably might affect such determination or certification. Consumer will also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency, or any successor agency, at any time during the Transaction term, in connection with any flood zone determinations.

(b) **Default Charges.** If permitted under Applicable Law, Co-Owner may charge Consumer fees for services performed in connection with Consumer's Default to protect Co-Owner's interest in the Property and rights under this Security Instrument, including: (i) reasonable attorneys' fees and costs; (ii) property inspection, valuation, mediation, and loss mitigation fees; and (iii) other related fees.

(c) **Permissibility of Fees.** In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Consumer should not be construed as a prohibition on the charging of such fee so long as such fee is customary. Co-Owner may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

(d) **Savings Clause.** If the Co-Ownership Agreement, Obligation to Pay and/or this Security Instrument are subject to a law which sets maximum charges, and that law is finally interpreted so that the Profit Payment or other charges collected or to be collected in connection with the Co-Ownership Agreement, Obligation to Pay and/or this Security Instrument exceed the permitted limits, then (i) any such charge will be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected from the Consumer which exceeded permitted limits will be refunded to Consumer. Co-Owner may choose to make this refund by reducing the Buyout Amount or by making a direct payment to Consumer. If a refund reduces the Buyout Amount, the reduction will be treated as a partial Early Acquisition Payment without any charge (whether or not a charge is provided for under the Obligation to Pay). To the extent permitted by Applicable Law, Consumer's acceptance of any such refund made by direct payment to Consumer will constitute a waiver of any right of action Consumer might have arising out of such overcharge.

16. Notices; Consumer's Physical Address. All notices given by Consumer or Co-Owner in connection with this Security Instrument must be in writing.

(a) **Notices to Consumer.** Unless Applicable Law requires a different method, any written notice to Consumer in connection with this Security Instrument will be deemed to have been given to Consumer when (i) mailed by first class mail, or (ii) actually delivered to Consumer's Notice Address (as defined in Section 16(c) below) if sent by means other than first class mail or Electronic Communication (as defined in Section 16(b) below). Notice to any one Consumer will constitute notice to all Consumers unless Applicable Law expressly requires otherwise. If any notice to Consumer required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

(b) **Electronic Notice to Consumer.** Unless another delivery method is required by Applicable Law, Co-Owner may provide notice to Consumer by e-mail or other electronic communication ("Electronic Communication") if: (i) agreed to by Co-Owner and Consumer in writing; (ii) Consumer has provided Co-Owner with Consumer's e-mail or other electronic address ("Electronic Address"); (iii) Co-Owner provides Consumer with the option to receive notices by first class mail or by other non-Electronic Communication instead of by Electronic Communication; and (iv) Co-Owner otherwise complies with Applicable Law. Any notice to Consumer sent by Electronic Communication in connection with this Security Instrument will be deemed to have been given to Consumer when sent unless Co-Owner becomes aware that such notice is not delivered. If Co-Owner becomes aware that any notice sent by Electronic Communication is not delivered, Co-Owner will resend such communication to



Consumer by first class mail or by other non-Electronic Communication. Consumer may withdraw the agreement to receive Electronic Communications from Co-Owner at any time by providing written notice to Co-Owner of Consumer's withdrawal of such agreement.

(c) **Consumer's Notice Address.** The address to which Co-Owner will send Consumer notice ("Notice Address") will be the Property Address unless Consumer has designated a different address by written notice to Co-Owner. If Co-Owner and Consumer have agreed that notice may be given by Electronic Communication, then Consumer may designate an Electronic Address as Notice Address. Consumer will promptly notify Co-Owner of Consumer's change of Notice Address, including any changes to Consumer's Electronic Address if designated as Notice Address. If Co-Owner specifies a procedure for reporting Consumer's change of Notice Address, then Consumer will report a change of Notice Address only through that specified procedure.

(d) **Notices to Co-Owner.** Any notice to Co-Owner will be given by delivering it or by mailing it by first class mail to Co-Owner's address stated in this Security Instrument unless Co-Owner has designated another address (including an Electronic Address) by notice to Consumer. Any notice in connection with this Security Instrument will be deemed to have been given to Co-Owner only when actually received by Co-Owner at Co-Owner's designated address (which may include an Electronic Address). If any notice to Co-Owner required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

(e) **Consumer's Physical Address.** In addition to the designated Notice Address, Consumer will provide Co-Owner with the address where Consumer physically resides, if different from the Property Address, and notify Co-Owner whenever this address changes.

17. Governing Law; Severability; Rules of Construction. This Security Instrument is governed by federal law and the law of the State of Oregon. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. If any provision of this Security Instrument or Obligation to Pay conflicts with Applicable Law (i) such conflict will not affect other provisions of this Security Instrument or the Obligation to Pay that can be given effect without the conflicting provision, and (ii) such conflicting provision, to the extent possible, will be considered modified to comply with Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence should not be construed as a prohibition against agreement by contract. Any action required under this Security Instrument to be made in accordance with Applicable Law is to be made in accordance with the Applicable Law in effect at the time the action is undertaken. As used in this Security Instrument: (a) words in the singular will mean and include the plural and vice versa; (b) the word "may" gives sole discretion without any obligation to take any action; (c) any reference to "Section" in this document refers to Sections contained in this Security Instrument unless otherwise noted; and (d) the headings and captions are inserted for convenience of reference and do not define, limit, or describe the scope or intent of this Security Instrument or any particular Section, paragraph, or provision.

18. Consumer's Copy. One Consumer will be given one copy of the Co-Ownership Agreement, the Obligation to Pay and of this Security Instrument.

19. Transfer of the Property or a Beneficial Interest in Consumer. For purposes of this Section 19 only, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract, or escrow agreement, the intent of which is the transfer of title by Consumer to a purchaser at a future date.

Except as otherwise permitted by the Co-Ownership Agreement or this Security Instrument, if all or any part of the Property or any Interest in the Property is sold or transferred (or if Consumer is not a natural person and a beneficial interest in Consumer is sold or transferred) without Co-Owner's prior written consent, Co-Owner may exercise its remedies under this Security Instrument. However, Co-Owner will not exercise this option if such exercise is prohibited by Applicable Law.



If Co-Owner exercises this option, Co-Owner will give Consumer notice of acceleration. The notice will provide a period of not less than 30 days from the date the notice is given in accordance with Section 16 within which Consumer must pay all sums secured by this Security Instrument. If Consumer fails to pay these sums prior to, or upon, the expiration of this period, Co-Owner may invoke any remedies permitted by this Security Instrument without further notice or demand on Consumer and will be entitled to collect all expenses incurred in pursuing such remedies, including, but not limited to: (a) reasonable attorneys' fees and costs; (b) property inspection and valuation fees; and (c) other fees incurred to protect Co-Owner's Interest in the Property and/or rights under this Security Instrument.

20. Consumer's Right to Reinstate the Transaction After Default. If Consumer meets certain conditions, Consumer will have the right to reinstate the Co-Ownership Agreement and Obligation to Pay and have enforcement of this Security Instrument discontinued at any time up to the later of: (a) five days before any foreclosure sale of the Property, or (b) such other period as Applicable Law might specify for the termination of Consumer's right to reinstate. This right to reinstate will not apply in the case of acceleration under Section 19.

To reinstate the Co-Ownership Agreement and Obligation to Pay, Consumer must satisfy all of the following conditions: (aa) pay Co-Owner all sums that then would be due under this Security Instrument and the Obligation to Pay as if no Default had occurred; (bb) cure any Default of any other covenants or agreements under this Security Instrument or the Obligation to Pay; (cc) pay all expenses incurred in enforcing this Security Instrument or the Obligation to Pay, including, but not limited to: (i) reasonable attorneys' fees and costs; (ii) property inspection and valuation fees; and (iii) other fees incurred to protect Co-Owner's interest in the Property and/or rights under this Security Instrument or the Obligation to Pay; and (dd) take such action as Co-Owner may reasonably require to assure that Co-Owner's interest in the Property and/or rights under this Security Instrument or the Obligation to Pay, and Consumer's obligation to pay the sums secured by this Security Instrument or the Obligation to Pay, will continue unchanged.

Co-Owner may require that Consumer pay such reinstatement sums and expenses in one or more of the following forms, as selected by Co-Owner: (aaa) cash; (bbb) money order; (ccc) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a U.S. federal agency, instrumentality or entity; or (ddd) Electronic Fund Transfer. Upon Consumer's reinstatement of the Co-Ownership Agreement and Obligation to Pay, this Security Instrument and obligations secured by this Security Instrument will remain fully effective as if no Default had occurred.

In the event of Consumer's insolvency, including a filing for protection under the U.S. Bankruptcy Code, it is the intent of the parties that the Consumer be treated in a manner consistent with the treatment of consumer borrowers in residential mortgage transactions in the United States.

21. Sale/Assignment of Agreements. The Co-Ownership Agreement, along with the Obligation to Pay, or a partial interest in these contracts, together with this Security Instrument, may be sold or otherwise transferred one or more times. Upon such a sale or other transfer, all of Co-Owner's rights and obligations under this Security Instrument will convey to Co-Owner's successors and assigns unless otherwise provided.

22. Co-Ownership Agreement Servicer. Co-Owner may take any action permitted under this Security Instrument through the Co-Ownership Agreement Servicer or another authorized representative, such as a sub-servicer. Consumer understands that the Co-Ownership Agreement Servicer or other authorized representative of Co-Owner has the right and authority to take any such action.

The Co-Ownership Agreement Servicer may change one or more times during the term of the Transaction. The Co-Ownership Agreement Servicer may or may not be a party to the Co-Ownership Agreement and the Obligation to Pay. The Co-Ownership Agreement Servicer has the right and authority to: (a) collect Monthly Payments and other amounts due under the Co-Ownership Agreement, Obligation to Pay, and this Security Instrument; (b) perform any other Transaction servicing obligations; and (c) exercise any rights under the Co-Ownership Agreement, Obligation



to Pay, this Security Instrument, and Applicable Law on behalf of Co-Owner. If there is a change of the Co-Ownership Agreement Servicer, Consumer will be given written notice of the change, which will state the name and address of the new Co-Ownership Agreement Servicer, the address to which payments should be made, and any other information RESPA requires in connection with a notice of transfer of servicing.

23. Notice of Grievance. Until Consumer or Co-Owner has notified the other party (in accordance with Section 16) of an alleged breach and afforded the other party a reasonable period after the giving of such notice to take corrective action, neither Consumer nor Co-Owner may commence, join, or be joined to any judicial action (either as an individual litigant or a member of a class) that (a) arises from the other party's actions pursuant to this Security Instrument, the Co-Ownership Agreement, or the Obligation to Pay, or (b) alleges that the other party has breached any provision of this Security Instrument or the Co-Ownership Agreement or the Obligation to Pay. If Applicable Law provides a time period that must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this Section 23. The notice of Default given to Consumer pursuant to Section 26(a) and the notice of acceleration given to Consumer pursuant to Section 19 will be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 23.

24. Hazardous Substances.

(a) **Definitions.** As used in this Section 24: (i) "Environmental Law" means any Applicable Laws where the Property is located that relate to health, safety, or environmental protection; (ii) "Hazardous Substances" include (A) those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law, and (B) the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, corrosive materials or agents, and radioactive materials; (iii) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (iv) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

(b) **Restrictions on Use of Hazardous Substances.** Consumer will not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Consumer will not do, nor allow anyone else to do, anything affecting the Property that: (i) violates Environmental Law; (ii) creates an Environmental Condition; or (iii) due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects or could adversely affect the value of the Property. The preceding two sentences will not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

(c) **Notices; Remedial Actions.** Consumer will promptly give Co-Owner written notice of (i) any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Consumer has actual knowledge; (ii) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release, or threat of release of any Hazardous Substance; and (iii) any condition caused by the presence, use, or release of a Hazardous Substance that adversely affects the value of the Property. If Consumer learns, or is notified by any governmental or regulatory authority or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Consumer will promptly take all necessary remedial actions in accordance with Environmental Law. Nothing in this Security Instrument will create any obligation on Co-Owner for an Environmental Cleanup.

25. Electronic Obligation to Pay Signed with Consumer's Electronic Signature. If the Obligation to Pay evidencing the obligations for this Transaction is electronic, Consumer acknowledges and represents to Co-Owner that Consumer: (a) expressly consented and intended to sign the electronic Obligation to Pay using an Electronic Signature adopted by Consumer ("Consumer's Electronic Signature") instead of signing a paper Obligation to Pay with Consumer's written pen and ink signature; (b) did not withdraw Consumer's express consent to sign the electronic Obligation to Pay using Consumer's Electronic Signature; (c) understood that by signing the electronic Obligation to Pay using Consumer's Electronic Signature, Consumer promised to pay the obligations evidenced by



the electronic Obligation to Pay in accordance with its terms; and (d) signed the electronic Obligation to Pay with Consumer's Electronic Signature with the intent and understanding that by doing so, Consumer promised to pay the obligations evidenced by the electronic Obligation to Pay in accordance with its terms.

NON-UNIFORM COVENANTS. Consumer and Co-Owner further covenant and agree as follows:

26. Acceleration; Remedies.

(a) **Notice of Default.** Co-Owner will give a notice of Default to Consumer prior to acceleration following Consumer's Default, except that such Notice of Default will not be sent when Co-Owner exercises its right under Section 19 unless Applicable Law provides otherwise. The notice will specify, in addition to any other information required by Applicable Law: (i) the Default; (ii) the action required to cure the Default; (iii) a date, not less than 30 days (or as otherwise specified by Applicable Law) from the date the notice is given to Consumer, by which the Default must be cured; and (iv) 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 (the required payment of the Buyout Amount) and sale of the Property; (v) Consumer's right to reinstate after Default; and (vi) Consumer's right to bring a court action to deny the existence of a Default or to assert any other defense of Consumer to acceleration and sale.

(b) **Acceleration; Power of Sale; Expenses.** If the Default is not cured on or before the date specified in the notice, Co-Owner may require immediate payment in full of the Buyout Amount secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Co-Owner will be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 26, including, but not limited to: (i) reasonable attorneys' fees and/or trustees' fees and costs and other fees and costs associated with the enforcement of this Security Instrument, including but not limited to, foreclosure trustee's and sheriff's fees and costs, and title costs; (ii) property inspection and valuation fees; and (iii) other fees incurred unless prohibited by Applicable Law for the purpose of protecting Co-Owner's interest in the Property and/or rights under this Security Instrument.

(c) **Notice of Sale; Sale of Property.** If Co-Owner invokes the power of sale, Co-Owner will execute or cause Trustee to execute a written notice of the occurrence of an event of Default and of Co-Owner's election to cause the Property to be sold and will cause such notice to be recorded in each county in which any part of the Property is located. Co-Owner or Trustee will give notice of sale in the manner prescribed by Applicable Law to Consumer and to other required recipients. At a time permitted by, and in accordance with, Applicable Law, Trustee, without further demand on Consumer, will 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. Co-Owner or its designee may purchase the Property at any sale.

(d) **Trustee's Deed; Proceeds of Sale.** Trustee will deliver to the purchaser a Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed will be prima facie evidence of the truth of the statements made in that deed. Trustee will apply the proceeds of the sale in the following order, or as otherwise required by Applicable Law: (i) to all expenses of the sale, including, but not limited to reasonable Trustee's and attorneys' fees and costs; (ii) to all sums secured by this Security Instrument; and (iii) any excess to the person or persons legally entitled to it.

27. Reconveyance. Upon payment of all sums secured by this Security Instrument, Co-Owner will request Trustee to reconvey the Property and will surrender this Security Instrument and all agreements evidencing obligations secured by this Security Instrument to Trustee. Upon such request, Trustee will reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons will pay any recordation costs associated with such reconveyance. Co-Owner may charge such person or persons a reasonable 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.

28. Substitute Trustee. Co-Owner may from time to time, by itself or through the Co-Ownership Agreement Servicer, or any other duly appointed agent or nominee of Co-Owner, remove Trustee and appoint a successor trustee



to any Trustee appointed under this Security Instrument. Without conveyance of the Property, the successor trustee will succeed to all the title, power and duties conferred upon Trustee in this Security Instrument and by Applicable Law.

29. Attorneys' and Others' Fees. Co-Owner will be entitled to recover its reasonable attorneys' and/or foreclosure trustees' fees and costs in any action or proceeding to construe or enforce any term of this Security Instrument unless prohibited or restricted by Applicable Law. The term "attorneys' fees," whenever used in this Security Instrument, includes without limitation attorneys' fees incurred by Co-Owner in any bankruptcy proceeding or on appeal.

30. Lien Spreading. In connection with any increase in the ownership interest of Consumer in the Property as a result of any Acquisition Payments made by Consumer or otherwise as provided in the Co-Ownership Agreement, the lien of this Security Instrument will be spread to cover said increased ownership interest and said increased ownership interest will be deemed to be included in the Property. At Co-Owner's request, Consumer agrees to sign any and all documents or instruments necessary to subject said increased ownership to the lien of this Security Instrument.

31. Protective Advances. This Security Instrument secures any advances Co-Owner, at its discretion, may make under Section 9 to protect Co-Owner's interest in the Property and rights under this Security Instrument.

32. Co-Owner Security Interest Grant. Consumer and Co-Owner agree and acknowledge that they intend there to be a subsequent amendment to this Security Instrument effectuated by an Assignment Agreement whereby the Co-Owner will grant a security interest in its interest in the Property to Co-Owner's Assignee. It is the intent of the Consumer and Co-Owner that the amendment of this Security Instrument by the Assignment Agreement will not constitute a separate security instrument or agreement, but will constitute the same Security Instrument.

33. Required Evidence of Property Insurance.

WARNING

Unless Consumer provides Co-Owner with evidence of the insurance coverage as required by this Security Instrument, Co-Owner may purchase insurance at Consumer's expense to protect Co-Owner's interest. This insurance may, but need not, also protect Consumer's interest. If the collateral becomes damaged, the coverage Co-Owner purchases may not pay any claim Consumer makes or any claim made against Consumer. Consumer may later cancel this coverage by providing evidence that Consumer has obtained property coverage elsewhere.

Consumer is responsible for the cost of any insurance purchased by Co-Owner. As provided for in Section 5 of this Security Instrument, any amounts disbursed by Co-Owner will become an additional obligation of the Consumer secured by this Security Instrument. The effective date of coverage may be the date Consumer's prior coverage lapsed or the date Consumer failed to provide proof of coverage.

The coverage Co-Owner purchases may be considerably more expensive than insurance Consumer can obtain on Consumer's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by Applicable Law.



UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY CO-OWNER, CONCERNING FINANCINGS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY CONSUMER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY CO-OWNER TO BE ENFORCEABLE.

BY SIGNING BELOW, Consumer accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider signed by Consumer and recorded with it.

Ibraheem Yousef Saleh
IBRAHEEM YOUSEF SALEH Consumer

Consumer

Consumer

Consumer

STATE OF ~~OREGON~~ California
County of ~~KLAMATH~~ San Bernardino

On this day personally appeared before me IBRAHEEM YOUSEF SALEH

_____, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that he/~~she~~/they signed the same as his/~~her~~/their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 10th day of August, 2023.

Maria Galarza
Notary Public for Oregon



Print Name: Maria Galarza

Commission Expires: Jan 25, 2024

Originator: Taher Rasheed 70-CS-10R
Nationwide Mortgage Licensing System and Registry Identification Number: 47202
For Guidance Residential, LLC (NMLS #2908)



EXHIBIT A

(Please insert or attach the Legal Description of the Property)

EXHIBIT "A" LEGAL DESCRIPTION

North half of Lot 62, FAIR ACRES SUBDIVISION NO. 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM the East 5 feet thereof conveyed to Klamath County recorded December 5, 1963 in Book 349, Page 511, Deed Records.

ALSO The Northerly 10 feet of the South half of Lot 62, FAIR ACRES SUBDIVISION NO 1, according to the official plat there on file in the office of the County Clerk of Klamath County, Oregon, excepting therefrom that portion conveyed to Klamath County by instrument recorded 349 at Page 511 Deed Records of Klamath County, Oregon. (PLA28-96)



MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. RIDER (MERS Rider)

THIS MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. RIDER ("MERS Rider") is made this 9th day of August, 2023, and is incorporated into and amends and supplements the Deed of Trust or Mortgage Deed (the "Security Instrument") of the same date given by the undersigned (the "Consumer," whether there are one or more persons undersigned) to secure Consumer's obligations, including the Obligation to Pay to 2004-0000351, LLC

("Co-Owner")
of the same date and covering the Property described in the Security Instrument, which is located at:

1410 HOMEDALE RD, KLAMATH FALLS, OREGON 97603

[Property Address]

In addition to the covenants and agreements made in the Security Instrument, Consumer and Co-Owner further covenant and agree that the Security Instrument is amended as follows:

A. DEFINITIONS

1. The Definitions section of the Security Instrument is amended as follows:

"Co-Owner" is 2004-0000351, LLC.

Co-Owner is a limited liability company organized and existing under the laws of Delaware. Co-Owner's address is 11107 Sunset Hills Rd., Suite 300, Reston, VA 20190. Co-Owner is the beneficiary under this Security Instrument. The term "Co-Owner" includes any successors and assigns of Co-Owner.

"MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is the Nominee for Co-Owner and is acting solely for Co-Owner. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. MERS is appointed as the Nominee for Co-Owner to exercise the rights, duties and obligations of Co-Owner as Co-Owner may from time to time direct, including but not limited to appointing a successor trustee, assigning, or releasing, in whole or in part this Security Instrument, foreclosing or directing Trustee to institute foreclosure of this Security Instrument, or taking such other actions as Co-Owner may deem necessary or appropriate under this Security Instrument. The term "MERS" includes any successors and assigns of MERS. This appointment shall inure to and bind MERS, its successors and assigns, as well as Co-Owner, until MERS' Nominee interest is terminated.

2. The Definitions section of the Security Instrument is further amended to add the following definition:

"Nominee" means one designated to act for another as its representative for a limited purpose.



B. TRANSFER OF RIGHTS IN THE PROPERTY

The TRANSFER OF RIGHTS IN THE PROPERTY section of the Security Instrument is amended to read as follows:

This Security Instrument secures to Co-Owner: (i) the performance of Consumer's covenants and agreements under the Co-Ownership Agreement and Obligation to Pay, and all renewals, extensions and modifications of the Co-Ownership Agreement and Obligation to Pay, which contain a promise to pay the Original Acquisition Balance of \$264,000.00 plus accrued unpaid Profit Payments thereunder; and (ii) the performance of Consumer's covenants and agreements under this Security Instrument. For this purpose, Consumer irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property now owned or hereafter acquired (including, but not limited to, any increase in Consumer's ownership interest in the Property as a result of any Acquisition Payments made by Consumer or otherwise provided in the Co-Ownership Agreement) and legally described in Exhibit A attached hereto and located in the

COUNTY of KLAMATH :
[Type of Recording Jurisdiction] [Name of Recording Jurisdiction]

which currently has the address of 1410 HOMEDALE RD
[Street]

KLAMATH FALLS, OR 97603 ("Property Address"):
[City] [State] [Zip Code]

TOGETHER WITH all the improvements now or subsequently erected on the property, including replacements and additions to the improvements on such property, all property rights, including, without limitation, all easements, appurtenances, royalties, mineral rights, oil or gas rights or profits, water rights, and fixtures now or subsequently a part of the property. All of the foregoing is referred to in this Security Instrument as the "Property."

Co-Owner, as the beneficiary under this Security Instrument, designates MERS as the Nominee for Co-Owner. Any notice required by Applicable Law or this Security Instrument to be served on Co-Owner must be served on MERS as the designated Nominee for Co-Owner. Consumer understands and agrees that MERS, as the designated Nominee for Co-Owner, has the right to exercise any or all interests granted by Consumer to Co-Owner, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Co-Owner including, but not limited to, assigning and releasing this Security Instrument, and substituting a successor trustee.

C. NOTICES; Consumer's Physical Address

Section 16 of the Security Instrument is amended to read as follows:



16. Notices; Consumer's Physical Address. All notices given by Consumer or Co-Owner in connection with this Security Instrument must be in writing.

(a) **Notices to Consumer.** Unless Applicable Law requires a different method, any written notice to Consumer in connection with this Security Instrument will be deemed to have been given to Consumer when (i) mailed by first class mail, or (ii) actually delivered to Consumer's Notice Address (as defined in Section 16(c) below) if sent by means other than first class mail or Electronic Communication (as defined in Section 16(b) below). Notice to any one Consumer will constitute notice to all Consumers unless Applicable Law expressly requires otherwise. If any notice to Consumer required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

(b) **Electronic Notice to Consumer.** Unless another delivery method is required by Applicable Law, Co-Owner may provide notice to Consumer by e-mail or other electronic communication ("Electronic Communication") if: (i) agreed to by Co-Owner and Consumer in writing; (ii) Consumer has provided Co-Owner with Consumer's e-mail or other electronic address ("Electronic Address"); (iii) Co-Owner provides Consumer with the option to receive notices by first class mail or by other non-Electronic Communication instead of by Electronic Communication; and (iv) Co-Owner otherwise complies with Applicable Law. Any notice to Consumer sent by Electronic Communication in connection with this Security Instrument will be deemed to have been given to Consumer when sent unless Co-Owner becomes aware that such notice is not delivered. If Co-Owner becomes aware that any notice sent by Electronic Communication is not delivered, Co-Owner will resend such communication to Consumer by first class mail or by other non-Electronic Communication. Consumer may withdraw the agreement to receive Electronic Communications from Co-Owner at any time by providing written notice to Co-Owner of Consumer's withdrawal of such agreement.

(c) **Consumer's Notice Address.** The address to which Co-Owner will send Consumer notice ("Notice Address") will be the Property Address unless Consumer has designated a different address by written notice to Co-Owner. If Co-Owner and Consumer have agreed that notice may be given by Electronic Communication, then Consumer may designate an Electronic Address as Notice Address. Consumer will promptly notify Co-Owner of Consumer's change of Notice Address, including any changes to Consumer's Electronic Address if designated as Notice Address. If Co-Owner specifies a procedure for reporting Consumer's change of Notice Address, then Consumer will report a change of Notice Address only through that specified procedure.

(d) **Notices to Co-Owner.** Any notice to Co-Owner will be given by delivering it or by mailing it by first class mail to Co-Owner's address stated in this Security Instrument unless Co-Owner has designated another address (including an Electronic Address) by notice to Consumer. Any notice in connection with this Security Instrument will be deemed to have been given to Co-Owner only when actually received by Co-Owner at Co-Owner's designated address (which may include an Electronic Address). If any notice to Co-Owner required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

Consumer acknowledges that any notice Consumer provides to Co-Owner must also be provided to MERS as Nominee for Co-Owner until MERS' Nominee interest is terminated. Any notice provided by Consumer in connection with this Security Instrument will be deemed to have been given to MERS only when actually received by MERS.

(e) **Consumer's Physical Address.** In addition to the designated Notice Address, Consumer will provide Co-Owner with the address where Consumer physically resides, if different from the Property Address, and notify Co-Owner whenever this address changes.



D. SALE/ASSIGNMENT OF AGREEMENTS

Section 21 of the Security Instrument is amended to read as follows:

21. Sale/Assignment of Agreements. The Co-Ownership Agreement, along with Consumer's Obligation to Pay or a partial interest in these contracts (together with this Security Instrument) may be sold or otherwise transferred one or more times. Upon such a sale or other transfer, all of Co-Owner's rights and obligations under this Security Instrument will convey to Co-Owner's successors and assigns. Co-Owner acknowledges that until it directs MERS to assign MERS's Nominee interest in this Security Instrument, MERS remains the Nominee for Co-Owner, with the authority to exercise the rights of Co-Owner.

E. SUBSTITUTE TRUSTEE

Section 28 of the Security Instrument is amended to read as follows:

28. Substitute Trustee. In accordance with Applicable Law, Co-Owner or MERS may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee will succeed to all the title, power and duties conferred upon Trustee and by Applicable Law.

BY SIGNING BELOW, Consumer accepts and agrees to the terms and covenants contained in this MERS Rider.


IBRAHEEM YOUSEF SALEH Consumer

Consumer

Consumer

Consumer

Consumer

Consumer

