

# Unofficial Document

WESTERN TITLE AGENCY

When

## DEED OF TRUST

DEED IN (DR)

FIRST FEDERAL SAVINGS

THIS DEED OF TRUST is made this

19 83

among the Trustor,

27TH

day of

SEPTEMBER

MERLIN K DUVAL, AN UNMARRIED MAN AND CAROL N DUVAL, AN UNMARRIED WOMAN AND FREDERICK P DUVAL, AN UNMARRIED MAN

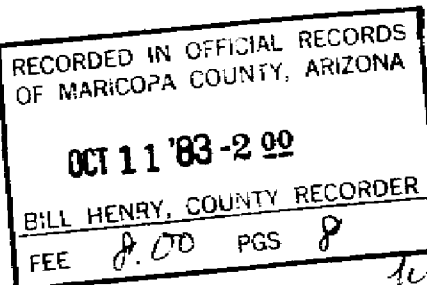
(herein "Borrower"), First Service Corporation, an Arizona Corporation, at 3003 N. Central Avenue, Phoenix, Arizona 85012 (herein "Trustee"), and the Beneficiary, First Federal Savings, a federally chartered association, whose address is 3003 North Central Avenue, Phoenix, Arizona 85012 (herein "Lender").

Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, the power of sale, the following described property located in the County of

MARICOPA, State of Arizona:

UNIT 17 LOS BLANCOS CONDOMINIUMS, ACCORDING TO THE DECLARATION OF HORIZONTAL REGIME RECORDED IN DOCKET 13348, PAGE 444, AND RE-RECORDED IN DOCKET 13384, PAGE 159, AND AMENDMENT RECORDED IN DOCKET 13461, PAGE 908, AND RE-RECORDED IN DOCKET 13464, PAGE 100, RECORDS OF MARICOPA COUNTY, ARIZONA.

TOGETHER WITH AN UNDIVIDED INTEREST APPURTENANT TO EACH UNIT IN AND TO THE COMMON ELEMENTS AS SET FORTH IN SAID DECLARATION.



which has the address of

6236 N 16TH Street

PHOENIX

(City)

AZ 85016

(herein "Property Address");

(State and Zip Code)

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

To SECURE to Lender (a) the repayment of the indebtedness evidenced by Borrower's note dated

(herein "Note"), in the principal sum of FORTY FOUR THOUSAND AND

SEPTEMBER 27, 1983

Dollars, with interest thereon payable monthly

installments of principal and interest, with the balance of the indebtedness, if not sooner paid, due and payable on

in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained; and (b) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to paragraph 21 hereof (herein "Future Advances").

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

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

**1. Payment of Principal and Interest.** Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by this Deed of Trust.

**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 installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Deed of Trust, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

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 said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, 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 at the time of execution of this Deed of Trust that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such 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 Deed of Trust.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 18 hereof the Property is sold or the Property is otherwise 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 Deed of Trust.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

**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 Deed of Trust, 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 Deed of Trust; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

**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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require. <sup>Official Document</sup> Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Deed of Trust.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the insurance carrier.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. 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, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 18 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

**7. Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

**8. Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

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Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

20. **Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 18 hereof 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. All 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 attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

21. **Future Advances.** Upon request of Borrower, Lender, at Lender's option prior to release of this Deed of Trust, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

22. **Release.** Upon payment of all sums secured by this Deed of Trust, Lender shall release this Deed of Trust without charge to Borrower. Borrower shall pay all costs of recordation, if any.

23. **Substitute Trustee.** Lender may, for any reason or cause, 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 the Trustee herein and by applicable law.

24. **Time of Essence.** Time is of the essence of each covenant of this Deed of Trust.

25. **Mailing Address.** Borrower's mailing address is the Property Address.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

Merlin K. Duval  
—Borrower

MERLIN K DUVAL  
\* Carol N. Duval  
—Borrower

CAROL N DUVAL  
Frederick P. Duval  
—Borrower

FREDERICK P DUVAL  
—Borrower

—Unofficial Document

STATE OF ARIZONA;

County ss:

MARICOPA

The foregoing instrument was acknowledged before me this

4th day of October, 1983  
(date)

by

MERLIN K DUVAL AND CAROL N DUVAL AND FREDERICK P DUVAL

My Commission expires:

8-14-85

Notary Public

WHEN RECORDED RETURN TO

State of Arizona

County of Pima

ss.

On this the 3rd day of OCTOBER 1983 before me, the undersigned, the undersigned, a Notary Public, personally appeared CAROL N. DUVAL

known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

My Commission expires

My Commission Expires Jan. 24, 1986

Geant J. Scholten  
NOTARY PUBLIC

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**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, 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 Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds 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 such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

**10. Borrower Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

**11. Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

**12. Remedies Cumulative.** All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

**13. Successors and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

**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 Deed of Trust shall be given by mailing such notice by certified 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 certified mail, return receipt requested, 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 Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

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

**16. Borrower's Copy.** Borrower shall be furnished a confirmed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

**17. Transfer of the Property; Assumption.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, <sup>(Official Document)</sup> excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 17, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

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.

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

**18. Acceleration; Remedies.** Except as provided in paragraph 17 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust 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 breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable 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 reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall record a notice of sale in each county in which the Property or some part thereof is located and shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law and after publication and posting of the notice of sale, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place designated in the notice of sale. Trustee may postpone sale of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold 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 reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto, or to the clerk of the superior court of the county in which the sale took place.

**19. Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 18 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this

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**FIRST  
FEDERAL  
SAVINGS**

NOTICE TO BORROWER: (1) THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE. INCREASES IN THE INTEREST RATE WILL RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS. (2) THIS DOCUMENT ALLOWS FOR NEGATIVE AMORTIZATION. THIS MEANS THAT THE LOAN BALANCE MAY INCREASE EVEN THOUGH YOU ARE MAKING THE PRESCRIBED PAYMENTS.

### RIDER TO DEED OF TRUST AND NOTE

Date: SEPTEMBER 27, 1983

Loan Number: 101138024

FOR VALUE RECEIVED, the undersigned (the "Borrower") agree(s) that the following provisions shall be incorporated into the Deed of Trust (the "Deed of Trust") of even date executed by Borrower, as trustor, in favor of First Federal Savings and Loan Association of Arizona ("Lender"), as beneficiary, to which Deed of Trust this Rider is attached, as well as incorporated into the Note (the "Note") of even date made by Borrower in favor of Lender which the Deed of Trust secures. To the extent that the provisions of this Rider are inconsistent with the provisions of the Deed of Trust or Note, the provisions of this Rider shall prevail and shall supersede any such inconsistent provisions of the Deed of Trust or Note.

#### 1. ADJUSTMENT OF THE INTEREST RATE

(a) The interest rate contained in the Note (the "Initial Interest Rate") shall be adjusted on NOVEMBER 10, 1983, and on the same day of each month thereafter, until the indebtedness evidenced by the Note is fully paid, provided that the interest rate shall not be adjusted after OCTOBER 10, 2013 (the "Due Date") on which date any remaining principal, interest or other sums remaining under the Note shall be paid in full. In this Rider each period during which the Note interest rate may be adjusted shall be referred to as an "Interest Rate Adjustment Period." Interest Rate adjustments shall be made monthly during each Payment Period, which as used in this Rider means the successive three year periods beginning with the date of the Note. The Deed of Trust shall serve as security for the payment of the entire indebtedness evidenced by the Note and this Rider, including any and all extensions or modifications of the Note and this Rider, including, without limitation, any increases in principal due to scheduled monthly payments being less than the amount of interest payable under this Rider. \*and further provided that in no event shall the Initial Interest Rate be adjusted to a rate more than 4% above the Initial Interest Rate or less than 4% below the Initial Interest Rate.

(b) The interest rate for the second Interest Rate Adjustment Period, and each successive Interest Rate Adjustment Period of the Note and this Rider, shall be determined monthly, and shall reflect the movement, in an Index whose value is fixed on the date of the Note. The Index is defined as "The Weighted Average Cost of Funds to Savings and Loan Associations Whose Deposits are Insured by the Federal Savings and Loan Insurance Corporation and Which are Situated in District 11 of the Federal Home Loan Bank." The most recent officially announced Index as of the date of the Note is 9.676. If, a Unofficial Document ng the term of the Note the Index ceases to be published in time to reasonably permit adjustments on the designated Interest Adjustment Periods and Payment Adjustment dates, Lender may postpone such Interest Adjustment Periods and Payment Adjustment Dates sufficiently to permit such adjustments. If at any time during the term of the Note the Index ceases to be published, Lender shall select a similar published index over which Lender has no control, and the interest rate will thereafter vary in relation to the chosen index. \*\*\*subject to the limitations set forth in Paragraph 1(a) hereof.

(c) Interest Rate increases or decreases for each Payment Period of the Note are mandatory. Except as otherwise specifically provided in this Rider, the Interest Rate on the Note may increase or decrease (in accordance with increases or decreases of the Index, as provided in this Rider) without any limitation whatsoever. \*\*\*provided in paragraph 1(a) hereof, and except as/

#### 2. ADJUSTMENT OF PAYMENTS

(a) The Note shall be paid in monthly installments in the amount and on the date specified in the Note. Each date on which the payment of principal and interest shall be adjusted shall be referred to as the "Payment Adjustment Date". The amount of the monthly payment shall be changed on NOVEMBER 10, 1986, and on the same day every third year thereafter. Not less than thirty nor more than forty-five days prior to the first Payment Adjustment date, and each Payment Adjustment Date thereafter, the Note holder shall send a written notice (the "Payment Adjustment Notice") to the Borrower specifying such information as (1) the fact that the payment is scheduled to be adjusted on that Payment Adjustment Date; (2) the outstanding balance on the Note; (3) the adjusted interest rate, the index upon which the adjustment was based, the length of the Payment Period, and the date of the next Payment Adjustment Date; (4) the adjusted payment amount; (5) the dates, if any on which the interest rate was adjusted since the last payment adjustment, the rates on each such rate adjustment date, and the indices for such dates; (6) information regarding prepayment; and (7) the title and telephone number of an association employee who can answer questions about the Adjustment Notice.

(b) No adjustment shall be made in the payment amount until the end of the Payment Period. At that time, the monthly payment amount for each Payment Period of the Note shall be calculated based on the interest rate applicable on the Payment Adjustment Date, with the adjusted monthly installment of Principal and Interest at the beginning of each payment period to be in an amount sufficient to amortize the unpaid balance of the Note at the applicable interest rate by the due date.

(c) Each monthly payment shall in general be applied first to interest and then to principal. In the event the monthly interest Rate Adjustment results in a payment which is less than the amount of interest accrued for that month either due to an interest rate increase or due to the limitation on the permissible monthly payment increase set forth above, Borrower authorizes and agrees that Lender shall add such accrued but unpaid interest to the principal balance of the loan.

(d) At the end of each payment period, the payment amount must be adjusted to a level sufficient to amortize the loan at the then existing interest rate, at the then existing principal loan balance over the remaining term of the loan.

(e) The Borrower shall not be charged any costs or fees in connection with interest and payment adjustments provided for by this rider.

3. NOTICE TO BORROWER. Any notice to the Borrower provided for in the Note, Deed of Trust or this Rider shall be deemed given when it is deposited in the United States mail, postage prepaid, addressed to the Borrower at the address of the Borrower as it appears in the records of the Note holder at the time notice is given.

**4. LATE CHARGES.** In the event any Note payment is not received by the Note holder within fifteen days (or if the fifteen day period ends on a weekend or holiday, then the next business day) after its due date, a late charge in the amount equal to five percent (5%) of the principal and interest components of the late payment shall be due and payable. The provisions of this paragraph shall not preclude, abate, limit or impair any of Lender's rights and remedies under the Deed of Trust or otherwise for the Borrower's failure to make any such monthly payment on or before its due date.

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**5. PREPAYMENT PRIVILEGE.** Borrower may prepay the principal amount due on the Note in full or in part at any time, without penalty.

**6. DEFAULT; ACCELERATION, TRUSTEE'S SALE.** Paragraph 18 of the Deed of Trust is amended to read in its entirety as follows:

"18. If any monthly installment under the Note is not paid when due, or if Borrower should be in default of any of the provisions of the Deed of Trust, or if Borrower is in default under any other deed of trust or other instrument secured by the property described in the Deed of Trust, the entire principal amount outstanding under the Note and Deed of Trust and accrued interest thereon shall at once become due and payable at the option of the Note holder without prior notice and regardless of any prior forbearance. In such event, Lender, at its option, may then or thereafter deliver to the Trustee a written declaration of default and demand for sale and shall cause to be filed on record a written notice of default and of election to cause to be sold the property described in the Deed of Trust. Lender shall also deposit with the Trustee the Deed of Trust and any Notes and all documents evidencing expenditures secured thereby. After the lapse of such time as then may be required by law following recordation of such notice of default, and notice of sale having been given as then required by law, the Trustee, without demand on Borrower, shall sell such property at the time and place filed by such Trustee in such notice of sale, either as a whole or in separate parcels, and in such order as the Trustee determines (subject to such rights as Borrower may have by law to direct such order of sale), at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale, except that Lender may offset his bid to the extent of the total amount owing to him under the Note and this Deed of Trust, including the Trustee's fees and expenses. The Trustee may postpone sale of all or any portion of such property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. The Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recital in such deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, including Borrower, the trustee or Lender may purchase at such sale. After deducting all costs, fees and expenses of the Trustee, and of the Deed of Trust, including costs of evidence of title in connection with such sale, the Trustee first shall apply the proceeds of sale to payment of all sums expended under the terms of the Deed of Trust, not then repaid, with accrued interest at the rate then payable under the Note or notes secured thereby, and then to payment of all other sums secured thereby and, if thereafter there be any proceeds remaining, shall distribute them to the person or persons legally entitled thereto."

**7. RECONVEYANCE.** The Trustee named in the Deed of Trust securing the Note, or any successor Trustee thereunder, may charge a reasonable reconveyance fee for each full or partial reconveyance of the Deed of Trust.

**8. INJURY TO PROPERTY.** All causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damage or injury to said property or any part thereof, or in connection with this transaction financed by funds loaned to Borrower by Lender or in connection with or affecting said property or any part thereof, <sup>Unofficial Document</sup> causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are, at Lender's option, assigned to Lender and the proceeds shall be paid to Lender, who may, after deducting therefrom all its expenses, including reasonable attorney's fees, apply or release any moneys so received by it or any part thereof as it may elect. Lender may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Borrower agrees to execute such further assignments of any compensation award, damage and causes of action as Lender shall request.

**9. GOVERNING LAW; SEVERABILITY.** Paragraph 15 of the Deed of Trust is amended to read in its entirety as follows:

"15. **GOVERNING LAW; SEVERABILITY.** THE LOAN SECURED BY THIS DEED OF TRUST is made pursuant to, and shall be construed and governed by, the laws of the United States and the rules and regulations promulgated thereunder, including the federal laws, rules and regulations for federal savings and loan associations. If any paragraph, clause or provisions of this Deed of Trust or the Note or any other notes or obligations secured by this Deed of Trust is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so construed or interpreted and shall not affect the remaining paragraphs, clauses and provisions of this Deed of Trust or the Note or other notes or obligations secured by this Deed of Trust."

**10. SUBSTITUTION OF TRUSTEE.** Lender may, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named in the Deed of Trust or acting thereunder, which instrument executed and acknowledged by Lender and recorded in the office of the recorder of the county or counties where the property secured by the Deed of Trust is situated, shall be conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties. The procedure herein provided for substitution of Trustees shall not be exclusive of other provisions for substitution permitted by law.

**11. OFFSETS.** No indebtedness secured by the Deed of Trust shall be deemed to have been offset or to be offset or compensated by all or part of any claim, cause of action, counterclaim, or crossclaim, whether liquidated or unliquidated which Borrower now or hereafter may have or may claim to have against Lender, and, in respect to the indebtedness now or hereafter secured hereby.

**12. MISREPRESENTATION OR NONDISCLOSURE.** Borrower has made certain written representations and disclosures in order to induce Lender to make the loan evidenced by the Note or notes which the Deed of Trust secures, and in the event that Borrower has made any material misrepresentation or failed to disclose any material fact, Lender, at its option and without prior notice, shall have the right to declare the indebtedness secured by the Deed of Trust, irrespective of the maturity date specified in the Note or notes, immediately due and payable. Trustee, upon presentation to it of an affidavit signed by Lender setting forth facts showing a default by Borrower under this paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

**13. APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Lender under the Note and Deed of Trust or this Rider shall be applied at Lender's discretion, in any manner Lender so determines.

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**14. CONSTRUCTION OF IMPROVEMENTS.** If the loan secured hereby, or any part thereof, is being obtained for the purpose of constructing improvements on the property, Borrower also agrees to carry out and complete such improvements in accordance with the terms of the Building and Loan Agreement executed in connection therewith and the Deed of Trust shall be deemed a "Construction Mortgage" as said term is defined in Arizona Revised Statutes, §44-3134. Any default of Borrower in the terms, covenants, conditions and provisions of said Building and Loan Agreement and this Deed of Trust and Rider shall constitute a default under each and both of said instruments. Notice is hereby given to all concerned that the proceeds of any construction loan secured hereby may be collaterally assigned under such Building and Loan Agreement, pending completion of improvements in accordance with approved plans and specifications, and that a portion of such loan proceeds may be disbursed for land acquisition costs or for the payments or encumbrances previously existing on said realty.

**15. WAIVER OF STATUTE OF LIMITATIONS.** Borrower hereby waives to the fullest extent permitted by law the right to plead any statute of limitations as a defense to any demand or obligation secured hereby.

**16. TRANSFER FEE.** Borrower hereby agrees that Lender shall have the right to assess a transfer fee in the amount of 1% of the principal balance in the event all or any part of the property or an interest therein is hereinafter subsequently sold, conveyed or transferred; or in the event that Lender is requested to approve a proposed sale, conveyance, or transfer, whether or not the Lender undertakes to make an evaluation of the security and/or creditworthiness of the proposed person to whom the property is to be sold, conveyed or transferred. The terms, "sold, conveyed or transferred" as used throughout this document, shall be deemed to include Borrower's transfer of title to the property, whether legal or equitable in any manner whatsoever, including, but not limited to a transfer pursuant to a contract to sell or convey.

**17. STATEMENT OF OBLIGATION.** Lender may collect a fee of \$100.00 or such greater maximum amount as is allowed by law for furnishing any statement of obligation, beneficiary's statement, beneficiary's demand or any other statement regarding the condition of or balance owing under the Note or secured by this Deed of Trust.

**18. ACCELERATION.** If any monthly installment under the Note or this Rider is not paid when due or if default be made in any term or condition under the Deed of Trust or under this Rider, then the entire principal sum, accrued interest and all other amounts due thereunder shall become due and payable without notice or demand at the option of the Lender with interest thereon after the date of exercise of such option at the highest contract rate authorized by Federal Regulation in effect at the time of default. However, if there is no maximum interest rate or contract limitation in effect, interest shall be charged at the rate of 2% over the Note interest rate. This provision specifically eliminates the 30-day notice requirement set forth in the second paragraph of the Note and paragraph 18 of the Deed of Trust.

**19. WAIVER.** Lender's failure through inadvertence or mistake to invoke a mandatory increase in interest rate, collect late charges or any other similar rights granted to Lender in the Note, Deed of Trust or this Rider shall not be deemed a waiver of any such right unless agreed to in writing by Lender pursuant to a separate written instrument entitled "Waiver." Lender may retroactively enforce such rights against any Borrower even if such Borrower has been released from liability under the Note, Deed of Trust or Rider.

**20. EFFECT OF RIDER.** Except as otherwise provided in this Rider, all of the provisions of the Note and Deed of Trust shall remain in full force and effect.

Merlin K Duval  
MERLIN K DUVAL

x Carol N. Duval  
CAROL N DUVAL

Fredrick P Duval  
FREDERICK P DUVAL

STATE OF ARIZONA

County of MARICOPA

The foregoing instrument was acknowledged before me the 4th day of October, 19 83

by MERLIN K DUVAL AND CAROL N DUVAL AND FREDERICK P DUVAL

My Commission expires 8/14/85

Rebecca A. Simms  
Notary Public

State of Arizona

County of Pima

ss.

On this the 3rd day of OCTOBER, 19 83 before me, the undersigned  
the undersigned, a Notary Public, personally appeared CAROL N. DUVAL AND

known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

My Commission expires

Robert J. Schell  
NOTARY PUBLIC

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## CONDOMINIUM RIDER

This Condominium Rider is made this 27TH day of SEPTEMBER, 19 83, and is incorporated into and shall be deemed to amend and supplement a Mortgage, Deed of Trust or Deed to Secure Debt (herein "security instrument") dated of even date herewith, given by the undersigned (herein "Borrower") to secure Borrower's Note to First Federal Savings, a federally chartered association, 3003 N. Central Avenue, Phoenix, Arizona 85012 (herein "Lender") and covering the Property described in the security instrument and located at 6236 N 16TH ST #17, PHOENIX, AZ 85016

(Property Address)

The Property comprises a unit in, together with an undivided interest in the common elements of, a condominium project known as LOS BLANCOS CONDOMINIUMS

(Name of Condominium Project)

(herein "Condominium Project").

**CONDOMINIUM COVENANTS.** In addition to the covenants and agreements made in the security instrument, Borrower and Lender further covenant and agree as follows:

**A. Assessments.** Borrower shall promptly pay, when due, all assessments imposed by the Owners Association or other governing body of the Condominium Project (herein "Owners Association") pursuant to the provisions of the declaration, by-laws, code of regulations or other constituent document of the Condominium Project.

**B. Hazard Insurance.** So long as the Owners Association maintains a "master" or "blanket" policy on the Condominium Project which provides insurance coverage against fire, hazards included within the term "extended coverage," and such other hazards as Lender may require, and in such amounts and for such periods as Lender may require, then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the premium installments for hazard insurance on the Property;

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied; and

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(iii) the provisions in Uniform Covenant 5 regarding application of hazard insurance proceeds shall be superseded by any provisions of the declaration, by-laws, code of regulations or other constituent document of the Condominium Project or of applicable law to the extent necessary to avoid a conflict between such provisions and the provisions of Uniform Covenant 5. For any period of time during which such hazard insurance coverage is not maintained, the immediately preceding sentence shall be deemed to have no force or effect. Borrower shall give Lender prompt notice of any lapse in such hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any such proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the security instrument, with the excess, if any, paid to Borrower.

**C. Lender's Prior Consent.** Borrower shall not, except after notice to Lender and with Lender's prior written consent, partition or subdivide the Property or consent to:

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any material amendment to the declaration, by-laws or code of regulations of the Owners Association, or equivalent constituent document of the Condominium Project, including, but not limited to, any amendment which would change the percentage interests of the unit owners in the Condominium Project; or

(iii) the effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the Condominium Project.

**D. Remedies.** If Borrower breaches Borrower's covenants and agreements hereunder, including the covenant to pay when due condominium assessments, then Lender may invoke any remedies provided under the security instrument, including, but not limited to, those provided under Uniform Covenant 7.

IN WITNESS WHEREOF, Borrower has executed this Condominium Rider.

Merlin K DuVal  
MERLIN K DUVALY

-Borrower

x Carol N. DuVal  
CAROL N DUVALY

-Borrower

Frederick P DuVal  
FREDERICK P DUVALY

-Borrower

-Borrower

LOAN NUMBER 101138024