

SUBORDINATE MORTGAGE

FHA #431-4049105703

WMC# 2093169

THIS SUBODINATE MORTGAGE ("Security Instrument") is given on **August 17, 2005**. The Mortgagor is **Michael Wilkeson & Dawn Wilkeson**, whose address is **2813 Darrow Ave, Klamath Falls, OR 97603 (Borrower's)**. This Security Instrument is given to the Secretary of Housing and Urban Development, and whose address is **U.S. Department of HUD c/o First Madison Services, 4111 S. Darlington, Suite 300, Tulsa, Oklahoma 74135 ("Lender")**. Borrower owes Lender the principal sum of **Three Thousand Five Hundred Seventy Five Dollars and Sixty-Five Cents (U.S. \$3575.65)** This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for the full debt, if not paid, earlier, due and payable on **February 1, 2034**.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under Paragraph 7 to protect the security of the Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, warrant, grant and convey to the Lender, with power of sale the following described property located in:

PARCEL 1: R443274 (LOT 3)

PARCEL 2: R443283 (LOT 4)

LOT 3 BLOCK 2, MILLS GARDENS, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE CLERK OF KLAMATH COUNTY, OREGON.

Which has the address of: **2813 Darrow Ave, Klamath Falls, OR 97603**

Original mortgage dated January 14, 2004 and recorded January 16, 2004, Volume #M04 and Page #03014

TOGETHER WITH all 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 COVENANTS that Borrower is lawfully seized 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 of the Property against all claims and demands, subject to any encumbrances or record.

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

Borrower and Lender covenant agree as follows:

UNIFORM COVENANTS.

1. Payment of Principal. Borrower shall pay when due the principal of the debt evidenced by the Note.
2. Borrower Note Released; Forbearance By Lender Not a Waiver. Extension of the time of payment of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for the payments or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
3. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument' (b) is not personally obligated to pay the sums secured by this Security Instrument' and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.
4. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to: **Department of Housing and Urban Development, Attention: Single Family Notes Branch, 451 Seventh St, SW, Washington, DC 10410** or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.
5. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of the Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of the Security Instrument and the Note are declared to be severable.
6. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

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

7. Acceleration; Remedies. [See instructions for state specific language]

If the Lender's interest in this Security Instrument is held by the Security and the Secretary requires immediate payment in full under the Paragraph 7 of the Subordinate Note, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this paragraph or applicable law.

[Add any state-specific paragraphs in accordance with attached instructions and the current edition of HUD Handbook 4165.1, Chapter 4.]

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

Witness's

Signature Mary Rose Wells
Name Printed: MARY ROSE WELLS

Signature Mary Rose Wells
Name Printed: MARY ROSE WELLS

Borrowers

Signature Michael R. Wilkeson
Michael Wilkeson

Signature Dawn F. Wilkeson
Dawn Wilkeson

-----[Space Below This Line is for Acknowledgement]-----

State of **Oregon**
County of **Klamath**

, To Witness:

On This 19th Day of **August, 2005**, Before me personally came: **Michael Wilkeson & Dawn Wilkeson** to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

My commission expires: 4/18/08

Prepared and When recorded return to:
Waterfield Mortgage Co.
C/o Ranelle Parker
7500 W. Jefferson Blvd.
Fort Wayne, IN 46804

