

OREGON FHA DEED OF TRUST

LOT 20 IN BLOCK 17, SECOND ADDITION TO RIVER PINE ESTATES, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON

power of sale, the following described property located in KLAMATH County, Oregon:
This Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with
7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under
renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph
This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all
monthly payments, with the full debt, if not paid earlier, due and payable on November 01, 2036
This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for
Dollars (U.S. \$ 111,650.00
Borrower owes Lender the principal sum of One Hundred Eleven Thousand Six Hundred Fifty and no/100

under the laws of THE STATE OF WASHINGTON
has an address of PO BOX 2225, Spokane, WA 99210-2225
("Lender") is organized and existing
, and

Electronic Registration Systems, Inc. ("MERS") (solely as nominee for Lender, as hereinafter defined, and Lender's
successors and assigns). 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. GOLF SAVINGS BANK
("Trustee"). The beneficiary is Mortgage

FIRST AMERICAN TITLE INSURANCE COMPANY
("Borrower"). The trustee is

THIS DEED OF TRUST ("Security Instrument") is made on
The grantor is EDWARD D KENNEDY AND TONYA L CAREY-KENNEDY, AS TENANTS BY THE ENTIRETY

MIN:

DEED OF TRUST

[Space Above This Line For Recording Data]

FHA CASE NO.

431-4220330-703

1st-776167

After Recording Return To:
GOLF SAVINGS BANK
PO BOX 2225
Spokane, WA 99210-2225

2006-021807
Klamath County, Oregon



00007587200600218070200200

10/31/2006 11:35:29 AM

Fee: \$116.00

which has the address of

149106 AUDERINE CIRCLE
[Street]

La Pine
[City]

Oregon

97739
[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 or canceling this Security Instrument.

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

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

1. Payment of Principal, Interest and Late Charge. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and late charges due under the Note.

2. Monthly Payment of Taxes, Insurance, and Other Charges. Borrower shall include in each monthly payment, together with the principal and interest as set forth in the Note and any late charges, a sum for (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for insurance required under paragraph 4. In any year in which the Lender must pay a mortgage insurance premium to the Secretary of Housing and Urban Development ("Secretary"), or in any year in which such premium would have been required if Lender still held the Security Instrument, each monthly payment shall also include either: (i) a sum for the annual mortgage insurance premium to be paid by Lender to the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security Instrument is held by the Secretary, in a reasonable amount to be determined by the Secretary. Except for the monthly charge by the Secretary, these items are called "Escrow Items" and the sums paid to Lender are called "Escrow Funds."

Lender may, at any time, collect and hold amounts for Escrow Items in an aggregate amount not to exceed the maximum amount that may be required for Borrower's escrow account under the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. §2601 *et seq.* and implementing regulations, 24 CFR Part 3500, as they may be amended from time to time ("RESPA"), except that the cushion or reserve permitted by RESPA for unanticipated disbursements or disbursements before the Borrower's payments are available in the account may not be based on amounts due for the mortgage insurance premium.

If the amounts held by Lender for Escrow Items exceed the amounts permitted to be held by RESPA, Lender shall account to Borrower for the excess funds as required by RESPA. If the amounts of funds held by Lender at any time are not sufficient to pay the Escrow Items when due, Lender may notify the Borrower and require Borrower to make up the shortage as permitted by RESPA.

The Escrow Funds are pledged as additional security for all sums secured by this Security Instrument. If Borrower tenders to Lender the full payment of all such sums, Borrower's account shall be credited with the balance remaining for all installment items (a), (b), and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b), and (c).

3. Application of Payments. All payments under paragraphs 1 and 2 shall be applied by Lender as follows:
FIRST, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

SECOND, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

THIRD, to interest due under the Note;

FOURTH, to amortization of the principal of the Note; and

FIFTH, to late charges due under the Note.

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4. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order in paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged Property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument (or within sixty days of a later sale or transfer of the Property) and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender determines that requirement will cause undue hardship for Borrower, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lender of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Lender may inspect the Property if the Property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or abandoned Property. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in place of condemnation, are hereby assigned and shall be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in paragraph 3, and then to prepayment of principal. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments, which are referred to in paragraph 2, or change the amount of such payments. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

7. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in paragraph 2.

Any amounts disbursed by Lender under this paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement at the Note rate, and at the option of Lender shall be immediately due and payable.

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; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the

enforcement of the lien; 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 may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Default.** Lender may, except as limited by regulations issued by the Secretary in the case of payment defaults, require immediate payment in full of all sums secured by this Security Instrument if:

- (i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on the due date of the next monthly payment, or
- (ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security Instrument.

(b) **Sale Without Credit Approval.** Lender shall, if permitted by applicable law (including section 341(d) of the Garn-St. Germain Depository Institutions Act of 1982, 12 U.S.C. 1701j-3(d)) and with the prior approval of the Secretary, require immediate payment in full of all sums secured by this Security Instrument if:

- (i) All or part of the Property, or a beneficial interest in a trust owning all or part of the Property, is sold or otherwise transferred (other than by devise or descent), and
- (ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee does so occupy the Property, but his or her credit has not been approved in accordance with the requirements of the Secretary.

(c) **No Waiver.** If circumstances occur that would permit Lender to require immediate payment in full, but Lender does not require such payments, Lender does not waive its rights with respect to subsequent events.

(d) **Regulations of HUD Secretary.** In many circumstances regulations issued by the Secretary will limit Lender's rights, in the case of payment defaults, to require immediate payment in full and foreclose if not paid. This Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.

(e) **Mortgage Not Insured.** Borrower agrees that if this Security Instrument and the Note are not determined to be eligible for insurance under the National Housing Act within **60 days**

from the date hereof, Lender may, at its option require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to **60 days**

from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. **Reinstatement.** Borrower has a right to be reinstated if Lender has required immediate payment in full because of Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the lien created by this Security Instrument.

11. **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time of payment or modification of amortization 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 successors in interest. Lender shall not be required to commence proceedings against any successor in interest or 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 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.

12. **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, subject to the provisions of paragraph 9(b). 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

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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 terms of this Security Instrument or the Note without that Borrower's consent.

13. 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 Lender's address stated herein 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.

14. 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 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. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

16. 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 Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 16, "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 16, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

17. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph 17.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

18. Foreclosure Procedure. If Lender requires immediate payment in full under paragraph 9, Lender may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in

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each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under paragraph 9, 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 18 or applicable law.

19. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Lender may charge such person or persons a fee for reconveying the Property, but only if the fee is paid to a third party (such as Trustee) for services rendered and charging of the fee is permitted under applicable law.

20. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

21. Attorneys' Fees. As used in this Security Instrument and in the Note, attorneys' fees shall include those awarded by an appellate court.

22. Protective Advances. This Security Instrument secures any advances Lender, at its discretion, may make under paragraph 7 of this Security Instrument to protect Lender's interest in the Property and rights under this Security Instrument.

23. Required Evidence of Property Insurance.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

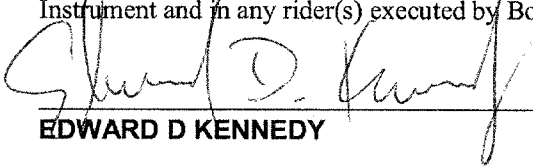
24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

[Check applicable box(es)]

- | | | |
|---|--|--|
| <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Growing Equity Rider |
| <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Rehabilitation Loan Rider |
| <input type="checkbox"/> Non-Owner Occupancy Rider | <input type="checkbox"/> Other [Specify] | |

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BY SIGNING BELOW, Borrower accepts and agrees to the terms contained in pages 1 through 7 of this Security Instrument and in any rider(s) executed by Borrower and recorded with it.


EDWARD D KENNEDY

(Seal)
-Borrower


TONYA L CAREY-KENNEDY

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

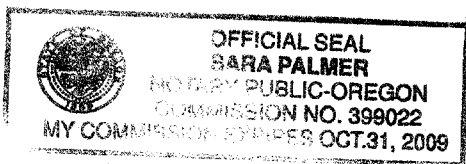
Witness:

Witness:

State of OREGON
County of DESCHUTES

This instrument was acknowledged before me on 10/26/06 (date) by

EDWARD D. KENNEDY AND TONYA L CAREY-KENNEDY
(person[s] acknowledging).





Notary Public for Oregon

My commission expires: 10/31/09

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by the Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date:

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When Recorded Return to:
Action Mortgage Company
510 W. Riverside 8th Floor
Spokane Wa. 99201

MANUFACTURED HOME AFFIDAVIT OF AFFIXATION

BEFORE ME, the undersigned notary public, on this day personally appeared
EDWARD D KENNEDY, TONYA L CAREY-KENNEDY

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

1. Homeowner owns the manufactured home ("Home") described as follows:

USED 2002 REDMAN/MODULI REDMAN #4403

28936

[illegible]

40 X 27.5

Length/ Width

2. The home was built in compliance with the Federal Manufactured Home Construction and Safety Standards Act.
3. If the Homeowner is the first retail buyer of the Home, Homeowner is in receipt of (i) the manufacturer's warranty for the Home, (ii) the consumer manual for the Home, (iii) the insulation disclosure for the Home, and (iv) the formaldehyde health notice.
4. The Home is or will be located at the following address (Property Address):

4. The Home is or will be located at the following address (Property Address):

149106 AUDERINE CIRCLE, La Pine, OR 97739

Property Address

5. The legal description of the real property where the Home is or will be permanently affixed ("Land") is :

**LOT 20 IN BLOCK 17, SECOND ADDITION TO RIVER PINE ESTATES, ACCORDING
TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY
CLERK OF KLAMATH COUNTY, OREGON**

6. The Homeowner is the owner of the Land or, if not the owner of the Land, is in possession of the Land pursuant to a lease in recordable form, and the consent of the lessor is attached to this affidavit.
7. The Home X is ___ shall be anchored to the Land by attachment to a permanent foundation, constructed in accordance with applicable state and local building codes and manufacturer's specifications in a manner sufficient to validate any applicable manufacturer's warranty, and permanently connect to appropriate residential utilities (e.g., water, gas, electricity, sewer) ("permanently affixed"). The Homeowner intends that the Home be an immoveable fixture and a permanent improvement to the Land.
8. The Home shall be assessed and taxed as an improvement to the Land.
9. Homeowner agrees that as of today, or if the Home is not yet located at the Property Address, upon the delivery of the Home to the Property Address:
 - (a) All permits required by governmental authorities have been obtained;
 - (b) The foundation system for the Home was designed by an engineer to meet the soil conditions of the Property Address. All foundations are constructed in accordance with applicable state and local building codes and manufacturer's specifications in a manner sufficient to validate any applicable manufacturer's warranty.
 - (c) The wheels, axles, towbar or hitch were removed when the Home was, or will be, placed on the Land;
 - (d) The Home is (i) permanently affixed to a foundation, (ii) has the characteristics of site-built housing, and (iii) is part of the Land; and
 - (e) The Home is permanently connected to a septic tank or sewage system and other utilities such as electricity, water and natural gas.
10. If the Homeowner is the owner of the Land, any conveyance or financing of the Home and the Land shall be a single transaction under applicable state law.
11. Other than those disclosed in this affidavit, the Homeowner is not aware of (i) any other claim, lien or encumbrance affecting the Home, (ii) any facts of information known to the Homeowner that could reasonably affect the validity of the title of the Home or the existence or non-existence of security interests in it.
12. A release of lien from each of the lien holders identified in paragraph 11 of this affidavit ___ has been X shall be delivered to the Department of Licensing.
13. The Homeowner shall initial only one of the following, as it applies to title to the Home:

____ The Home is not covered by a certificate of title. The original manufacturer's certificate of origin, duly endorsed to the Homeowner, is attached to this affidavit.

____ The Home is not covered by a certificate of title. After diligent search and inquiry, the Homeowner is unable to produce the original manufacturer's certificate of origin.

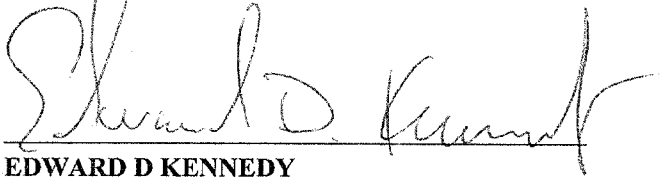
X The certificate of title to the Home X shall be ____ has been eliminated as required by applicable law.

____ The Home shall be covered by a certificate of title.

14. The Homeowner designates Lender or Lender's Agent to record this Manufactured Home Affidavit of Affixation.

15. The affidavit is executed by Homeowner(s) pursuant to applicable state law.

IN WITNESS WHEREOF, Homeowner (s) has executed this affidavit in my presence and in the presence of the undersigned notary public on this 26th day of October, 2006


EDWARD D KENNEDY

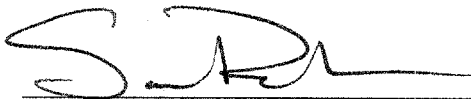

TONYA L CAREY-KENNEDY

STATE OF OREGON)
)
COUNTY OF DESMUTES)

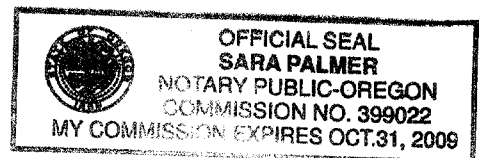
On the 26th day of OCTOBER in the year of 2006 before me,
the undersigned, a Notary Public in and for said State, personally appeared

TONYA CAREY-KENNEDY AND EDWARD D. KENNEDY

Personally known to be or proved to me on the basis of satisfactory evidence to the
the individual (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 capacity(ies),
and that by his/her/their signature(s) on the instrument, the individual(s), or the
person on behalf of which the individual(s) acted, executed the instrument.



Notary Signature



SARA PALMER

Notary Printed Name

Notary Public, State of OREGON
Qualified in the County of DESMUTES
My Commission Expires 10/31/09

Lender's Statement of Intent:

The undersigned ("Lender") intends that the Home be an immoveable fixture and a permanent improvement to the Land.

Golf Savings Bank
Lender

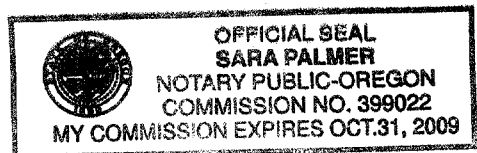
By: Ron Smith
Authorized Signature

STATE OF OREGON)
) SS:
COUNTY OF Deschutes)

On the 26th day of October in the year 2006 before me, the undersigned, a Notary Public in and for said State, personally appeared RON SMITH, to me known, who being duly sworn, did say that he or she is the REPRESENTATIVE of GOLF SAVINGS BANK and that said instrument was signed on behalf of said Corporation:

[Signature]
Notary Signature

Sara Palmer
Notary Printed Name



Notary Public, State of OREGON
Qualified in the County of Deschutes
My commission expires 10/31/09

When Recorded Return to:

Action Mortgage Company
W. 510 Riverside 8th Floor
Spokane WA 99201

**REAL PROPERTY AND MANUFACTURED HOME LIMITED POWER OF
ATTORNEY**

(To execute or release title, mortgage or deed of trust, security filing, transfer of equity and insurance documents and proceeds)

The undersigned borrower(s) whether one or more each referred to below as “I” or “me”residing at

149106 AUDERINE CIRCLE

La Pine, OR 97739

Borrowers Address

Buyer/Owner of the following manufactured home:

USED	2002	REDMAN/MODULINE
New/Used	Year	Manufacturer’s Name
REDMAN #4403		28936
Model Name/Model No.		Length/Width

40 X 27.5

Permanently affixed to the real property located

at: **149106 AUDERINE CIRCLE, La Pine, OR 97739**

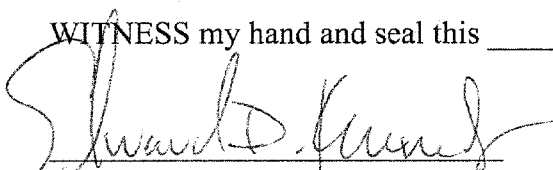
Property Address

and as more particularly described on Exhibit “A” attached hereto (the “ real property”), does hereby irrevocably make, constitute, appoint and authorized with full powers of substitution Action Mortgage Company , 510 W. Riverside 8th Floor, Spokane Wa. 99201, its successors, assigns or designees (“Lender”) as my agent and attorney-in-fact, in my name, place and stead in any way which I could do, if I were personally present, with full power of substitution and delegation, (1) to complete, execute and deliver, in my name or Lender’s name, any and all forms, certificates, assignments, designations, releases or other documentation as may be necessary or proper to implement the terms and provisions of the security instrument dated October 25, 2006 executed by the undersigned in favor of the Lender, (“Security Instrument”) (2) to complete, execute and deliver, in my name or in Lender’s name, any and all forms, certificates, assignments, designations, releases or other documentation as may be necessary or proper to make

application for and obtain the certificate of title for the manufactured home designated above, and to have Lender (or its designee) designated as lien holder on the certificate of title for the manufactured home, (3) to complete, execute and deliver in my name or Lender's name, any and all forms, certificates, assignments, designations, releases or other documentation as may be necessary or proper to have the manufactured home treated as real estate for any and all purposes under state law, including but not limited to, the surrender of any certificate of title, any election to treat the manufactured home as real estate for tax purposes or to meet any other requirements in order for the loan/financing security by the manufactured home and real estate described on Exhibit "A" to be eligible for sale on the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac) or any other secondary market, (4) to receive, complete, execute or endorse, and deliver in my name or Lender's name any and all claim forms, agreements, assignments, releases, checks, drafts or other instruments and vehicles for the payment of money, relating to any insurance covering the manufactured home, the indebtedness secured by the manufactured home or the real property, and (5) to complete, sign and file, without my signature, such financing and continuation statements, amendments, and supplements thereto, mortgages, deeds of trust and other documents including releases of these items, which I may from time to time deem necessary to perfect, preserve and protect Lender's security interest in the manufactured home, the real property and any other property sold with it. The undersigned borrowers acknowledge that at the time this Power of Attorney and my Security Instrument and any of the forms, certificates, assignments, designations, releases or other documentation are prepared the serial number for the manufactured housing unit may not be available. The manufactured housing unit may be a factory order in the process of being constructed, immediately, upon receipt of the serial number, I understand and agree that the above items may be completed and corrected to properly disclose all the applicable home identifications, including the serial number. I understand that I will be provided with a copy of any corrected agreement.

To induce any third party to act hereunder, I hereby agree that any third party receiving a duly executed copy or facsimile of this instrument may act hereunder, and I for myself and for my heirs, executors, legal representatives and assigns, hereby agree to indemnify and hold harmless any such third party from and against any and all claims that may arise against such third party by reason of such third party having relied on the provisions of this Power of Attorney. I have given this Power of Attorney in connection with a loan/financing to be given by Lender and to induce Lender to make the financing available. It is coupled with any interest in the transaction and is irrevocable. This Power of Attorney shall not be affected by my (our) subsequent incapacity, disability, or incompetence. I do further grant unto said Attorney-in-Fact full authority and power to do and perform any and all acts necessary or incident to the execution of the powers herein expressly granted, as fully as I might or could do if personally present.


WITNESS my hand and seal this _____ day of _____ 2 _____


EDWARD D KENNEDY


TONYA L CAREY-KENNEDY

STATE OF OREGON)
) ss:
COUNTY OF DESCHUTES)

I, the undersigned Notary Public, in and for the aforesaid State and County, do hereby certify that EDWARD D. KENNEDY & TONYA L. CAREY-KENNEDY Borrower(s), personally appeared before me in said County and acknowledged the within instrument to be his/her/their act and deed. Given under my hand and seal this 26th day of OCTOBER 2006


Notary Public
State of OREGON
My Commission Expires 10/31/09

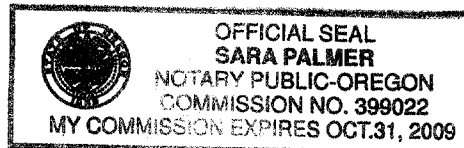


EXHIBIT "A"
PROPERTY DESCRIPTION

**LOT 20 IN BLOCK 17, SECOND ADDITION TO RIVER PINE ESTATES, ACCORDING
TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY
CLERK OF KLAMATH COUNTY, OREGON**

When Recorded Return to:

Action Mortgage Company
510 W. Riverside Ave 8th Floor
Spokane, WA 99201

MANUFACTURED HOME RIDER TO THE SECURITY INSTRUMENT

This Rider is made this 25th day of October 2006, and is incorporated into and amends and supplements the Mortgage, Open-End Mortgage, Deed of Trust, or Credit Line Deed of Trust, Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to Secure Borrower's Note to Action Mortgage Company ("Lender") of same date ("Note") and covering the Property described in the Security Instrument and located at:

149106 AUDERINE CIRCLE, La Pine, OR 97739

Property Address

Borrower and Lender agree that the Security Instrument is amended and supplemented to read as follows:

- 1. Meaning of Some Words.** As used in this Rider, the term "Note" means the Promissory Note that is dated with the same date as the Security Instrument. As used in this Rider, the term "Loan Documents" means the Note, the Security Instrument and the Construction Loan Agreement. As used in this Rider, the term "Lender" means, Action Mortgage Company, of even date herewith by and between borrower and lender, any subsequent holder of the Note and the Security Instrument, the term "Borrower" means anyone signing the Note or the Security Instrument as a Borrower, and the term "Property" as that term is defined in the Security Instrument, includes the "Manufactured Home" described in paragraph 3 of this Rider, to the extent it constitutes real property or a fixture. All other terms defined in the Note or the Security Instrument shall have the same meaning in this Rider.
- 2. Purpose and Effect of Rider.** IF THERE IS A CONFLICT BETWEEN THE PROVISIONS IN THIS RIDER AND THOSE IN THE SECURITY INSTRUMENT OR THE NOTE, THE PROVISIONS IN THIS RIDER SHALL CONTROL. THE CONFLICTING PROVISIONS IN THE SECURITY INSTRUMENT AND THE NOTE WILL BE ELIMINATED OR MODIFIED AS MUCH AS IS NECESSARY TO MAKE ALL OF THE CONFLICTING TERMS AGREE WITH THIS RIDER.

3. **Lender's Security Interest.** All of the Borrower's obligations secured by the Security Instrument also shall be secured by the Manufactured Home:

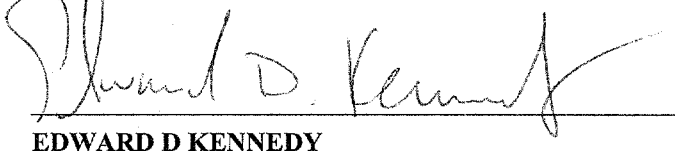
USED	2002	REDMAN/MODULI	REDMAN #4403	28936	40 X 27.5
New/Used	Year	Manufacturer's Name	Model Name and Model No.	Serial No.	Length X Width

4. **Affixation.** Borrower covenants and agrees:
- To permanently affix the Manufactured Home to the Property,
 - To comply with all state and local laws and regulations regarding the affixation of the Manufactured Home to the Property;
 - Upon Lender's request, to surrender the certificate of title to the Manufactured Home, and to obtain the requisite governmental approval and documentation necessary to classify the Manufactured Home as real property under Applicable Law;
 - That affixing the Manufactured Home to the Property does not violate any zoning laws or other local requirements applicable to the Property;
 - That the Manufactured Home will be, at all times and for all purposes, permanently affixed to and part of the Property.
5. **Charges; Liens.** Section 4, Paragraph 1 of the Security Instrument is amended to add a new third sentence to read:
- Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph and receipts evidencing the payments.
6. **Property Insurance.** Section 5, Paragraph 1 of the Security Instrument is amended to add a new third sentence to read:
- Whenever the Manufactured Home is transported on the highway, Borrower must have trip insurance.
7. **Notices.** The second sentence of Section 15 of the Security Instrument is amended by inserting the words "unless otherwise required by applicable law" at the end.
8. **Additional Events of Default.** Borrower will be in default under the Note and Security Instrument:
- If any structure on the Property shall be removed, demolished, or substantially altered;
 - If Borrower fails to comply with any requirement of federal, state or local governmental authorities (the Lender, however, may comply and add the expense to the principal balance Borrower owes to Lender); or
 - If borrower grants or permits any lien on the Property other than Lender's lien, or liens for taxes and assessments that are not yet due and payable.
9. **Notice of Default.** Before using a remedy, Lender will send Borrower any notice required by Applicable Law, and wait for any cure period that the law may require for that remedy.

10. Additional Rights of Lender in Event of Foreclosure and Sale. In addition to those rights granted in the Note and Security Instrument, Lender shall have the following rights in the event Lender commences proceedings for the foreclosure and sale of the Property.

- a. At Lender's option, to the extent permitted by law, Lender may elect to treat the Manufactured Home as personal property ("Personal Property Collateral"). Lender may repossess peacefully from the place where the Personal Property Collateral is located without Borrower's permission. Lender also may require Borrower to make the Personal Property Collateral available to Lender at a place Lender designates that is reasonably convenient to Lender and Borrower. At Lender's option, to the extent permitted by law, Lender may detach and remove the Personal Property Collateral from the Property, or Lender may take possession of it and leave it on the Property. Borrower agrees to cooperate with Lender if Lender exercises these rights.
- b. After Lender repossesses, the personal property collateral, Lender may sell Personal Property Collateral and apply the sale to Lender's reasonable repossession, repair, storage, and sale expenses, and then toward any other amounts Borrower owes under the Loan Documents.
- c. In the event of any foreclosure sale, whether made by Trustee, or under judgment of a court, the Property and Personal Property Collateral may, at the option of Lender, be sold as a whole or in parcels. It shall not be necessary to have present at the place of such sale the Personal Property collateral or any part thereof. Lender, as well as Trustee on Lender's behalf, shall have all rights, remedies and recourse with respect to the Personal Property collateral afforded to a "Secured Party" by Applicable Law in addition to, and not in limitation of, the other rights and recourse afforded Lender and/or Trustee under the Security Instrument.

By signing below, Borrower accepts and agrees to the terms and covenants contained in this Rider.


EDWARD D KENNEDY


TONYA L CAREY-KENNEDY

STATE OF OREGON)
) ss.
COUNTY OF DESCHUTES)

I, the undersigned Notary Public, in and for the aforesaid State and County, do hereby certify that EDWARD D. KENNEDY & TONYA L. CAREY-KENNEDY Borrower(s), personally appeared before me in said County and acknowledged the within instrument to be their act and deed. Given under my hand and Seal this 26th day of OCTOBER 2006

S. Palmer
Notary Public
State of OREGON
County of DESCHUTES
My Commission Expires 10/31/09

