

After Recording Return To:
Mainlander Services Corporation
P. O. Box 661
Portland, Oregon 97207

MSC Loan #0468

ATE 05046354
**CERTIFICATE AND INDEMNITY AGREEMENT
REGARDING HAZARDOUS SUBSTANCES**

In connection with and as partial consideration for the making of a loan (the "Loan") in the amount of Two Hundred Thirty Seven Thousand Five Hundred Dollars (\$237,500) by Mainlander Services Corporation (the "Lender") to Brent Budden (the "Borrower"), Borrower provides as follows:

1. Borrower represents and warrants that it has no actual knowledge, after reasonable investigation, of
 - a. the presence of any "Hazardous Substances" (as defined below) on or within the real property more fully described on Exhibit A attached hereto (the "Property"); and
 - b. any spills, releases, discharges or disposals of Hazardous Substances that have occurred or are presently occurring on the Property.
2. Borrower represents and warrants that as of the date of this Certificate it has no actual knowledge, after a reasonable investigation, of any failure to comply with all applicable local, state and federal environmental laws, regulations, ordinances, administrative or judicial orders relating to the generation, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Substances by any person on or from the Property.
3. Borrower represents and warrants that it has made a reasonable inquiry into the past uses of the Property and has no actual knowledge that the Property is or has been contaminated with Hazardous Substances or is or has been a site of storage of Hazardous Substances.
4. Borrower represents and warrants that it has not, and covenants that it will not knowingly, release or waive the liability of any previous owner, lessee or operator of the Property or any party who may be potentially responsible for the presence or removal of Hazardous Substances on or from the Property. Borrower has made no previous promises of indemnification regarding Hazardous Substances to any party.
5. Borrower agrees to indemnify and hold Lender harmless, and immediately notify Lender of the existence of, (a) any environmental problem or liability regarding Hazardous Substances involving the Property; or (b) any lien, action or notice resulting from the violation of any law, regulation, ordinance or order of the type described in this Certificate. At its own cost Borrower will take all actions which are necessary or desirable to clean up any Hazardous Substances affecting the Property, including removal, containment or any other remedial action required by governmental authorities or Lender.
6. Borrower agrees to indemnify and hold Lender harmless from and against any and all claims, demands, injuries, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings, and costs and expenses relating thereto (including attorney's fees, engineering fees, surveying costs and related disbursements) which accrue to or are made against or incurred by Lender on or after transfer of the Property, pursuant to foreclosure proceedings or in lieu thereof, and arise directly or indirectly from or out of, or are in any way connected with:
 - a. the inaccuracy of any representation contained herein;
 - b. any activities on the Property during Borrower's ownership, possession or control of the Property which directly or

- indirectly result in the Property or Other Property (as defined below) becoming contaminated with Hazardous Substances; and
- c. the discovery and/or cleanup of Hazardous Substances which were deposited on or were existing on the Property or Other Property prior to such transfer.

As between Borrower and Lender, Borrower acknowledges that it will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Substances from the Property or from Other Property.

- 7. Borrower agrees that its obligations under this Certificate are unconditional and shall not be limited by any non-recourse or other limitations of liability provided for in any document relating to the Loan (the "Loan Documents"). The representations, warranties and agreements of Borrower set forth in this Certificate (including without limitation the indemnity provided for in paragraph 6 above)
 - a. are separate and distinct obligations from the Borrower's obligations under the Loan and the Loan Documents and are in addition thereto;
 - b. are not secured by the deed of trust and other Loan Documents and shall not be discharged or satisfied by foreclosure of the liens created by the deed of trust or other Loan Documents; and
 - c. shall continue in effect after any transfer of the Property, including without limitation transfers pursuant to foreclosure proceedings (whether judicial or nonjudicial), by any transfer in lieu of foreclosure or otherwise.
- 8. As used herein, "Hazardous Substances" shall mean: any chemical, substance or material defined, classified or designated as hazardous, toxic or radioactive, or other similar terms, by any federal, state or local environmental statute, regulation or ordinance presently in effect or that may be promulgated in the future, as they may be amended from time to time, including but not limited to:

Federal Resource Conservation And Recovery Act of 1976
42 USC Section 6901 et seq.

Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980
42 USC Section 9601 et seq.

Federal Hazardous Materials Transportation Control Act
49 USC Section 1801 et seq.

Federal Clean Air Act
42 USC Section 7401 et seq.

Federal Water Pollution Control Act, Federal Clean Water Act of 1977
33 USC Section 1251 et seq.

Federal Insecticide, Fungicide and Rodenticide Act, Federal Pesticide Act of 1978
7 USC Section 136 et seq.

Federal Toxic Substances Control Act
15 USC Section 2601 et seq.

Federal Safe Drinking Water Act
41 USC Section 300 (1) et seq.


Hazardous Substances will also include any petroleum product and any substance which after release into the environment and upon exposure, ingestion, inhalation or assimilation, either directly into the environment or indirectly by ingestion through food chains or otherwise, will or may reasonably be anticipated to cause sickness, death, disease, behavior abnormalities, cancer or genetic abnormalities.

As used in this Certificate, "Other Property" means any property which becomes contaminated with Hazardous Substances as a result of construction, operations or other activities on, under, over or about the Property; seepage or migration of Hazardous Substances from the Property; or otherwise where contamination of the Property results in or contributes to contamination of other property.

9. This Certificate shall be binding on the Borrower and shall inure to the benefit of the Lender, and to each of their successors and assigns, and shall be construed under the laws of the State of Oregon. In any suit, action or appeal therefrom to enforce or interpret the provisions of this Certificate, the prevailing party shall be entitled to recover its costs incurred therein, including attorney's fees and disbursements.


Dated as of the 9th day of June 1997.

BORROWER


Brent Budden

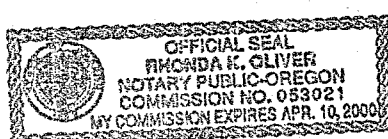
IN WITNESS WHEREOF, Grantor has executed this Certificate and Indemnity Agreement Regarding Hazardous Substances.

BORROWER:


Brent R. Budden

State of Oregon, County of Klamath

This instrument was acknowledged before me on the 11 day of June, 1997 by Brent R. Budden.





Notary Public for Oregon
My Commission Expires: April 10, 2000

EXHIBIT "A"

PARCEL 1:

Lots 22 and 23, Block 18, SECOND RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon, EXCEPT the Northerly 15 feet of said Lot 23.

CODE 1 MAP 3809-33CB TL 1800

PARCEL 2:

Lots 28, 29, 30 and the North 10 feet of Lot 27, Block 18, SECOND ADDITION TO RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

CODE 1 MAP 3809-33BC TL 8800

CODE 1 MAP 3809-33CB TL 1400

CODE 1 MAP 3809-33CB TL 1300

CODE 1 MAP 3809-33CB TL 1200

PARCEL 3:

A tract of land situated in the NE 1/4 of Section 15, Township 38 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Parcel 1 of Minor Land Partition 9-90.

EXCEPTING the following described tract: Beginning at the most Westerly corner of Lot 3, Block 1, TANGLEWOOD-TRACT 1225; thence along the boundary of said Tract 1225, on a curve to the right (radius point bears South 15 degrees 54' 46" West 175.00 feet and central angle equals 38 degrees 51' 36") 118.69 feet, on a curve to the left (radius point bears North 54 degrees 46' 22" East 20.00 feet, central angle equals 76 degrees 49' 54") 26.82 feet, on a curve to the left (radius point bears South 22 degrees 03' 32" East 225.00 feet and central angle equals 14 degrees 47' 21") 58.08 feet, South 53 degrees 09' 07" West 27.41 feet, on a curve to the left (radius point bears North 36 degrees 50' 53" West 20.00 feet and central angle equals 91 degrees 25' 19") 31.91 feet, on a curve to the left (radius point bears South 51 degrees 43' 48" West 125.00 feet and central angle equals 49 degrees 19' 25") 107.61 feet; thence North 44 degrees 33' 10" East 60.91 feet to the point of beginning with bearings based on said Tract 1225.

CODE 183 MAP 3809-15AO TL 301

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 11th day of June A.D., 19 97 at 3:29 o'clock P.M., and duly recorded in Vol. M97 of Mortgages on Page 17964.

FEE \$20.00

By Bernetha G. Letsch, County Clerk
Kathleen Rose