

Western Credit Services
PO Box 20549
Portland, Oregon 97220

03-18-94A09:41 RCVD

Ln #002-2000412

SPACE ABOVE THIS LINE FOR RECORDER'S USE

mtc 1396-6971
DEED OF TRUST

This DEED OF TRUST is made this 14th day of March 19 94, among the Grantor(s), RUSSELL E. GUETZLOE, SANDRA K. GUETZLOE, husband and wife, as tenants by the entirety (herein "Grantor"), whose address is 5531 Walton Drive, Klamath Falls, Oregon 97603 and, Mountain Title Company (herein "Trustee"), and the Beneficiary, Western Credit Services, an Oregon Corporation, whose address is 1600 N. Riverside, Suite 1027, Medford, Oregon 97501 (herein "Lender").

GRANTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustees, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:

Lot 12 in Block 2 of the Resubdivision of Tracts 2B and 3 of HOMEDALE, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

MOUNTAIN TITLE COMPANY, . has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

which has the address of 5531 Walton Drive, Klamath Falls Oregon, 97603
(herein "Property Address"); (Street) (City) (Zip Code)

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property";

TO SECURE to Lender the repayment of the indebtedness evidenced by a note executed by Russell E. Guetzloe and Sandra K. Guetzloe dated March 14, 1994 and extensions and renewals thereof (herein "Note"), in the principal sum of U.S. \$ 3,420.37 (Three Thousand Four Hundred Twenty and 37/100)

, with interest thereon at a fixed or variable rate as set forth in the Note; with the balance of the indebtedness, if not sooner paid, due and payable on March 18, 1997; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Grantor herein contained. Reference is made to said Note for the more particular terms of the indebtedness secured hereby.

Grantor covenants that Grantor 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. Grantor covenants that Grantor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

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

1. **Payment of Principal and Interest.** Grantor shall promptly pay when due the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note.

2. **Taxes, Assessments, and Charges.** Grantor shall pay or cause to be paid all taxed, assessments, and other charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any.

3. **Application of Payments.** Unless applicable law provides otherwise, Lender will first apply payments received, whether or not delinquent, in the following order: (1) to any applicable credit insurance premium, (2) to any applicable late charges, (3) to any applicable prepayment penalties, (4) to any interest that has accrued, and finally (5) to the unpaid balance of principal.

4. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Grantor shall perform all of grantor's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including grantor's covenants to make payments when due.

5. **Hazard Insurance.** Grantor shall keep the improvements now existing or hereafter erected on the property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require.

The insurance carrier providing the insurance shall be chosen by Grantor subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Grantor shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Grantor.

If the Property is abandoned by Grantor, or if Grantor fails to respond to Lender within 30 days from the date notice is mailed by Lender to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either for restoration or repair of the Property or to the sums secured by this Deed of Trust.

6. **Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Grantor shall keep the Property in good repair and shall not commit waste or permit demolition, impairment, or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Grantor shall perform all of Grantor's obligations under the declaration and covenants creating and governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. **Protection of Lender's Security.** If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Grantor, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loans secured by this Deed of Trust, Grantor shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Grantor's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this Paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Grantor secured by this Deed of Trust. Unless Grantor and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Grantor requesting payment thereof. Nothing contained in this Paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Grantor notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. **Grantor Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor and Grantor's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Grantor, subject to the provisions of Paragraph 16 hereof. All covenants and agreements of Grantor shall be joint and several. Any Grantor who co-signs this Deed of Trust, but does not execute the Note, (a) is co-signing this Deed of Trust only to mortgage, grant and convey that Grantor's interest in the Property to Lender under the terms of this Deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Grantor hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note without that Grantor's consent and without releasing that Grantor or modifying this Deed of Trust as to that Grantor's interest in the Property.

12. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Grantor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by regular mail addressed to Grantor at the Grantor's address stated herein or at such other address as Grantor may designate by notice to Lender as provided herein; and (b) any notice to Lender shall be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Grantor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Grantor or Lender when given in the manner designated herein.

13. **Governing Law; Severability.** The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located, except that if the Note specifies the law of a different jurisdiction as governing, such law shall be the applicable law governing the interest rate, fees, charges, and other terms of the credit transaction secured hereby. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision; and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses", and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. **Grantor's Copy.** Grantor shall be furnished with a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

15. **Rehabilitation Loan Agreement.** Grantor shall fulfill all of Grantor's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Grantor enters into with Lender. Lender, at Lender's option, may require Grantor to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Grantor may have against parties who supply labor, materials or services in connection with improvements made to the Property.

16. **Transfer of the Property or a Beneficial Interest in Grantor.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Grantor is sold or transferred and Grantor is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust.

If Lender exercises this option, Lender shall give Grantor 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 Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Grantor.

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

17. Acceleration; Remedies. Upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender, at Lender's option and in accordance with applicable law, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Paragraph 17, including, but not limited to, reasonable attorneys' fees.

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 each County in which the Property or some part thereof is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Grantor and to other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Grantor, 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 such order as Lender may determine. 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 Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold 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 reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

18. Lender's Right to Allow Grantor to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust due to Grantor's breach, Lender may, in Lender's total discretion, discontinue any proceedings begun by Lender to enforce this Deed of Trust at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Grantor pays Lender all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred; (b) Grantor cures all breaches of any other covenants or agreements of Grantor contained in this Deed of Trust; (c) Grantor pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Grantor contained in this Deed of Trust, and in enforcing Lender's and Trustee's remedies as provided in Paragraph 17 hereof, including, but not limited to, reasonable attorneys' fees; and (d) Grantor takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Grantor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Grantor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The rights granted in this Paragraph 18 shall in no way be construed as allowing Grantor to reinstate at Grantor's will, it being understood that such reinstatement is totally within the discretion of Lender.

19. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Grantor hereby assigns to Lender the rents of the Property, provided that Grantor shall, prior to acceleration under Paragraph 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under Paragraph 17 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. The receiver shall be liable to account only for those rents actually received.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request the Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

21. Substitute Trustee. In accordance with applicable law, 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 the Trustee herein and by applicable law.

22. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes.

23. Attorneys' Fees. As used in this Deed of Trust and in the Note, "attorneys' fees" shall include attorneys' fees, if any, which shall be awarded by an appellate court.

24. Waiver of Homestead and Exemption Rights. To the extent permitted by law, Grantor hereby waives and transfers to Lender all right of homestead and any other exemption rights permitted under applicable state or federal law with respect to the Property.

25. Lender's Call Option. Notwithstanding any provision to the contrary contained in the Note, Grantor hereby covenants and agrees that Lender shall have the right, at its sole option, to declare the entire outstanding principal balance of the loan evidenced by the Note and accrued interest thereon to be due and payable in full on a date not less than _____ (_____) years from the Date of the Note, except that Lender, if it exercises such call option, shall send Grantor written notice thereof at least ninety (90) days [but not more than one hundred and twenty (120) days] prior to such accelerated loan maturity date. The written notice to Grantor from Lender will set forth therein the Lender's accelerated maturity date for the loan. Prepayment in full of the loan as a direct result of Lender's exercise of its aforesaid call option shall not be subject to any prepayment penalty otherwise applicable under the provisions of the Note. If the space above for insertion of a date in this Paragraph 25 is marked "N/A", Lender does not reserve a call option.

**REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST**

Mortgagor and Lender request the holder of any mortgage, deed of trust, deed to secure debt, or other encumbrance with a lien which has priority over this Mortgage to give notice to Lender, or, if executed, to the assignee named in the assignment included with this Mortgage c/o the office address of the registered agent of Lender or assignee on file with the Oregon Corporation Commission, of any default under the superior encumbrance and of any sale or other foreclosure action.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust.
Executed in the Presence of:

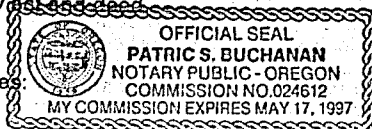
Angela Buchanan
Witness

Russell E. Guetzloe
Grantor
Sandra K. Guetzloe
Grantor

STATE OF OREGON, Jackson County ss:

On this 14th day of March, 19 94, personally appeared the above named Russell E. Guetzloe & Sandra K. Guetzloe and acknowledged the foregoing instrument to be their voluntary act and deed.

(Official Seal)
My Commission Expires:



Before me:

Patric S. Buchanan
Notary Public for Oregon

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 this 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 _____

ASSIGNMENT

STATE OF _____ County ss:

Know All Men by These Presents, that _____, assignor, for the sum of _____ dollars and other valuable consideration, to _____ paid by _____, assignee, the receipt of which is hereby acknowledged, has granted, bargained, sold, assigned, transferred and set over, and by these presents does grant, bargain, sell, assign, transfer and set over unto the assignee, the foregoing Deed of Trust, together with the note or obligation therein described, and the money due, or to become due thereon, with interest;

To have and to hold the same unto the assignee, _____ executors, administrators and assigns, for _____ use and benefit, subject only to the proviso in the said Deed of Trust mentioned.

And the assignor does hereby covenant to and with the assignee, that assignor _____ lawful owner _____ and holder _____ of the said note and Deed of Trust, and that _____ ha _____ good right to sell, transfer and assign the same as foresaid, and that there is now due and owing upon said note and Deed of Trust the sum of _____ dollars, with interest from the _____ day of _____, 19 _____.

In Witness Whereof, the assignor has hereunto set _____ hand and seal the _____ day of _____, 19 _____.

Executed in the presence of:

(SEAL)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 18th day of March A.D. 19 94 at 9:41 o'clock AM., and duly recorded in Vol. M94 of Mortgages on Page 8249.

FEE \$25.00

Evelyn Biehn County Clerk

By Caroline Mullendore