

WHEN RECORDED MAIL TO

24895

Oregon Central Credit Union
336 NE 20th
Portland Or 97232

FIRST AMERICAN TITLE
INSURANCE COMPANY OF OREGON
P.O. Box 4620
Sunriver, OR 97707

SPACE BELOW FOR RECORDER'S USE

Vol. 1996 Page 28784

K-49654

DEED OF TRUST INDENTURE / LINE OF CREDIT MORTGAGE

BETWEEN:	
<u>Bruce L Lilleston and Valerie K Lilleston</u>	("GRANTOR")
AND:	
<u>Oregon Central Credit Union</u>	("CREDIT UNION")
AND:	
<u>First American Title</u>	("TRUSTEE")

DATED:
<u>8/28/96</u>
LOAN NO.
<u>261420-31</u>
BRANCH
<u>Sunriver</u>

Grantor conveys to Trustee for benefit of Credit Union (which is the beneficiary of this Deed of Trust) all of Grantor's right, title, and interest in and to the following described real property (including all fixtures and appurtenances) (the "Property"), together with all existing or subsequently erected or affixed improvements or fixtures.

The W1/2SE1/4NW1/4SW1/4 of Section 25, Township 24 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon

Grantor presently assigns to Credit Union all of Grantor's right, title, and interest in and to all rents, revenues, income, issues, and profits (the "Income") from the Property described above.

(Check if Applies)

- ☐ There is a mobile home on the Property, which is covered by this security instrument, and which is and shall remain:
- ☐ Personal Property
- ☒ Real Property

If there is a mobile home on the Property, Grantor grants a security interest in the mobile home, which shall be part of the Property.

Credit Union has loaned or has agreed to loan Grantor the maximum principal amount at any time of \$ 22,500.00 which is repayable with interest according to the terms of the Home Equity Credit Agreement ("Agreement") dated 8/28/96. The interest rate on the loan or line of credit may be indexed, adjusted, renewed or renegotiated.

The term "Indebtedness" means all principal and interest payable under the Agreement and any amounts advanced or expended by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. This Deed of Trust secures: (Check One)

- ☐ **Line of Credit.** The term "Line of Credit" means a revolving line of credit which obligates Lender to make advances to Grantor in the maximum principal amount at any one time as set forth above until the Agreement is terminated or suspended or if advances are made up to the maximum credit limit, and Grantor complies with the terms of the Agreement. Funds may be advanced by Credit Union, repaid by Grantor, and subsequently readvanced by Credit Union in accordance with the Agreement. Notwithstanding the amount outstanding at any particular time, this Deed of Trust secures the total indebtedness under the Agreement. The unpaid balance of the line of credit under the Agreement will remain in full force and effect notwithstanding a zero outstanding balance on the line from time to time. Any principal advance under the line of credit that exceeds the amount shown above as the principal amount of the Agreement will not be secured by this Deed of Trust. In Oregon, for purposes of ORS 88.110, the maximum term of the Agreement including any renewals or extensions is thirty (30) years.
- ☒ **Equity Loan.** The term "Equity Loan" means a single advance equity loan in the maximum principal amount set forth above under the terms of the Agreement. In Oregon, for purposes of ORS 88.110 the maximum term of the Agreement is 20 years from the date of the Agreement. Lender has no obligation to readvance funds paid by Grantor without specific credit approval. This Deed of Trust secures the total indebtedness under the Agreement.

1. PAYMENT AND PERFORMANCE

Grantor shall pay to Credit Union all amounts secured by this deed and security agreement as they become due, and shall strictly perform all of Grantor's obligations.

2. POSSESSION AND MAINTENANCE OF THE PROPERTY

- 2.1 Possession.** Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.
- 2.2 Duty to Maintain.** Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.
- 2.3 Nuisance, Waste.** Grantor shall neither conduct or permit any nuisance or commit or suffer any strip or waste on or to the Property or any portion thereof including without limitation removal or alienation by Grantor of the right to remove any timber, minerals (including oil and gas), or gravel or rock products.
- 2.4 Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Credit Union. Credit Union shall consent if Grantor makes arrangements satisfactory to the Credit Union to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures and parking facilities.
- 2.5 Credit Union Right to Enter.** Credit Union, its agents and representatives, may enter upon the Property at all reasonable times to attend to Credit Union's interest and to inspect the Property.

2.6 Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Credit Union in writing prior to doing so and Credit Union's interest in the Property is not jeopardized.

2.7 Duty to Protect. Grantor may do all other acts, allowed by law, that from the character and use of the property are reasonably necessary to protect and preserve the security.

2.8 Construction Loan. If some or all of the proceeds of the loan creating the indebtedness is to be used to construct or complete construction of any improvement on the Property, the improvement shall be completed within six months from the date of this deed and security agreement and Grantor shall pay in full all costs and expenses in connection with the work.

3. TAXES AND LIENS

3.1 Payment. Grantor shall pay when due before they become delinquent all taxes and assessments levied against or an account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Credit Union under this deed, except for the lien of taxes and assessments not due, except for the prior indebtedness referred to in Section 17, and except as otherwise provided in Subsection 3.2.

3.2 Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Credit Union's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises, or if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Credit Union, cash or a sufficient corporate surety bond or other security satisfactory to Credit Union in an amount sufficient to discharge the lien plus any costs, attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 Evidence of Payment. Grantor shall upon demand furnish to Credit Union evidence of payment of the taxes or assessments and shall authorize the appropriate county official to deliver to Credit Union at any time a written statement of the taxes and assessments against the Property.

3.4 Notice of Construction. Grantor shall notify Credit Union at least 15 days before any work is commenced, any services are furnished, or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services or materials, and the cost exceeds \$5,000 (if the Property is used for nonresidential or commercial purposes or \$1,000 if the Property is used as a residence). Grantor will on request furnish to Credit Union advance assurances satisfactory to Credit Union that Grantor can and will pay the cost of such improvements.

4. PROPERTY DAMAGE INSURANCE

4.1 Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value basis covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a mortgagee's loss payable clause in favor of Credit Union. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Credit Union. Grantor shall deliver to Credit Union certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of 10 days' written notice to Credit Union.

4.2 Grant's Report on Insurance. If the Property is not used as Grantor's residence within 60 days after the close of its fiscal year, Grantor shall furnish to Credit Union a report on each existing policy of insurance showing:

- (a) the name of the insurer;
- (b) the risks insured;
- (c) the amount of the policy;
- (d) the Property insured, the then current replacement value of the Property, and the manner of determining that value; and
- (e) the expiration date of the policy.

Grantor shall, upon request, have an independent appraiser satisfactory to Credit Union determine the cash value or replacement cost of the Property.

4.3 Application of Proceeds. Grantor shall promptly notify Credit Union of any loss or damage to the Property. Credit Union may make proof of loss if Grantor fails to do so within 15 days of the casualty. Credit Union may, at its election, apply the proceeds to the reduction of the indebtedness or the restoration and repair of the Property. If Credit Union elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Credit Union. Credit Union shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default hereunder. Any proceeds which have not been paid out within 180 days after their receipt and which Credit Union has not committed to the repair or restoration of the Property shall be used to repay first accrued interest and then principal of the indebtedness. If Credit Union holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor.

4.4 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this deed and security agreement at any trustee's or other sale held under the provision contained within, or at any foreclosure sale of such Property.

4.5 Compliance with Prior Indebtedness. During the period in which any prior indebtedness described in Section 17.1 is in effect, compliance with the insurance provisions contained in the instrument evidencing such prior indebtedness shall constitute compliance with the insurance provisions under this deed and security agreement, to the extent compliance with the terms of this deed and security agreement would constitute a duplication of insurance requirements. If any proceeds from the insurance becomes payable on loss, the provisions in this deed for division of proceeds shall apply only to that portion of the proceeds not payable to said holder of the prior indebtedness.

4.6 Association of Unit Owners. In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law, or similar law for the establishment of condominiums or cooperative ownership of Real Property, the insurance may be carried by the association of unit owners in Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to the Credit Union.

5. EXPENDITURE BY CREDIT UNION

If Grantor fails to comply with any provision of this deed, including the obligation to maintain the prior indebtedness in good standing as required by Section 17 hereunder, the Credit Union may at its option on Grantor's behalf pay amounts to cure any default in the prior indebtedness and any amount that it expends in so doing shall be added to the indebtedness and bear interest at the rate the loan agreement bears. Amounts so added shall be payable in accordance with the terms of the indebtedness. The rights provided for in this section shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Credit Union shall not be taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

6. WARRANTY; DEFENSE OF TITLE

6.1 Title. Grantor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances other than those set forth in Section 17 or in any policy of title insurance issued in favor of Credit Union in connection with the deed and security agreement.

6.2 Defense of Title. Subject to the exceptions in the paragraph above, Grantor warrants and will forever defend the title against the lawful claims of persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Credit Union or Trustee under this deed, Grantor shall defend the action at its expense.

7. CONDEMNATION

7.1 Application of Net Proceeds. If all or any part of the Property is condemned, Credit Union may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor, Credit Union, or Trustee in connection with the condemnation.

7.2 Proceedings. If any proceedings in condemnation are filed, Grantor shall promptly notify Credit Union in writing and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award.

8. IMPOSITION OF TAX BY STATE

8.1 State Taxes Covered. The following shall constitute state taxes to which this section applies:

- (a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed or security agreement.
- (b) A specific tax on a Grantor which the taxpayer is authorized, or required to deduct from payments on the indebtedness secured by a deed of trust or security agreement.
- (c) A tax on a trust deed or security agreement chargeable against the Credit Union or the holder of the loan agreement secured.
- (d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a Grantor.

9. POWER AND OBLIGATIONS OF TRUSTEE

9.1 Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Credit Union and Grantor:

- (a) Join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights in the public
- (b) Join in granting any easement or creating any restriction on the Real Property.
- (c) Join in any subordination or other agreement affecting this deed and security agreement of the interest of Credit Union under this deed and security agreement.

(d) Sell the Property as provided under this deed and security agreement.

9.2 Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Credit Union, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

12. TRANSFER BY GRANTOR

10.1 Consent by Credit Union. Grantor shall not transfer or agree to transfer all or part of Grantor's interest in the Property without the prior written consent of Credit Union. Any attempt to transfer shall constitute a default hereunder. "Transfer" includes, without limitations, sales under a land sales contract and transfers by operation of law.

If Grantor or a prospective transferee applies to Credit Union for consent to a transfer, Credit Union may require such information concerning the prospective transferee as would normally be required to from a new loan applicant.

10.2 Condition to Consent. As a condition of its consent to any transfer, Credit Union may in its discretion impose an assumption fee in accordance with Credit Union's fee schedule then in effect, and may increase the interest rate of the indebtedness to the prevailing rate for similar sales then charged by Credit Union. Credit Union may increase the amount of each remaining installment so that the indebtedness will be fully paid by the original maturity date. In no event, however, shall the interest rate be increased, or any fee imposed, beyond the maximum rate permitted under applicable law. This paragraph sets forth terms that Credit Union may impose as a condition to consent. This paragraph is not exclusive and Credit Union, at its sole discretion, may impose additional terms or may decline to consent to a transfer.

10.3 Effect of Consent. If Credit Union consents to one transfer, that consent shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the indebtedness. Following a transfer, Credit Union may agree to any extension of time for payment or modification of the terms of this deed and security agreement or the loan agreement or waive any right or remedy under this deed and security agreement or the loan agreement without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the indebtedness.

11. SECURITY AGREEMENT; FINANCING STATEMENTS

11.1 Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures, and Credit Union shall have all of the rights of a secured party under the Oregon Uniform Commercial Code of the state in which the Real Property is located.

11.2 Security Interest. Upon request by Credit Union, Grantor shall execute financing statements and take whatever other action is requested by Credit Union to perfect and continue Credit Union's security interest in the Income and Personal Property. Grantor hereby appoints Credit Union as Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Credit Union may, at any time and without further authorization from Grantor, file copies or reproductions of this deed and security agreement as a financing statement. Grantor will reimburse Credit Union for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property and make it available to Credit Union within three days after receipt of written demand from Credit Union.

11.3 Mobile Homes. If the Property includes mobile homes, motor homes, modular homes, or similar structures, such structures shall be and shall remain Personal Property or Real Property as stated above regardless of whether such structures are affixed to the Real Property, and irrespective of the classification of such structures for the purpose of tax assessments. The removal or addition of axles or wheels, or the placement upon or removal from a concrete base, shall not alter the characterization of such structures.

12. RECONVEYANCE ON FULL PERFORMANCE

If Grantor pays all of the indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this deed and security agreement, and the loan agreement, Credit Union shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Credit Union's security interest in the Income and the Personal Property. Any reconveyance fee or termination fee required by law shall be paid by Grantor.

13. POSSIBLE CREDIT UNION ACTIONS

The Credit Union may take the following actions with respect to your agreement under the circumstances listed below:

13.1 Termination and Acceleration. The Credit Union may terminate your Agreement and require Grantor to pay the entire outstanding balance immediately, and charge Grantor certain fees if any of the following happen:

- Grantor engages in any fraud or material misrepresentation in connection with the Agreement. For example, if there are false statements or omissions on Grantor's application or financial statements.
- Grantor does not meet the repayment terms of the Agreement.
- Grantor's actions or inactions adversely affect the collateral or Credit Union's rights in the collateral. For example, if Grantor fails to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.

13.2 Suspension of Credit/Reduction of Credit Limit. Credit Union may refuse to make additional advances on the line of credit or reduce the credit limit during any period in which the following exist or occur:

- Any of the circumstances listed in Section 13.1, above.
- The value of Grantor's dwelling securing the indebtedness declines significantly below its appraised value for purposes of the Agreement.
- Credit Union reasonably believes that Grantor will not be able to meet the repayment requirements of the Agreement due to a material change in Grantor's financial circumstances.
- Grantor is in default under any material obligation of the Agreement and Deed of Trust.
- The maximum annual percentage rate under the Agreement is reached.
- Any government action prevents the Credit Union from imposing the annual percentage rate provided for or impairs Credit Union's security interest such that the value of the interest is less than 120 percent of the credit line.
- Credit Union has been notified by government agency that continued advances would constitute an unsafe and unsound practice.

13.3 Change in Terms. The Agreement permits Credit Union to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

14. ACTIONS UPON TERMINATION

14.1 Remedies. Upon the occurrence of termination and at any time thereafter, Trustee or Credit Union may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

- With respect to all or any part of the real Property, the Trustee shall have the right to foreclose by notice and sale, and Credit Union shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.
- With respect to all or any part of the Personal Property, Credit Union shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the state of Oregon.
- Credit Union shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Credit Union's costs, against the indebtedness. In furtherance of the right, Credit Union may require any tenant or other user to make payments of rent or use fees directly to the Credit Union. If the Income is collected by Credit Union, then Grantor irrevocably designates Credit Union as Grantor's attorney in fact to endorse instruments received in payment by Credit Union, then Grantor irrevocably designates Credit Union as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Credit Union in response to Credit Union's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Credit Union may exercise its rights under the subparagraph either in person, by agent, or through a receiver.
- Credit Union shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Credit Union's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Credit Union shall not disqualify a person from serving as a receiver.
- If Grantor remains in possession of the Property after the Property is sold as provided above or Credit Union otherwise becomes entitled to possession of the Property upon default of the Grantor, Grantor shall become a tenant at will of Credit Union or the purchaser of the Property and shall pay while in possession a reasonable rental for use of the Property.
- If the Real Property is submitted to unit ownership, Credit Union or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Credit Union in Section 16.2.
- Trustee and Credit Union shall have any other right or remedy provided in this deed and security agreement, or the loan agreement.

14.2 Sale of the Property. In exercising its rights and remedies, the Trustee or Credit Union shall be free to sell all or any part of the Property together or separately, or to sell certain portions of the Property and refrain from selling other portions. Credit Union shall be entitled to bid at any public sale on all or any portion of the Property.

14.3 **Notice of Sale.** Credit Union shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

14.4 **Waiver, Election of Remedies.** A waiver by any party of a breach of a provision of this deed and security agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Credit Union to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this deed after failure of Grantor to perform shall not affect Credit Union's right to take actions on the indebtedness, and exercise its remedies under this deed and security agreement.

14.5 **Attorneys' Fees; Expenses.** If Credit Union institutes any suit or action to enforce any of the terms of this deed and security agreement, Credit Union shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court actions is involved, all reasonable expenses incurred by the Credit Union that are necessary at any time in Credit Union's opinion for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the rate of 12 percent per annum or at the rate of the loan agreement, whichever is higher. Expenses covered by this paragraph include (without limitation) all attorney fees incurred by Credit Union whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveys, reports, appraisal fees, title insurance, and fees for the Trustee.

15. NOTICE

Any notice under this deed shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective on the second day after being deposited as registered or certified mail, postage prepaid, directed to the address stated in this deed and security agreement. Any party may change its address for notices by written notice to the other parties.

16. MISCELLANEOUS

16.1 **Successors and Assigns.** Subject to the limitations stated in this deed and security agreement on transfer of Grantor's interest, and subject to the provisions of applicable law with respect to successor trustees, this deed shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.2 **Unit Ownership Power of Attorney.** If the Real Property is submitted to unit ownership, Grantor grants an irrevocable power of attorney to Credit Union to vote in its discretion on any matter that may come before the members of the association of unit owners. Credit Union shall have the right to exercise this power of attorney only after default by Grantor and may decline to exercise this power, as Credit Union may see fit.

16.3 **Annual Reports.** If the Property is used for purposes other than Grantor's residence, within 60 days following the close of each fiscal year of Grantor, Grantor shall furnish to Credit Union a statement of net operating income received from the Property during Grantor's previous fiscal year in such detail as Credit Union shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

16.4 **Applicable Law.** This deed has been executed and delivered to Credit Union in the state of Oregon. The law of Oregon shall be applicable for the purpose of construing and determining the validity of this deed and security agreement and, to the fullest extent permitted by the law of any state in which any of the Property is located, determining the rights and remedies of Credit Union on default.

16.5 **Joint and Several Liability.** If Grantor consists of more than one person or entity, the obligations imposed upon Grantor under this deed shall be joint and several.

16.6 **Time of Essence.** Time is of the essence of this deed and security agreement.

16.7 Use.

- (a) If located in Idaho, the Property either is not more than twenty acres in area or is located within an incorporated city or village.
- (b) If located in Washington, the Property is not used principally for agriculture or farming purposes.
- (c) If located in Montana, the Property does not exceed fifteen acres and this instrument is a Trust Indenture executed in conformity with the Small Tract Financing Act of Montana.

17. PRIOR INDEBTEDNESS

17.1 **Prior Lien.** The lien securing the indebtedness secured by this deed and security agreement is and remains secondary and inferior to the lien securing payment of a prior obligation in the form of a: (Check which Applies)

_____ Trust Deed _____ Other (Specify) _____
_____ Mortgage _____
_____ Land Sale Contract _____

The prior obligation has a current principal balance of \$ _____ and is in the original principal amount of \$ _____
Grantor expressly covenants and agrees to pay or see to the payment of the prior indebtedness and to prevent any default thereunder.

17.2 **Remedies.** Your action or inaction shall entitle the Credit Union to terminate and accelerate the indebtedness and pursue any of its remedies under this Deed of Trust.

GRANTOR:

Bruce L Lilleston
Bruce L Lilleston

GRANTOR:

Valerie K Lilleston
Valerie K Lilleston

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF OREGON)

County of Klamath)

On this day personally appeared before me Bruce L Lilleston and Valerie K Lilleston

to me known to be the individual, or individuals described in and who executed the withing and foregoing instrument, and acknowledge that they he signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 10th day of September, 19 96



OFFICIAL SEAL
CLAUDIA J. COUGLE
NOTARY PUBLIC-OREGON
COMMISSION NO. 035226
MY COMMISSION EXPIRES JUNE 7, 1998

Claudia J Cougle
Notary Public for Oregon
My commission expires: 10/7/98

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 12th day
of September A.D., 19 96 at 1:03 o'clock PM., and duly recorded in Vol. M96
of Mortgages on Page 28784

Bernetha G Letsch, County Clerk

FEE \$25.00

By Cherry Shouse