

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below.



/S/ RUSS KENDIG

Russ Kendig
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)	
)	CHAPTER 7
MICHELLE L. CASTO,)	
)	CASE NO. 09-63299
Debtor.)	
_____)	ADV. NO. 10-6027
)	
ANNE PIERO SILAGY, TRUSTEE,)	JUDGE RUSS KENDIG
)	
Plaintiff,)	
)	
v.)	
)	
BAC HOME LOANS SERVICING, L.P.,)	
)	MEMORANDUM OF OPINION
Defendant.)	(NOT FOR PUBLICATION)
)	

On April 21, 2010, BAC Home Loans Servicing filed a motion to dismiss this adversary proceeding. This motion is now before the Court.

The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334(b) and the general order of reference entered in this district on July 16, 1984. This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (K) and (O). Venue is appropriate under 28 U.S.C. § 1409. The following constitutes the Court's findings of fact and conclusions of law pursuant to Federal Rule of Bankruptcy Procedure 7052.

This opinion is not intended for publication or citation. The availability of this opinion, in electronic or printed form, is not the result of a direct submission by the Court.

BACKGROUND

Debtor Michelle L. Casto (“debtor”) is a co-owner of real property identified as Stark County Parcel No 62-00128 and commonly known as 5370 Wayesburg Drive SE, Waynesburg, OH 44688. On June 21, 2005, debtor and non-debtor Barbara A. Barnett executed a mortgage (“mortgage”) in favor of Mortgage Electronic Registration Systems, Inc. (“MERS”), as nominee for lender RBC Mortgage Company.¹ The mortgage is attached to this opinion as Exhibit A. The mortgage was recorded with the Stark County Recorder on June 22, 2005 as instrument number 200506220040259. On June 25, 2009, MERS assigned its interest in debtor’s mortgage to BAC.

On March 18, 2010, chapter 7 panel trustee Anne Piero Silagy (“trustee”) filed a complaint seeking to avoid the mortgage pursuant as to 11 U.S.C. § 544 and Ohio Revised Code § 5302.12. According to the trustee, the mortgage is avoidable because the mortgage does not define “borrower” to include the debtor, and, as a result, the debtor’s name does not appear in the granting clause.

The section of the mortgage that defines “borrower” appears as follows:

(B) “Borrower” is BARBARA A. BARNETT, an Unmarried Woman.

HTTA: Barbara A Barnett and Michelle Casto
B A B M C.

Two other features of the mortgage are relevant to the parties’ arguments. First, each page of the mortgage is initialed by the debtor, Barbara A. Barnett, and Jessie A. Casto, who signed the mortgage to release his dower interest.

¹The debtor signed for Barbara A. Barnett as her attorney-in-fact. The trustee’s complaint does not allege that this was improper.

Second, the signature block of the mortgage appears as follows:

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

Witnesses:

_____	<i>Barbara A. Barnett</i> acting herein by and through her lawful agent and attorney-in-fact <i>Michelle Casto</i> (Seal)	
	BARBARA A. BARNETT Borrower acting herein by and through his/her lawful agent and attorney-in-fact MICHELLE CASTO	(Seal) Borrower
_____ (Seal) Borrower	<i>Michelle Casto</i> <i>Michelle Casto</i>	(Seal) Borrower
_____ (Seal) Borrower	<i>Jessie A. Casto releasing Dower Interest</i> <i>Jessie A. Casto</i>	(Seal) Borrower
_____ (Seal) Borrower	<i>Jessie A. Casto</i> Releasing Dower Interest	(Seal) Borrower

STANDARD FOR DISMISSAL

Federal Rule of Civil Procedure 12(b)(6) allows a party to move for dismissal if the opposing party’s complaint fails to state a claim on which relief can be granted. When considering a Rule 12(b)(6) motion, the Court must assume that all the factual allegations are true and determine whether those allegations give rise to a right to relief beyond a speculative level. Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 554–56 (2007). Documents attached to a complaint or referenced therein become part of the pleadings and may be considered on a motion to dismiss. Commercial Money Center, Inc. v. Illinois Union Ins. Co., 508 F.3d 327, 335–36 (6th Cir. 2007).

LAW AND ANALYSIS

Ohio Revised Code § 5301.01(A) establishes the requirements for a properly executed mortgage and requires that a mortgage be signed by the mortgagor:

(A) A deed, mortgage, land contract . . . or lease of any interest in real property and a memorandum of trust . . . shall be signed by the grantor, mortgagor, vendor, or lessor in the case of a deed, mortgage, land contract, or lease or shall be signed by the trustee in the case of a memorandum of trust. . . .

Ohio Revised Code § 5302.12 provides a sample form for an Ohio mortgage. The form includes a signature line for the “mortgagor.” The form does not include a definition section, but

provides that the parties “may insert in the mortgage any other lawful agreement or condition.” Importantly, “R.C. 5302.12 only requires that a mortgage follow ‘in substance’ the form set forth in that section; it does not demand perfection.” Equifirst Corp. v. Kaehne, 2008 WL 3271249, *9 (Ohio App. 2008).

Under Ohio law, “a writing, or writings executed as part of the same transaction, will be read as a whole, and the intent of each part will be gathered from a consideration of the whole.” Foster Wheeler Enviroresponse, Inc. v. Franklin County Convention Facilities Authority, 678 N.E.2d 519, 526 (1997). In considering whether a party is a mortgagor in substance, courts have considered factors such as whether the party is defined as mortgagor, the manner in which the party signed the mortgage, and whether the party initialed each page of the mortgage. *E.g.*, Wells Fargo Bank v. Nelson, 2009 WL 1651533, *3–*4 (S.D. Ohio); Kaehne, 2008 WL 3271249, at *6–*9.

In this case, the parties clearly intended the debtor to be a mortgagor. The definition of “borrower” is ambiguous. However, the debtor initialed each page of the mortgage, and signed the mortgage as “borrower.” Furthermore, the Court notes that Jessie A. Casto signed the mortgage to release his dower interest. If the parties did not intend the debtor to be a mortgagor, BAC would not have required Jessie A. Casto’s signature.

As BAC points out, the facts in this case are similar to the facts in Kaehne. In Kaehne, the defendant in a state court foreclosure action contended that her mortgage was invalid because the it did not define her as a borrower. Kaehne, 2008 WL 3271249, at *9. However, she initialed every page of the mortgage and signed the mortgage as a borrower. Id. The court rejected the defendant’s arguments because the error was not substantial enough to set aside the mortgage. Id. at *9.

On the other hand, the facts in this case are easily distinguished from the facts in Nelson. In Nelson, the definition section of the mortgage clearly specified that the debtor was signing only to release her dower interest, and the debtor signed the mortgage as a “non-borrower.” Nelson, 2009 WL 3271249, at *1. Under these circumstances, it was blatantly obvious to the court that the debtor had no intent to mortgage her interest in her property. *See id.* at *4.

Accordingly, BAC’s motion to dismiss is granted.

An order will issue simultaneously with this opinion.

#

SERVICE LIST:

Anne Piero Silagy
220 Market Ave South
Suite 900
Canton, Oh 44702

John J Rutter
Roetzel & Andress, LPA
222 S. Main Street
Akron, OH 44308

BAC Home Loans Servicing, LP fka Countrywide Home Loans Servicing L.P.
c/o CT Corporation System
1300 E. Ninth Street
Cleveland, OH 44114

Robert B Holman
Holman, Frank & McDonald
PO Box 46390
Cleveland, OH 44146

199

3
me

Return To:
RBC Mortgage Company
13100 Northwest Freeway, Suite 200
Houston, TX 77040

Instr: 200506220040259 06/22/2005
P: 1 of 16 F: \$140.00 12:29PM MTGE
Rick Campbell Stark County Recorder T20050026731

Prepared By:
RBC Mortgage Company
13100 Northwest Freeway, Suite 200
Houston, TX 77040

NETWIDE TITLE AGENCY, INC.
100 Lincoln Way East
Suite 120
Massillon, OH 44646
5093-05

[Space Above This Line For Recording Data]

MORTGAGE

MIN 100058900103002846

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated June 21, 2005 together with all Riders to this document.

(B) "Borrower" is **BARBARA A. BARNETT, an Unmarried Woman.**

HTTA: Barbara A. Barnett and Michelle Casto
B A B. M C.

Borrower is the mortgagor under this Security Instrument.

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

(D) "Lender" is RBC Mortgage Company

Lender is a Corporation organized and existing under the laws of Illinois
Lender's address is 13100 Northwest Freeway, Suite 200, Houston, TX 77040

329-10327899

OHIO-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS

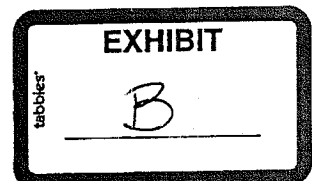
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VMP-6A(OH) (0405)

Page 1 of 15

VMP Mortgage Solutions Inc (800)521-7291

Jac.
B.A.B.
Initials: M.C.



Instr: 200506220040259 06/22/2005
 P: 2 of 16 F: \$140.00 12:28PM MTGE
 Rick Campbell Stark County Recorder T20050028731

(E) "Note" means the promissory note signed by Borrower and dated June 21, 2005
 The Note states that Borrower owes Lender

Dollars
 (U.S. \$ 90,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic
 Payments and to pay the debt in full not later than July 1, 2035

(F) "Property" means the property that is described below under the heading "Transfer of Rights in the
 Property."

(G) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges
 due under the Note, and all sums due under this Security Instrument, plus interest.

(H) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following
 Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|--|---|--|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify]: |

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

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

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

(L) "Escrow Items" means those items that are described in Section 3.

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

(N) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on,
 the Loan.

(O) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the
 Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(P) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its
 implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to
 time, or any additional or successor legislation or regulation that governs the same subject matter. As used
 in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard
 to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage
 loan" under RESPA.

329-10327899

VMP-5A(OH) (0405)

Page 2 of 15

Initials B.A.B.
 m.e.
 gac

Form 3036 1/01



Instr: 200505220040259 06/22/2005
 P: 3 of 16 F: \$140.00
 Rick Campbell 12:29PM HTGE
 Stark County Recorder T20050028731

(Q) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS the following described property located in the

of **STARK** [Name of Recording Jurisdiction]
 [Type of Recording Jurisdiction]
 See Exhibit "A" attached hereto and incorporated herein by reference for all purposes.

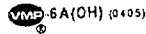
Parcel ID Number: which currently has the address of
 5370 WAYNESBURG DRIVE SOUTHEAST [Street]
 WAYNESBURG [City], Ohio 44688 [Zip Code]
 ("Property Address"):

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, 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.

329-10327899



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 M.C.
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Instr: 200505220646259 06/22/2005
P: 4 of 16 F: \$140.00
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LEGAL DESCRIPTION EXHIBIT "A"

SITUATED IN THE TOWNSHIP OF SANDY, COUNTY OF STARK AND STATE OF OHIO:

KNOWN AS AND BEING PART OF THE NORTHEAST QUARTER OF SECTION 6, (T-17, R-7), MORE FULLY BOUNDED AND DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER OF SECTION 6, THENCE SOUTH 03 DEGREES 05' 01" WEST ALONG THE WEST LINE OF SAID QUARTER SECTION, A DISTANCE OF 333.67 FEET TO A MAGNETIC NAIL WITH FLASHER SET ON THE CENTERLINE OF WAYNESBURG DRIVE S.E., A 60 FOOT PUBLIC RIGHT-OF-WAY, PASSING OVER, FOR REFERENCE, A 1 INCH IRON BAR WITH SQUARE TOP FOUND AT A DISTANCE OF 9.79 FEET, SAID MAGNETIC NAIL BEING THE TRUE PLACE OF BEGINNING FOR THE TRACT OF LAND HEREIN DESCRIBED;

1. THENCE NORTH 18 DEGREES 58' 47" EAST A DISTANCE OF 96.98 FEET TO A 5/8 INCH IRON BAR SET, PASSING OVER A 5/8 INCH IRON BAR SET AT 54.94 FEET;
2. THENCE NORTH 67 DEGREES 30' 02" EAST A DISTANCE OF 215.00 FEET TO A 5/8 INCH IRON BAR SET;
3. THENCE NORTH 33 DEGREES 39' 29" EAST A DISTANCE OF 123.43 FEET TO A 5/8 INCH IRON BAR SET ON A WESTERLY LINE OF A TRACT OF LAND NOW OR FORMERLY OWNED BY R. KING;
4. THENCE SOUTH 02 DEGREES 49' 00" WEST ALONG SAID KING TRACT, A DISTANCE OF 219.95 FEET TO A 5/8 INCH IRON BAR SET IN A DITCH AT A CORNER OF SAID KING TRACT;
5. THENCE SOUTH 65 DEGREES 19' 00" WEST ALONG SAID KING TRACT, A DISTANCE OF 302.19 FEET TO A MAGNETIC NAIL WITH FLASHER SET ON THE CENTERLINE OF SAID WAYNESBURG DRIVE, PASSING OVER A 5/8 INCH BAR SET AT 30.92 FEET FROM SAID NAIL;
6. THENCE NORTH 10 DEGREES 38' 43" WEST ALONG SAID CENTERLINE, A DISTANCE OF 54.61 FEET TO A MAGNETIC NAIL WITH FLASHER SET AT A POINT OF CURVATURE;
7. THENCE ALONG SAID CENTERLINE ON A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 01 DEGREES 25' 17", A RADIUS OF 636.62 FEET, A TANGENT OF 7.90 FEET, A CHORD OF 15.79 FEET, AND A CHORD BEARING OF NORTH 11 DEGREES 21' 21" WEST, AN ARC DISTANCE OF 15.79 FEET TO THE TRUE PLACE OF BEGINNING.

THE ABOVE DESCRIBED TRACT OF LAND CONTAINS 1.000 ACRE OF LAND AS SURVEYED UNDER THE SUPERVISION OF BRUCE D. CONERY, P.S. NO. 6499 OF BUCKEYE SURVEYING SERVICES, INC., OF CANTON, OHIO, IN JULY OF 1996, AND IS PART OF A TRACT OF LAND CONVEYED TO R. & N. ALM JR. BY A DEED RECORDED IN OFFICIAL RECORD 503, PAGE 503 OF THE STARK COUNTY RECORDS.

BASIS OF BEARINGS: NORTH 87 DEGREES 00' 00" WEST ON THE NORTH LINE OF SECTION 6 AS PER OFFICIAL RECORD 503, PAGE 503

PERMANENT PARCEL NUMBER: 62-00128

PROPERTY ADDRESS: 5370 WAYNESBURG DRIVE S.E., WAYNESBURG, OHIO 44688

x B.A.B
x M.C.
x J.A.C.

Instr: 200506220840259 06/22/2005
P: 5 of 15 F: \$140.00
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Stark County Recorder T200508028731

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

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community

329-10327899

VMP-6A(OH) (04-05)

Page 4 of 15

Initials: *B.A.B.*
m.c.
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Form 3036 1/01



Instr: 20050622004025 06/22/2005
 P: 5 of 16 F: \$140.00
 Rick Campbell 12:29PM TGE
 Stark County Recorder T20050028731

Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

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, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to

329-10327899
 VMIP-8A(OH) (0405)

Page 5 of 16

Initials: D.A.B.
 J.C.E.

Form 3036 1/01

Instr: 200506220040259 06/22/2005
P: 7 of 16 F: \$140.00
Rick Campbell 12:29PM TGE
Stark County Recorder T20050028731

prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; 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 can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property 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 including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

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, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any

329-10327899

VMP 6A(OH) (0405)

Page 6 of 15

Initials B.A.B
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Form 3036 1/01



Instr: 200505220040259 06/22/2005
 P: 8 of 16 F: \$140.00
 Rick Campbell 12:29PM TGE
 Stark County Recorder T20050028731

interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. 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 the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

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

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is

329-10327899

VMIP-6A(OH) (0405)

Page 7 of 15

Initials: *D.A.B.*
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Form 3036 1/01

Instr: 200506220640259 06/22/2005
P/S of 16 F: \$140.00 12: 29PMMTGE
Rick Campbell Stark County Recorder T20050028731

reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source

329-10327899

VMP-6A(OH) (0405)

Page 8 of 15

Initials: BAB
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Form 3036 1/01

Instr: 200508220040259 06/22/2005
P: 18 of 18 F: \$140.00
Risk: Campbell 12:29PM MTGE
Stark County Recorder T200508220040259

of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

329-10327899

VMP-6A(OH) (04/05)

Page 9 of 15

Initials: B.A.B.
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Form 3036 1/01

Instr: 200506220040259 06/22/2005
P: 11 of 16 F: \$140.00 12:29PM TGE
Rick Campbell Stark County Recorder T20050028731

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to 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 Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. 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 Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to 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 any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer'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 can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

329-10327899

VMP-6A(OH) (0405)

Page 10 of 15

Initials: D.A.B.
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Form 3036 1/01

Instr: 200506220040289 06/22/2005
P: 12 of 16 P: \$140.00
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Stark County Recorder T20050628731

If the Loan 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 (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. 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.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

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

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

329-10327899

VMP-SA(OH) (0405)

Page 11 of 15

Initials: B.A.S.

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Form 3036 1/01



Instr: 20050220646239
 P: 13 of 16 F: \$140.00 06/22/2005
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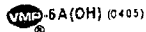
If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails 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.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) 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 as if no acceleration had 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, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and 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 Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

329-10327899



Page 12 of 15

Initials *B.A.B.*
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Form 3036 1/01

Instr: 20050220040259
P: 14 of 18 F: \$140 00 06/22/2005
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21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

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

22. 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 Section 18 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, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. 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 foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, costs of title evidence.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall discharge this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

329-10327899

VMP-6A(OH) (0405)

Page 13 of 15

Initials B.A.B.
M.C.
J.A.C.

Form 3036 1/01



Instr: 200506220040259 06/22/2005
 P: 15 of 16 F: \$140 00
 Risk Campbell 12:29PM TGE
 Stark County Recorder T200506220731

24. **Certain Other Advances.** In addition to any other sum secured hereby, this Security Instrument shall also secure the unpaid principal balance of, plus accrued interest on, any amount of money loaned, advanced or paid by Lender to or for the account and benefit of Borrower, after this Security Instrument is delivered to and filed with the Recorder's Office, STARK County, Ohio, for recording. Lender may make such advances in order to pay any real estate taxes and assessments, insurance premiums plus all other costs and expenses incurred in connection with the operation, protection or preservation of the Property, including to cure Borrower's defaults by making any such payments which Borrower should have paid as provided in this Security Instrument, it being intended by this Section 24 to acknowledge, affirm and comply with the provision of Section 5301.233 of the Revised Code of Ohio.

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

Witnesses:

Barbara A. Barnett
 acting herein by and through his/her
 lawful agent and attorney-in-fact
Michelle Casto (Seal)

BARBARA A. BARNETT -Borrower
 acting herein by and through his/her
 lawful agent and attorney-in-fact
 MICHELLE CASTO

(Seal)
 -Borrower

(Seal)
 -Borrower

Michelle Casto (Seal)
Michelle Casto -Borrower

*Jessie A. Casto releasing
 Dower Interest*

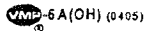
(Seal)
 -Borrower

Jessie A. CASTO -Borrower
 Releasing Dower
 Interest

(Seal)
 -Borrower

(Seal)
 -Borrower

329-10327899





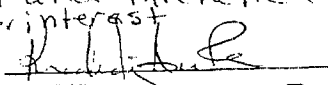
Instr: 200506220040259
 P: 16 of 16 F: \$140.00 06/22/2005
 Rick Campbell 12:29PM TGE
 Stark County Recorder T20050028731

STATE OF OHIO, STARK

STARK County ss:

This instrument was acknowledged before me this 21st day of June 2005 by
 BARBARA A. BARNETT, an Unmarried Woman acting herein by
 and through her lawful agent and atty-in-
 fact Michelle Casto, and Michelle Casto

HITTA: Barbara A. Barnett and Michelle Casto
 (Jessie A. Casto releasing dower interest)
 My Commission Expires: 2-26-2009


 Notary Public
 Kimbrelly Ann BEAM

This instrument was prepared by
 RBC Mortgage Company
 13100 Northwest Freeway, Suite 200
 Houston, TX 77040

329-10327899

VMP-5A(OH) (0405)

Page 15 of 15

Initials: B.A.B.
M.C.

Form 3036 1/01