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2008-017055

Klamath County, Oregon



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12/31/2008 03:58:01 PM

Fee: \$41.00

TRUST DEED AND RETENTION AGREEMENT		STATE OF OREGON) County of _____) ss. I certify that the within instrument was received for record on the _____ day of _____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____
David T. John Frances B. Small 10216 Split Rail Road La Pine, Oregon 97739		
Grantor's Name and Address		
Federal Home Loan Bank of Seattle 1501 Fourth Avenue, Suite 1800 Seattle, WA 98101-1693	SPACE RESERVED FOR RECORDER'S USE	and/or as fee/file/instrument/ microfilm/reception No. _____ Record of _____ of said County.
Beneficiary's Name and Address		Witness my hand and seal of County affixed.
After recording, return to:		_____ Name Title
Affordable Housing Program Administrator Federal Home Loan Bank of Seattle 1501 Fourth Avenue, Suite 1800 Seattle, WA 98101-1693		By _____ Deputy.

FEDERAL HOME LOAN BANK OF SEATTLE

Trust Deed and Retention Agreement

THIS TRUST DEED AND RETENTION AGREEMENT ("Agreement") is made this 26th day of December, 2008, between: David T. John and Frances B. Small ("Grantor"), whose address is 10216 Split Rail Road, La Pine, Oregon 97739; and Homestreet Bank ("Trustee"), whose address is 601 UNION ST. #2000 SEATTLE, WA 98101; and the Federal Home Loan Bank of Seattle ("Beneficiary") whose address is 1501 Fourth Avenue, Suite 1800, Seattle, Washington 98101-1693.

TRUST DEED PROVISIONS. Grantor irrevocably grants, bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property ("Property") in Klamath County, Oregon:

Lot 41 in Block 2 of TRACT 1098-SPLIT RAIL RANCHOS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Tax Account Number: 2310-035B0-06500-000

HomeStart Application No. or AHP Project No.: 2008C12011

This Agreement is for the purpose of securing performance of Grantor's agreements set forth herein. Trustee shall reconvey the Property to the person entitled thereto on written request of Grantor and Beneficiary, or upon satisfaction of Grantor's obligations and written request for reconveyance made by Beneficiary or the person entitled thereto. Upon default by Grantor in the performance of any agreement contained herein and upon written request of Beneficiary, Trustee shall sell the Property at public auction to the highest bidder.

**Federal Home Loan Bank of Seattle – Affordable Housing Program
AHP Homeownership/HomeStart-Oregon**

41Amt

Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Agreement; (3) the surplus, if any, shall be distributed to the persons entitled thereto. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property that Grantor had the power to convey. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Agreement, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. The power of sale conferred by this Agreement and by law is not an exclusive remedy. If necessary Beneficiary may appoint a successor trustee, and upon the recording of such appointment the successor shall be vested with all powers of the original trustee. This Agreement is binding on the parties and their successors.

RETENTION AGREEMENT. Beneficiary has issued a \$4,772.00 grant ("Grant") to assist Grantor in purchasing the Property. The Grant is subject to a "Retention Period," defined as five (5) years commencing on the date of closing of Grantor's purchase of the Property. Grantor agrees to notify Beneficiary in writing received at least two weeks prior to any sale or refinancing of the Property occurring during the Retention Period. Grantor may notify Beneficiary by either hand-delivery or certified mail, return receipt requested, at the address set forth above, Attention: Affordable Housing Program Administrator. The Grant is subject to federal regulations (12 CFR Part 951), which provide that if Grantor sells or refinances the Property during the Retention Period, Grantor must repay to Beneficiary all or a portion of the Grant, without interest, in an amount calculated by Beneficiary equal to the Grant amount multiplied by the percentage of the Retention Period remaining as of the closing of such transaction. Grantor shall not be required to repay any portion of the Grant if: (a) Grantor refinances and the Property remains subject to the encumbrance created by this Agreement for the duration of the Retention Period; or (b) Grantor's interest in the Property is divested via foreclosure of a lien or mortgage senior to this Agreement; or (c) the Property is sold to a "very low-income household" or a "low- or moderate-income household," as defined at 12 CFR 951.1. Grantor is not required to repay an amount exceeding the net gain realized on a sale or refinancing of the Property.

GRANTOR(S):

David T. John
David T. John

Frances B. Small
Frances B. Small

STATE OF OREGON)

COUNTY OF Lincoln)

ss.

I certify that I know or have satisfactory evidence that David T. John & Frances B. Small is/are the person(s) who appeared before me on this date, and said person(s) acknowledged that above signed this instrument and acknowledged it to be _____ free and voluntary act for the uses and purposes stated therein.

Date: 12/29/08

Laurie Garbarino

Name: Laurie Garbarino
NOTARY PUBLIC, State of Oregon

Residing at Newport, OR

My appointment expires 3/14/2012



REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when obligation has been met.

TO: TRUSTEE,

The undersigned is the legal owner and holder of the indebtedness secured by the within Trust Deed and Retention Agreement. Said indebtedness has been fully paid and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Trust Deed and Retention Agreement, to cancel all evidences of indebtedness secured by said Trust Deed and Retention Agreement and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed and Retention Agreement, all the estate now held by you thereunder.

Mail reconveyance to:

Affordable Housing Program Administrator
Federal Home Loan Bank of Seattle
1501 Fourth Avenue, Suite 1800
Seattle, WA 98101-1693

FEDERAL HOME LOAN BANK OF SEATTLE

By: _____

Its: _____

STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

I certify that I know that _____ is the person who appeared before me, and said person acknowledged that _____ signed this request for reconveyance, on oath stated that _____ was authorized to execute the request for reconveyance and acknowledged it as the _____ of the Federal Home Loan Bank of Seattle to be the free and voluntary act of such party for the uses and purposes stated therein.

Date: _____

Name: _____

Notary Public, State of Washington

Residing at: _____

My Commission expires: _____

ADDENDUM TO DEED OF TRUST

Residential Loan Program
Oregon Housing and Community Services Department
State of Oregon

The Lender intends to assign its rights under the attached Deed of Trust to the Oregon Housing and Community Services Department, State of Oregon (the "Department"). In the event the Department accepts such assignment, the rights and obligations of the parties to the attached Deed of Trust are expressly made subject to this Addendum. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust or Note, the provisions of this Addendum shall control.

1. As long as this mortgage is held by the Department, or its successors or assigns, the Lender may declare all sums secured by this mortgage to be immediately due and payable if:
 - a. all or part of the property is sold or otherwise transferred by Borrower to a purchaser or other transferee:
 - (i) who cannot reasonably be expected to occupy the property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143(c) and (1)(2) of the Internal Revenue Code; or
 - (ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143(d) and (1)(2) of the Internal Revenue Code (except that the language "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(1); or
 - (iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (1)(2) of the Internal Revenue Code; or
 - (iv) who has a gross family income in excess of the applicable percentage of applicable median family income as provided in Section 143(f) and (1)(2) of the Internal Revenue Code; or
 - b. Borrower fails to occupy the property described in the mortgage without prior written consent of the Lender or its successors or assigns described at the beginning of this Addendum; or
 - c. Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for this mortgage.

References are to the Internal Revenue Code as amended and in effect on the date of issuance of bonds, the proceeds of which will be used to finance the purchase of the mortgage, and are deemed to include the implementing regulations.

2. The Borrower understands that the agreements and statements of fact contained in the Addendum to Residential Loan Application are necessary conditions for granting this loan.
3. The Borrower agrees that no future advances will be made under this Deed of Trust without the consent of the Department.

WARNING

Unless you (the Borrower) provide us (the Department) with evidence of the insurance coverage as required by this Deed of Trust, we (the Department) may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral (the Trust Property) 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 loan balance. If the cost is added to your loan balance, the interest rate on the underlying 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.

The Borrower understands and agrees that the above provisions and the interest rate set forth in the Note shall be in effect only if this loan is purchased by the Department or its assigns. If for any reason it is not so purchased, or if such purchase is rescinded, then the above provisions shall cease to be effective and the interest rate may be increased to 5.00% per annum, and the monthly installment of principal and interest may be increased to \$346.00.

NOTICE TO BORROWER: THIS DOCUMENT SUBSTANTIALLY MODIFIES THE TERMS OF THIS LOAN. DO NOT SIGN IT UNLESS YOU HAVE READ AND UNDERSTOOD IT.

I hereby consent to the modifications of the terms of the Deed of Trust and Note which are contained in this Addendum.

Date: 12-28-08 Borrower David T John
Co Borrower Frances B Small

STATE OF OREGON)
County of Lincoln)ss

On 12/29/08, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named David T. John & Frances B. Small known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year last above written.



Laurie Garbarino
Notary Public in and for said County and State
My Commission expires: 3/14/2012

(Seal)

After recording, mail to:

(Revised 03/2000)

SFMP 9A

(Revised 03/2000)

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