

WHEN RECORDED MAIL TO:

MORTGAGES, INC.  
946 E. Sahara Avenue  
Las Vegas, Nevada 89104

(Space Above This Line For Recording Date)

### DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on June 12, 19 85 . The grantor is ROBERT LANCE HARTZELL AND DEBRA KAY HARTZELL, HUSBAND AND WIFE--- ("Borrower"). The trustee is Lawyers Title of Northern Nevada, Inc. ("Trustee"). The beneficiary is Mortgages, Inc., which is organized and existing under the laws of State of Nevada, and whose address is 946 E. Sahara Avenue, Las Vegas, Nevada 89104 ("Lender").

Borrower owes Lender the principal sum of Sixty Nine Thousand Three Hundred and No/100--- Dollars (U.S. \$---69,300.00---). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on July 1, 2015. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Douglas County, Nevada:

A parcel of land being situated in and being a portion of the Northeast 1/4 of the Northwest 1/4 of Section 24, Township 12 North, Range 20 East, M.D.B. & M., and further being a portion of Lot 22, as shown of the Official Map of RUHENSTROTH RANCHOS SUBDIVISION, filed for record in the Office of the County Recorder of Douglas County, Nevada, on April 14, 1965, as Document No. 27706, described as follows:

Parcel 22-3, as set forth on that certain Parcel Map for Jacob D. Rymel, et ux, filed for record in the Office of the County Recorder of Douglas County, Nevada on November 27, 1978, as Document No. 27644.

which has the address of 753 Pinto Circle Gardnerville  
Nevada 89410 ("Property Address");  
[Zip Code] [Street] [City]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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

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

**2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

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

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

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

**7. Protection of Lender's Rights in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

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

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

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

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

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

**11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**12. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

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

**14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

**17. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

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

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

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

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

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

23. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

24. Assumption Fee. If there is an assumption of this loan, Lender may charge an assumption fee of U.S. \$ 2% of unpaid principal balance at the time of assumption.

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- Adjustable Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) [specify] Two (2) Addendums to Adjustable Rate Rider

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

*Robert Lance Hartzell* .....(Seal)  
Robert Lance Hartzell —Borrower

*Debra Kay Hartzell* .....(Seal)  
Debra Kay Hartzell —Borrower

.....(Seal)  
—Borrower

.....(Seal)  
—Borrower

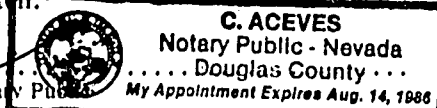
[Space Below This Line For Acknowledgment]

STATE OF NEVADA, Douglas County ss:  
On this 20th day of June, 19 86, personally appeared before me, the undersigned, a notary public in and for the County and State aforesaid, Robert Lance Hartzell and Debra Kay Hartzell known to me to be the person described in and who executed the within and foregoing instrument, and who acknowledged to me that the yexecuted the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said county of Douglas, the day and year in this Certificate first above written.

My Commission expires: 8-14-86

*[Signature]*



**ADJUSTABLE RATE RIDER**  
(Interest Rate Limits)

THIS ADJUSTABLE RATE RIDER is made this 12th day of June, 1985, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note to Mortgages, Inc., a Nevada Corporation (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at:

753 Pinto Circle, Gardnerville, Nevada 89410  
(Property Address)

**The Note contains provisions allowing for changes in the interest rate every year subject to the limits stated in the Note. If the interest rate increases, the Borrower's monthly payments will be higher. If the interest rate decreases, the Borrower's monthly payments will be lower.**

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

**A. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

The Note provides for an initial interest rate of 10.75%. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

**"4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Change Dates**

The interest rate I will pay may change on the first day of July, 1988, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

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

**(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding 2.50 percentage points (2.50%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

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

**(D) Limit on Interest Rate Changes**

The rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than  one percentage point (1.0%)  two percentage points (2.0%) [Check only one box] from the rate of interest I have been paying for the preceding twelve months. My interest rate also shall never be greater than 16.50%.

**(E) Effective Date of Changes**

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

**(F) Notice of Changes**

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

**B. CHARGES; LIENS**

Uniform Covenant 4 of the Security Instrument is amended to read as follows:

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Security Instrument, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument; provided, that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in, legal proceedings which in the opinion of Lender operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof; or (c) shall secure from the holder of such lien an agreement in a form satisfactory to Lender subordinating such lien to this Security Instrument.

If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Security Instrument, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten days of the giving of notice.

**C. NOTICE**

Uniform Covenant 14 of the Security Instrument is amended to read as follows:

14. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

**D. UNIFORM SECURITY INSTRUMENT; GOVERNING LAW; SEVERABILITY**

Uniform Covenant 15 of the Security Instrument is amended to read as follows:

15. **Uniform Security Instrument; Governing Law; Severability.** This form of Security Instrument combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Security Instrument and the Note are declared to be severable.

**E. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER**

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

17. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or an interest therein is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is prohibited by Federal law as of the date of this Security Instrument.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof. Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and this Security Instrument unless Lender has released Borrower in writing.

**F. COVENANT DELETED**

Non-Uniform Covenant 21 of the Security Instrument ("Future Advances") is deleted.

**G. LOAN CHARGES**

If the loan secured by the Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

**H. LEGISLATION**

If, after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the Note, the Security Instrument or this Adjustable Rate Rider (other than this paragraph H) unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the Security Instrument and this Adjustable Rate Rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Security Instrument to be immediately due and payable.

IN WITNESS WHEREOF, Borrower has executed this Adjustable Rate Rider.

.....*Robert Lance Hartzell*.....(Seal)  
Robert Lance Hartzell -Borrower

.....*Debra Kay Hartzell*.....(Seal)  
Debra Kay Hartzell -Borrower

.....(Seal)  
-Borrower

*[Sign Original Only]*

**119061**  
**BOOK 685 PAGE 1907**

**ADDENDUM TO ADJUSTABLE RATE RIDER**

**Conversion Options for  
One Year Adjustable Rate Loan  
or  
Three Year Adjustable Rate Loan**

THIS ADDENDUM TO ADJUSTABLE RATE RIDER is made this 12th day of June, 1985, and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Rider or Graduated Payment Rider (the "Rider") to the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument"), each of which bears the same date shown above and is given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note or Graduated Payment Note to Mortgages, Inc.,

a Nevada Corporation  
(the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at: 753 Pinto Circle, Gardnerville,

Nevada 89410

(property address)

IN ADDITION TO THE PROVISIONS CONTAINED IN THE RIDER, THIS ADDENDUM MAY PERMIT THE BORROWER TO CONVERT THE ADJUSTABLE RATE LOAN INTO EITHER:

- A one year adjustable rate loan, with a review of the interest rate and payment amount every twelve months; or
- A three year adjustable rate loan, with a review of the interest rate and payment amount every thirty-six months.

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

**OPTIONS TO CONVERT; CONDITIONS.**

Notwithstanding anything to the contrary in the Note or the Rider, I may choose to convert my loan as of the first day of February, 1986, if this is not a construction loan or, if this is a construction loan, as of the first day of the month following the Lender's receipt of six consecutive monthly principal and interest payments. I may convert my loan on the first day of any of the following months up until the last possible Interest Conversion Date, which is July 1, 1988.

If I exercise this conversion option, I must give the Lender a written request that I wish to convert. Upon receipt of this request, and provided I am eligible to convert, the Lender will mail to me all documents necessary to modify the loan to the option I have selected. The effective date of the conversion ("Effective Conversion Date") will be the first day of the month following a period of up to thirty days from the date the modification documents are received by the Lender. Beginning with the Effective Conversion Date, if such conversion has been chosen, my interest rate will be based on the index and margin that applies to the option I have selected.

**CONVERTING TO A ONE YEAR ADJUSTABLE RATE LOAN:** If I convert to a one year adjustable rate loan, my interest rate will be based on an Index. The "Index" is the weekly average yield on U.S. Treasury securities, adjusted to a constant maturity of one year, as published weekly by the Federal Reserve Board. The new interest rate will be calculated by adding 2.50 percentage points (2.50 %) to the Current Index, and will then be rounded to the nearest one-eighth of one percent (.125%).

Both at the time of conversion, and with each subsequent adjustment, the change to this new interest rate is subject to the limits stated in Section 4(D) of the Adjustable Rate Note, relative to size of interest rate increases and decreases and the maximum interest rate that may be charged over the life of the loan.

By converting to a one year adjustable rate loan, I understand the interest rate I will pay may change on the eleventh month following the Effective Conversion Date and every twelfth month thereafter. The payment amount will be adjusted one month after the interest rate has changed, thereby resulting in payment changes every twelve months.

**CONVERTING TO A THREE YEAR ADJUSTABLE RATE LOAN:** If I convert to a three year adjustable rate loan, my interest rate will be based on an Index. The "Index" is the thirty-six month/2-year US Treasury Securities Index. The new interest rate will be calculated by adding 2.25 percentage points (2.25 %) to the Current Index, and will then be rounded to the nearest one-eighth of one percent (.125%).

Both at the time of conversion and with each subsequent adjustment, my interest rate may not be increased or decreased by more than three percentage points (3%). In addition, my loan will remain subject to the maximum interest rate limitation shown in section 4(D) of the Adjustable Rate Note (for the life of the loan).

By converting to a three year adjustable rate loan, I understand the interest rate I will pay may change on the thirty-fifth month following the Effective Conversion Date and every thirty-sixth month thereafter. The payment amount will be adjusted one month after the interest rate has changed, thereby resulting in payment changes every thirty-six months.

**NOTICE BY LENDER**

Upon receipt of my written request to convert, the Lender will mail or deliver to me a notice containing the following:

- My new interest rate as of the Effective Conversion Date;
- The amount of my new monthly payment;
- The amount of the conversion fee, if applicable; and
- The date, within approximately 10 days, by which the Lender must be in possession of my signed documents making the changes to the Note that are necessary to effect the conversion to the new fixed interest rate.

This confirmation notice will include all information required by law to be given to me and also the title and telephone number of a person who will answer any questions I may have regarding the notice.

**TERMS APPLICABLE TO EITHER CONVERSION OPTION**

The following provisions apply to either option:

1. The index used to determine my new interest rate will be that which was in effect on the day my request to convert was received by the Lender. If the Index is no longer available as of the date I elect to convert, the Lender will use a comparable figure and will notify me accordingly.
2. If I exercise one of these options, the loan will be permanently modified, and these options will no longer be available.
3. Conversion will be granted only if each and every payment has been received by the Lender on or before the 15th day of the month in which it was due, and the loan must be current at the time of conversion. In addition, if this loan involves construction, the improvements must be completed to the Lender's satisfaction.
4. I may make inquiry and request verbal quotes of the current conversion rate applicable to my loan at any time. However, if I have provided a written request to convert and I subsequently do not proceed with the conversion, and/or do not meet the deadlines specified in the Lender's modification documents, I will forfeit any future right to the conversion option. My loan will remain an adjustable rate loan as provided in the Adjustable Rate Note signed concurrently herewith.

RLH  
DKH



**DETERMINATION OF NEW PAYMENT AMOUNT**

If I exercise one of the conversion options as provided above, the Lender will then determine the amount of my new monthly payment using the unpaid principal balance as of the Effective Conversion Date, the new interest rate, and the original maturity date of the loan. The new payment (the "New Payment Amount") will be an amount that would be sufficient to repay the loan in full on the maturity date in substantially equal payments.

**BUYDOWNS**

If, under the original terms, this loan involved the use of a temporary buydown (monthly payment subsidies), these funds will continue to supplement my monthly payment, until the funds have been depleted in accordance with the original buydown schedule.

**FATLURE TO CHOOSE CONVERSION**

If I do not, at least 30 days before the last possible Conversion Date specified above, give the Lender notice that I choose to convert my loan to either a one year adjustable rate loan or a three year adjustable rate loan, and do the other things that I must do within the specified times, I will no longer have the right to choose such a conversion. My loan will then revert to a one year adjustable rate loan as provided in the Adjustable Rate Note signed concurrently herewith.

IN WITNESS WHEREOF, Borrower has executed this Addendum.

Robert Lance Hartzell  
Borrower Robert Lance Hartzell

Debra Kay Hartzell  
Borrower Debra Kay Hartzell

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

(sign originals only)

**119061**

L-266 (10/84)  
Page 3 of 3

BOOK 685 PAGE 1910

ORIGINAL: To be recorded w/Deed of Trust

CANARY: Borrower

PINK: Pending

**ADDENDUM TO ADJUSTABLE RATE/PAYMENT RIDER  
(Fixed Rate Conversion Option)**

THIS ADDENDUM TO ADJUSTABLE RATE RIDER is made this 12th day of June, 1985, and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Rider or Graduated Payment Rider (the "Rider") to the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument"), each of which bears the same date shown above and is given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note or Graduated Payment Note to Mortgages, Inc., a Nevada Corporation

(the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at: 753 Pinto Circle, Gardnerville, Nevada  
89410  
(property address)

IN ADDITION TO THE PROVISIONS CONTAINED IN THE RIDER, THIS ADDENDUM MAY PERMIT THE BORROWER TO CONVERT THE ADJUSTABLE RATE LOAN INTO A FIXED RATE, LEVEL PAYMENT, FULLY AMORTIZING LOAN.

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

**OPTION TO CONVERT TO FIXED RATE; CONDITIONS TO OPTION.**

Notwithstanding anything to the contrary in the Note or the Rider, I may choose to convert my adjustable rate interest payments to fixed rate interest payments, as of the first day of February, 1986, if this is not a construction loan or, if this is a construction loan, as of the first day of the month following the Lender's receipt of six consecutive monthly principal and interest payments. I may convert my loan on the first day of any of the following months up until the last possible Interest Conversion Date, which is July 1, 1988.

If I exercise this conversion option, I must give the Lender a written request that I wish to convert. Upon receipt of this request, and provided I am eligible to convert, the Lender will mail to me all documents necessary to modify the loan to a fixed rate, level payment loan. The effective date of the conversion ("Effective Conversion Date") will be the first day of the month following a period of up to thirty days from the date the modification documents are received by the Lender. Beginning with the Effective Conversion Date, if such conversion has been chosen, my interest rate will be equal to the Federal Home Loan Mortgage Corporation's published Required Net Yield for 30-year, fixed rate mortgages covered by 60-day mandatory delivery commitments that was in effect on the day my request to convert was received by the Lender, plus 1/2 of one percent (.50 %). The resulting rate will then be rounded up to the nearest one-eighth of one percent. If such Required Net Yield is not available, Lender will determine my new, fixed interest rate by using a comparable figure.

**NOTICE BY LENDER**

Upon receipt of my written request to convert, the Lender will mail or deliver to me a notice containing the following:

- My new interest rate as of the Effective Conversion Date;
- The amount of my new monthly payment;
- The amount of the conversion fee, if applicable; and
- The date, within approximately 10 days, by which the Lender must be in possession of my signed documents making the changes to the Note that are necessary to effect the conversion to the new fixed interest rate.

This confirmation notice will include all information required by law to be given to me and also the title and telephone number of a person who will answer any questions I may have regarding the notice.

**119061**

BOOK **685** PAGE **1911**

**ELECTION TO CONVERT**

I may make inquiry and request verbal quotes of the current conversion rate applicable to my loan at any time. However, if I have provided a written request to convert and I subsequently do not proceed with the conversion, and/or do not meet the deadlines specified in the Lender's modification documents, I will forfeit any future right to the conversion option. My loan will remain an adjustable rate loan as provided in the Adjustable Rate Note signed concurrently herewith.

**CONVERSION QUALIFICATIONS**

**PAYMENTS:** In order to be eligible to exercise the conversion feature, each and every payment must have been received by the Lender on or before the 15th day of the month in which the payment was due and the loan must be current at the time of conversion. In addition, if this loan involves construction, the improvements must be completed to the Lender's satisfaction.

**OWNER OCCUPANCY:** If the property being financed is intended to be occupied by me at the time the loan is closed, and, at the time of conversion, the property is occupied by me as my principal residence, I may convert the loan, subject to the above conditions, at the then outstanding balance and without a fee.

**NON-OWNER OCCUPANCY:** If the property was not intended to be occupied by me as my primary residence, the Lender must receive a fee in the amount of 1% of the then outstanding loan balance prior to conversion.

**DETERMINATION OF NEW PAYMENT AMOUNT**

If I choose to convert to a fixed rate of interest as provided above, the Lender will then determine the amount of my new monthly payment using the unpaid principal balance as of the Effective Conversion Date, the new interest rate, and the original maturity date of the loan. The new payment (the "New Payment Amount") will be an amount that will be sufficient to repay the loan in full on the maturity date in substantially equal payments.

**PAYMENT OF NEW PAYMENT AMOUNT; CONTINUATION OF FIXED RATE**

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

**TEMPORARY BUYDOWNS**

If, under the original terms, this loan involved the use of a temporary buydown (monthly payment subsidies), these funds will continue to supplement my monthly payment, until the funds have been depleted in accordance with the original buydown schedule.

**FAILURE TO CHOOSE CONVERSION**

If I do not, at least 30 days before the last possible Conversion Date specified above, give the lender notice that I choose to convert my adjustable rate interest payments to fixed rate interest payments and do the other things that I must do within the specified times, I will no longer have the right to choose such a conversion of interest payments.

IN WITNESS WHEREOF, Borrower has executed this Addendum.

Robert Lance Hartzell  
Borrower Robert Lance Hartzell

Debra Kay Hartzell  
Borrower Debra Kay Hartzell

Borrower  
(sign original only)

REQUESTED BY  
LAWYERS TITLE  
IN OFFICIAL RECORDS OF  
DOUGLAS CO. NEVADA

Borrower

'85 JUN 21 P3:20

SUZANNE BEAUDREAU  
RECORDER  
\$15.00 PAID Bh DEPUTY

119061  
BOOK 685 PAGE 1912

Page 2 of 2  
L-259 11/84

ORIGINAL: To be recorded w/Deed of Trust CANARY: Borrower PINK: Pending