

**C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER;  
ASSUMPTIONS**

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

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

- (a) I cause to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee;
- (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender; and
- (c) Lender and the transferee agree to raise the interest rate, the Margin and the interest rate change caps to the Lender's then current requirements. "Lender" means the owner of my note if it has been sold by the original lender on the secondary market.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. I will continue to be obligated under the Note and this Security Instrument unless Lender releases me in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give me 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 I must pay all sums secured by this Security Instrument. If I fail 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 me.

BY SIGNING BELOW, I (we) accept and agree to the terms and covenants contained in this Capped One-Year ARM Rider.

*Robert L. Merz*  
Borrower Robert L. Merz

*Jennifer J. Merz*  
Borrower Jennifer J. Merz