

M06-05380

Klamath County, Oregon

03/23/2006 03:48:00 PM

Pages 12 Fee: \$76.00

After recording please return to:
BSM FINANCIAL, L.P.

[Company Name]

[Name of Natural Person]

16479 DALLAS PARKWAY, SUITE 100

[Street Address]

ADDISON, TX 75001

[City, State Zip Code]

1st 772311
[Space Above This Line For Recording Data]

Loan Number: 5070712

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Agreement"), made March 1, 2006 between
CHRISTOPHER S. O'GRADY AND CINDI D. O'GRADY, HUSBAND AND WIFE

("Borrower")

and BSM FINANCIAL, L.P. DBA BANKSOURCE MORTGAGE

("Lender"),

amends (1) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), and Timely Payment
Rewards Rider, if any, dated September 14, 2005 and recorded in Book of Liber at
page(s) of the [Name of Records]

KLAMATH, Oregon [County and State, or other jurisdiction] and (2) the promissory note ("Note")
dated September 14, 2005, in the original principal amount of two hundred seventy five
thousand five hundred and NO/100ths (\$ 275,500.00) executed by
CHRISTOPHER S. O'GRADY AND CINDI D. O'GRADY, HUSBAND AND WIFE

("Maker")

payable to the order of BSM FINANCIAL LP DBA BANKSOURCE MORTGAGE

in accordance with the terms set forth therein. Borrower, if not presently primarily liable for the payment of the
Note, does hereby expressly assume all obligations under the payment of said Note. Borrower acknowledges that
Lender is the holder and the owner of the Note and understands that Lender may transfer the Note, as amended by
this Agreement, and that anyone who takes the Note by transfer and who is entitled to receive payments under the
Note is called "Lender" in this Agreement. The Note is secured by a Mortgage, Deed of Trust, or Deed to Secure
Debt (the "Security Instrument"), dated September 14, 2005, and filed for record on September 22, 2005,
under Book , Page of the real property records of KLAMATH
County, Oregon. Said Security Instrument conveys the real and personal property described
in such Security Instrument (the "Property") located at: 24666 WILSON ROAD, MERRILL, OR 97633

(Property Address)

which real property is more particularly described in the Security Instrument.

Borrower now desires to extend or rearrange the time and manner of (re)payment of the Note and to extend
and carry forward the lien(s) on the Property whether created by the Security Instrument or otherwise. Lender, the

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legal holder and owner of the Note and of the lien(s) securing the same has agreed at the request of Borrower to extend or rearrange the time and manner of payment of the Note.

For and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration paid by each to the other, the receipt and sufficiency of which are hereby acknowledged and confessed, and in consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. **Acknowledgment of Principal Balance:** Borrower acknowledges that as of the Effective Date, the amount payable under the Note and secured by the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 275,500.00 . Borrower hereby renews and extends such indebtedness and promises to pay jointly and severally to the order of Lender the sum of U.S. \$275,500.00 (the "Principal Balance"), consisting of the amount(s) loaned to Borrower by Lender and any accrued but unpaid interest capitalized to date.
2. **Repayment Terms:** Interest will be charged on the unpaid Principal Balance until the full amount of principal has been paid. Borrower will pay interest at the rate of 6.625 % per year from the Effective Date.
3. **Time and Place of Payments:** Borrower promises to make monthly principal and interest payments of \$ 1,764.06 , beginning on May 1, 2006 , and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on April 1, 2036 (the "Maturity Date"), Borrower still owes amounts under the Note and Security Instrument, as amended by this Agreement, Borrower will pay these amounts in full on the Maturity Date. Borrower will make such payments at PO BOX 2688, ADDISON, TX 75001
or at such other place as Lender may require.
4. **Late Charges for Overdue Payments:** If Lender has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, Borrower will pay a late charge to Lender. The amount of the charge will be 5.000 % of the overdue payment of principal and interest. Borrower will pay this late charge promptly but only once on each late payment. The late charge is not in lieu of any other remedy of Lender, including any default remedy, and will not be charged if such charge would constitute interest in excess of the maximum permitted by state law.
5. **Borrower's Right to Prepay:** Borrower has the right to make payments of principal at any time before they are due. A payment of principal only is known as a "Prepayment." When Borrower makes a prepayment, Borrower will tell the Note Holder in writing that Borrower is doing so.
6. **Renewal and Extension of Maturity:** It is the intention of the parties that all liens and security interests described in the Security Instrument are hereby renewed and extended (if the Maturity Date of the original Note has been changed) until the indebtedness evidenced by the Note, as renewed, modified, and extended (if Maturity Date of the original Note has been changed) hereby, has been fully paid. Lender and Borrower acknowledge and agree that such extension (if Maturity Date of the original Note has been changed), renewal, amendment, modification, or rearrangement shall in no manner affect or impair the Note or liens and security interests securing same, the purpose of this Agreement being simply to extend (if Maturity Date of the original Note has been changed), modify, amend or rearrange the time and the manner of payment of the Note and indebtedness evidenced thereby, and to carry forward all liens and security interests securing the Note (including if applicable any and all vendor's liens securing the Note), which are expressly acknowledged by Borrower to be valid and subsisting, and in full force and effect so as to fully secure the payment of the Note. Borrower hereby expressly waives the benefit of any and all statutes of limitation which might otherwise inure to Borrower's benefit, or be in any way applicable to Borrower's

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obligations under the terms of any and all instruments described herein.

7. **Transfer of the Property or a Beneficial Interest in Borrower:** "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 transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any interest in it 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.

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 delivered or mailed 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 the Security Instrument without further notice or demand on Borrower.

8. **Usury:** No provisions of this Agreement or the Note or any instrument evidencing or securing the Note, or otherwise relating to the indebtedness evidenced by the Note, shall require the payment or permit the demand, collection, application or receipt of interest in excess of the maximum permitted by applicable state or federal law. If any excess of interest in such respect is herein or in any such other instrument provided for, or shall be adjudicated to be so provided for herein or in any such instrument, the provisions of this paragraph shall govern, and neither Borrower nor any endorser or guarantor of the Note nor their respective heirs, personal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent it is in excess of the amount permitted by applicable law. It is expressly stipulated and agreed to be the intent of Borrower and Lender to at all times comply with the usury and other laws relating to the Note and the Security Instrument and any subsequent revisions, repeals or judicial interpretations hereof, to the extent applicable thereto. In the event Lender ever receives, collects or applies as interest any such excess, including but not limited to any "late charges" collected, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Note, and, if upon such application the principal balance of the Note is paid in full, any remaining excess shall be forthwith paid to Borrower and the provisions of the Note and the Security Instrument shall immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of execution of any new document, so as to comply with the then applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. In determining whether or not the interest paid or payable under any specific contingency exceeds the maximum interest allowed to be charged by applicable law, Borrower and Lender shall, to the maximum extent permitted under applicable law, amortize, prorate, allocate and spread the total amount of interest throughout the entire term of the Note so that the amount or rate of interest charged for any and all periods of time during the term of the Note is to the greatest extent possible less than the maximum amount or rate of interest allowed to be charged by law during the relevant period of time.

9. **Release and Waiver of Other Claims:** In consideration of the modification of certain provisions of the Note and Security Instrument, all as herein provided, and the other benefits received by Borrower hereunder, Borrower hereby RELEASES, RELINQUISHES, and forever DISCHARGES Lender, as well as its predecessors, successors, assigns, agents, officers, directors, employees and representatives, of and from any and all claims, demands, actions and causes of action of any and every kind of character, whether known or unknown, present or future, which Borrower may have against Lender, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, arising out of or with respect to any and all transactions relating to the Note and the Security Instrument occurring prior to the date

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hereof, including any loss, cost or damage, of any kind or character, arising out of or in any way connected with or in any way resulting from the acts, actions or omissions of Lender, and its predecessors, successors, assigns, agents, officers, directors, employees, and representatives, including any breach of fiduciary duty, breach of any duty of fair dealing, breach of confidence, breach of funding commitment, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, violations of the Racketeer Influenced and Corrupt Organizations Act, intentional or negligent infliction of mental distress, tortious interference with contractual relations, tortious interference with corporate governance or prospective business advantage, breach of contract, predatory lending practices, deceptive trade practices, libel, slander, conspiracy or any claim for wrongfully accelerating the Note or wrongfully attempting to foreclose on any collateral relating to the Note, but in each case only to the extent permitted by applicable law.

10. **Loan Documentation:** As amended hereby, the provisions of the Note and Security Instrument shall continue in full force and effect, and the Borrower acknowledges and reaffirms Borrower's liability to Lender thereunder. In the event of any inconsistency between this Agreement and the terms of the Note and Security Instruments, this Agreement shall govern. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement. Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and Security Instrument, and shall allow Lender to exercise all of its remedies set forth in said Security Instrument.
11. **Partial Invalidity:** In the event any portion of the sums intended to be secured by this Agreement cannot be lawfully secured, payments in reduction of such sums shall be applied first to those portions not secured.
12. **Co-Signer Liability:** Any Co-signer who signs this Agreement but has not executed the Note is co-signing this Agreement only to mortgage, grant and convey that Co-signer's interest in the Property under the terms of this Agreement. Co-signer is not personally obligated to pay the sums secured by the Security Instrument, and agrees that Lender and Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of the Note or the Security Instrument, without Co-signer's consent.
13. **Hazardous Substances:** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. 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. Borrower shall promptly give Lender written notice of 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. If Borrower learns, or is notified by any governmental or regulatory authority, 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. As used in this Paragraph 13, "Hazardous Substances" are those substances defined as toxic or hazardous substances 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. As used in this Paragraph 13, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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14. **Miscellaneous:** Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Agreement, the renewal and extension (if the Maturity Date of the original Note has been changed) and modification of the Note and Security Instrument and any other documents executed in connection herewith.

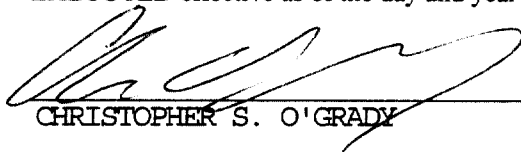
Lender does not, by its execution of this Agreement, waive any rights it may have against any person not a party hereto.

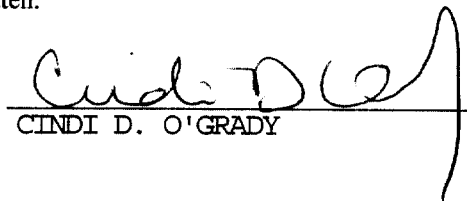
This Agreement may be executed in multiple counterparts, each of which shall constitute an original instrument, but all of which shall constitute one and the same Agreement.

15. **No Oral Agreements:** The written Loan Agreements represent the final agreements between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

EXECUTED effective as of the day and year first above written.


CHRISTOPHER S. O'GRADY (Borrower)


CINDI D. O'GRADY (Borrower)

(Borrower)

(Borrower)

ACCEPTED AND AGREED TO BY LENDER:
BSM FINANCIAL, L.P. DBA BANKSOURCE MORTGAGE

By:



Title:

Kyle Shaw
Vice President

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BORROWER ACKNOWLEDGMENT

State of Oregon §
County of Clatsop §

This instrument was acknowledged before me on march 22, 06, by
CHRISTOPHER S. O'GRADY and CINDI D. O'GRADY

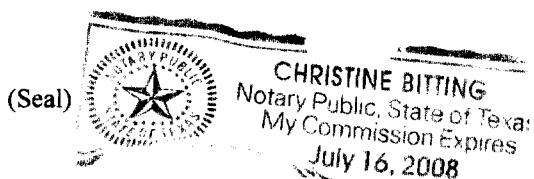


Adrien Fleeck
Notary Public, State of
My Commission Expires: 12-3-06

LENDER ACKNOWLEDGMENT

State of Texas §
County of Dallas §

The foregoing instrument was acknowledged before me on 3/10/2004 [date],
by Kyle Shaw BSM Financial, L.P. [name of officer or agent, title of officer or agent]
of Vice President [name of corporation acknowledging],
[state or place of incorporation], corporation on behalf of the corporation.



Christine Bitting
Notary Public, State of
My Commission Expires:

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O'GRADY

EXHIBIT "A" - LEGAL DESCRIPTION - PAGE 1 of 1

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

INCLUDES MANUFACTURED HOUSING UNIT(S) DESCRIBED AS FOLLOWS:

MAKE: PALM HARBOR HOMES, INC.

MODEL: SV471A2

WIDTH: 41

LENGTH: 71

SERIAL #: 203674

YEAR: 2006

SAID UNIT(S) ATTACHED TO THE LAND IN A PERMANENT MANNER SO AS TO BE
RENDERED AN IMMOVABLE FIXTURE AND AN INTEGRAL PART OF THE SUBJECT PROPERTY.

After recording please return to:

BSM FINANCIAL, L.P.

[Company Name]

[Name of Natural Person]

16479 DALLAS PARKWAY, SUITE 100

[Street Address]

ADDISON, TX 75001

[City, State Zip Code]

_____[Space Above This Line for Recording Data]_____

AFFIXATION AFFIDAVIT REGARDING MANUFACTURED (AND FACTORY BUILT) HOUSING UNIT

THE STATE OF Oregon

COUNTY OF KLAMATH

BEFORE ME, the undersigned authority, on this day personally appeared CHRISTOPHER S. O'GRADY and CINDI D. O'GRADY

known to me to be the person(s) whose name(s) is/are subscribed below, and who, being by me first duly sworn, did each on his or her oath state as follows:

- 1) The manufactured housing unit located on the following described property located in KLAMATH County, Oregon, is affixed to a permanent foundation and will assume the characteristics of site-built housing:
SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF

- 2) The wheels, axles and towbar or hitch were removed from the frame of said manufactured housing unit when said unit was placed on its permanent site.
- 3) All foundations, both perimeter and piers, for said manufactured housing unit have footings that are located below the frost line.
- 4) If piers are used for said manufactured housing unit they are placed where said housing unit manufacturer recommends.
- 5) If state law so requires, anchors for said manufactured housing unit have been provided.
- 6) The foundation system of the manufactured housing unit meets applicable state installation requirements.
- 7) The manufactured housing unit is permanently connected to a septic tank or sewage system and other utilities such as electricity, water and natural gas.
- 8) No other lien or financing affects said manufactured housing unit, other than as disclosed in writing to Lender.

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Affixation Affidavit Regarding Manufactured (and Factory Built) Housing Unit

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- 9) Said manufactured housing unit has been built pursuant to the National Manufactured Home Construction and Safety Standards that became effective on June 15, 1976.
- 10) Borrower(s) acknowledges his or her intent that said manufactured housing unit is a part of the real property securing the security instrument.
- 11) The manufactured housing unit will be assessed and taxed by the applicable taxing jurisdiction. I/We understand that if Lender does not escrow for these taxes that I/we will be responsible for payment of such taxes.
- 12) If the land is being purchased, such purchase and said manufactured housing unit represent a single real estate transaction under applicable state law.

Borrower(s) certifies that Borrower(s) is in receipt of manufacturer's recommended maintenance program regarding the carpet and manufacturer's warranties covering the heating/cooling systems, hot water heater, range, etc.; and the formaldehyde health notice.

LENDER:

By: _____

Its: _____

Kyle Shaw
Vice President

BORROWER(S):

CHRISTOPHER S. O'GRADY

3-22-06
(Borrower) (Date)

CINDI D. O'GRADY

3-22-06
(Borrower) (Date)

(Borrower) (Date)

(Borrower) (Date)

[Acknowledgments on Following Page]

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Affixation Affidavit Regarding Manufactured (and Factory Built) Housing Unit

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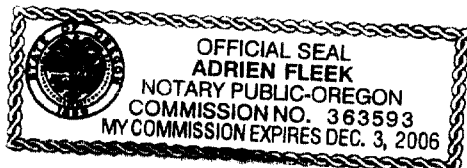


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BORROWER ACKNOWLEDGMENT

State of Oregon §
County of KLAMATH §
§

This instrument was acknowledged before me on march 22, 06
by CHRISTOPHER S. O'GRADY and CINDI D. O'GRADY



(Seal)

Adrien Fleen
Signature of Notarial Officer

Exrow Officer
Title of Notarial Officer

My commission expires: 12-3-06

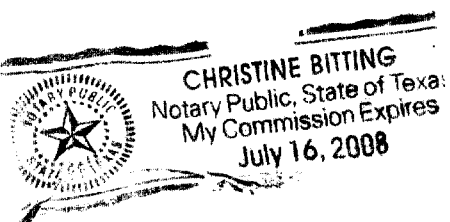
LENDER ACKNOWLEDGMENT

State of Texas §
County of Dallas §
§

This instrument was acknowledged before me on
by

Kyle Shaw [date],
Vice President [name of agent],
a [title of agent] of
[name of entity acknowledging],
[state and type of entity], on behalf of BSM Financial, L.P. [name of entity acknowledging].

(Seal)



Christine Bitting
Signature of Notarial Officer

Title of Notarial Officer

My commission expires:

Loan No: 5070712

Affixation Affidavit Regarding Manufactured (and Factory Built) Housing Unit

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O'GRADY

EXHIBIT "A" - LEGAL DESCRIPTION - PAGE 1 of 1

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

INCLUDES MANUFACTURED HOUSING UNIT(S) DESCRIBED AS FOLLOWS:

MAKE: PALM HARBOR HOMES, INC.

MODEL: SV471A2

WIDTH: 41

LENGTH: 71

SERIAL #: 203674

YEAR: 2006

SAID UNIT(S) ATTACHED TO THE LAND IN A PERMANENT MANNER SO AS TO BE
RENDERED AN IMMOVABLE FIXTURE AND AN INTEGRAL PART OF THE SUBJECT PROPERTY.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that the undersigned:

CHRISTOPHER S. O'GRADY and CINDI D. O'GRADY

who is (are) the buyer(s), seller(s) or legal owner(s) of the following manufactured home ("Home"):

Type MH

Year 2006

Make PALM HARBOR HOMES, INC.

Serial No. 203674

Width X Length 41 x 71

Model SV471A2

HUD Data Plate Number 478940
478941
478942

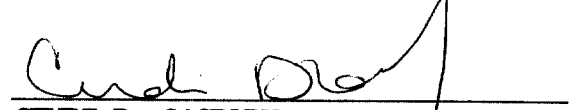
Does (do) hereby authorized and irrevocable appoint:

BSM Financial, LP and/or its assigns
(Attorney-In-Fact)

my (our) true and lawful Attorney-In-Fact to sign in the name, place and stead of the undersigned, any certificate of the title covering the manufactured home described above in whatever manner necessary to effect the transfer of such manufactured home title, application for duplicate of such manufactured title, or application for a new certificate of title of said manufactured home, as he or she may deem fit and proper, hereby, ratifying and confirming whatever action said Attorney shall or may take by virtue thereof on the premises. The authority granted by this Power of Attorney includes, but is not Limited to, allowing the Attorney-in-Fact record a lien on the manufactured home in favor of BSM Financial, LP and/or its assigns (at such address the Attorney-In-Fact may designate)

IN WITNESS WHEREOF, the undersigned has executed this instrument this 22 day of March, 06

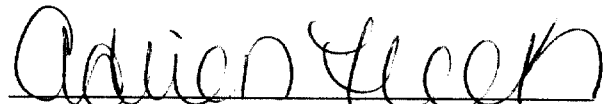
X 
CHRISTOPHER S. O'GRADY

X 
CINDI D. O'GRADY

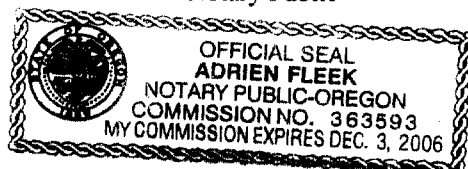
X _____

X _____

Subscribed to and sworn before me, a Notary Public in and for the County of Clatsop,
State of Oregon on the first above written, that the above named person(s) acknowledge the
same to be his (their) free and voluntary act and deed.


Notary Public

My Commission Expires: 12-3-06



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Power of Attorney for Manufactured Home
BSM Financial

