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After Recording Return to:  
Preston Gates & Ellis LLP  
5000 Columbia Center/Attn: Donna Findlay  
701 Fifth Avenue  
Seattle, WA 98104

File No.:	38074-50029
Grantor:	Ivan E. Kyniston
Beneficiary:	NovaStar Mortgage, Inc.
Original Trustee	Klamath County Title Company
Trust Deed Recording Number	Recorder's Fee No. 37223, Book M-97, Page 13854
Legal Description:	Lot 18, Block 4, Altamont Acres, in the County of Klamath, State of Oregon.

**ESTOPPEL DEED**

THIS INDENTURE, between Ivan E. Kyniston and Linda S. Kyniston, an estate in fee simple as tenants by entirety, hereinafter called the first party, and NovaStar Mortgage, Inc., hereinafter called the second party: WITNESSETH:

Whereas, the title to the real property hereinafter described is vested in fee simple in the first party, subject to the lien of a mortgage or trust deed recorded in the Records of the county hereinafter named, made April 24, 1997, and recorded on May 6, 1997 under Recorder's Fee No. 37223, Book M-97, Page 13854, reference to those Records hereby being made, and the notes and indebtedness secured by the mortgage or trust deed are now owned by the second party, on which notes and indebtedness there is now owing and unpaid the sum of \$65,000.00, the same being now in default and the mortgage or trust deed being now subject to immediate

foreclosure; and whereas the first party, being unable to pay the same, has requested the second party to accept AN ABSOLUTE DEED OF CONVEYANCE OF THE PROPERTY in satisfaction of the indebtedness secured by the mortgage or trust deed, and the second party does now accede to that request;

Now, therefore, for the consideration hereinafter stated (which includes the cancellation of the notes and the indebtedness secured by the mortgage or trust deed and the surrender thereof marked "Cancelled" to the first party), the first party does hereby grant, bargain, sell and convey unto the second party and to the second party's heirs, successors and assigns, all of the following described real property, with the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, situated in Klamath County, State of Oregon, to-wit:

Lot 18, Block 4, Altamont Acres, in the County of Klamath, State of Oregon.

Property Address: 2750 Crest Street, Klamath Falls, OR 97603

This deed does not effect a merger of the fee ownership and the lien of the trust deed described above. The fee and lien shall hereafter remain separate and distinct.

The true and actual consideration for this conveyance is \$65,000.00

TO HAVE AND TO HOLD the same unto the second party, second party's heirs, successors-in-interest and assigns forever.

And the first party, for first party and first party's heirs and legal representatives, does covenant to and with the second party and second party's heirs, successors and assigns, that the first party is lawfully seized in fee simple of the property, free and clear of encumbrances except the mortgage or trust deed and not otherwise except for the following:

- General taxes, together with interest and penalty, if any.
- Easements, Restrictions, Covenants or Conditions imposed by instrument or contained on the face of the plat, if any.
- All liens of record as of July 21, 1999.

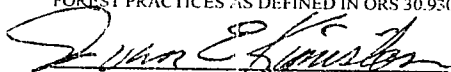
that the first party will warrant and forever defend the above granted premises, and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, other than the liens above expressly excepted; that this deed is intended as a conveyance, absolute in legal effect as well as in form, of the title to the premises to the second party and all redemption rights which the first party may have therein, and not as a mortgage, trust deed or security of any kind; that possession of the premises hereby is surrendered and delivered to the second party; that in executing this deed the first party is not acting under any misapprehension as to the effect thereof or under any duress, undue influence, or misrepresentation by the second party, or second party's

representatives, agents or attorneys; that this deed is not given as a preference over other creditors of the first party, and that at this time there is no person, partnership or corporation, other than the second party, interested in the premises directly or indirectly, in any manner whatsoever, except as set forth above.

In construing this instrument, it is understood and agreed that the first party as well as the second party may be more than one person; that if the context so requires the singular includes the plural, and that all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the first party has executed this instrument.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930

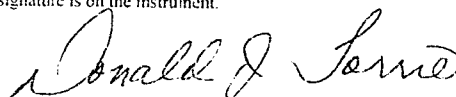


Ivan E. Kyniston

STATE OF OREGON )  
 ) ss:  
COUNTY OF KLAMATH )

SUBSCRIBED and sworn to before me on the 22 day of JULY, 1999 by Ivan E. Kyniston, whom I have determined from personal knowledge or from satisfactory evidence is the person whose true signature is on the instrument.

Dated: JULY 22, 1999.



Notary Public  
Print Name DONALD J. TORRIE  
My appointment expires 10-14-2001

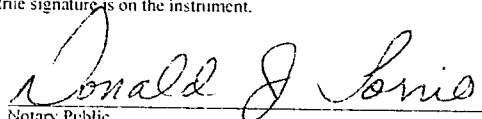


Linda S. Kyniston

STATE OF OREGON )  
 ) ss:  
COUNTY OF KLAMATH )

SUBSCRIBED and sworn to before me on the 22 day of JULY, 1999 by Linda S. Kyniston, whom I have determined from personal knowledge or from satisfactory evidence is the person whose true signature is on the instrument.

Dated: JULY 22, 1999.



Notary Public  
Print Name DONALD J. TORRIE  
My appointment expires 10-14-2001

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State of Oregon, County of Klamath  
Recorded 7/26/99, at 11:01 a. m.  
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Linda Smith,  
County Clerk Fee \$ 10.00 82

