

CT-1538-090 (3/94)
WHEN RECORDED
DELIVER TO:

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Vol. m97 Page 27021

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GREEN TREE FINANCIAL
ATTN: VICKI
PO BOX 1570
TUALATIN, OR 97062

MTC 41948-LW

(Space Above This Line For Recording Data)

LINE OF CREDIT TRUST DEED

THIS DEED OF TRUST ("Security Instrument") is made on August 13, 1997

The Grantor is KENNETH J. SMITH and DIANE M. SMITH
("Borrower"). The trustee is NANCY L. PETERSON, whose address is
101 SW MAIN ST. 15TH FLOOR, PORTLAND, OR 97204
("Trustee"). The beneficiary is GREEN TREE FINANCIAL SERVICING CORPORATION
which is organized and existing under the laws of Pennsylvania
and whose address is 7662 SW MOHAWK TUALATIN, OR 97062
("Lender").

CONVEYANCE - Borrower, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt defined below, and the Borrower's performance under this Security Instrument, irrevocably grants, bargains, and sells to Trustee, in trust, with power of sale, the following described property located in KLAMATH County:

All of the property located at 4143 MARIAN COURT, in the
City/Town/Village of KLAMATH FALLS, County of KLAMATH, State of OR, in
which the Borrower has an ownership, leasehold or other legal interest. This property is more
particularly described on the schedule titled "Additional Property Description" which is attached
hereto as Exhibit A, together with a security interest in that certain 1997, 66 X 28
NW66001F mobile home, serial number .

The Borrower does hereby authorize the Lender or its assigns to obtain a more detailed property
description after the Borrower has signed the Mortgage, and to attach Exhibit A after the Borrower
has signed the Mortgage.

which has the address of 4143 MARIAN COURT (Street)
KLAMATH FALLS (City), Oregon 97601 ("Property Address").
(ZIP Code)

Together with: (a) all improvements now or hereafter built on the property, all easements,
appurtenances, and all fixtures now or hereafter a part of the property, (b) all mineral, oil and gas rights
and profits, water rights and stock that are part of the property, (c) all rights that Borrower has in the land
which lie in the streets or roads in front of, or next to, 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."

WARRANTY OF TITLE - Borrower warrants that Borrower is lawfully seized of the estate here conveyed and has the right to grant, bargain, and sell 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.

MAXIMUM OBLIGATION LIMIT - Additional or future loans or advances are contemplated. However, nothing in this Security Instrument shall constitute a commitment to make additional or future loans or advances in any amount. The total unpaid principal balance (exclusive of interest, attorneys' fees, paralegal fees, costs, and other legal expenses) secured by this Security Instrument at any one time shall not exceed a maximum amount of \$ 72823.06. This limitation of amount does not apply to either advances made under the terms of this Security Instrument to protect Lender's security or to any future advances made or future obligations incurred under a construction loan instrument to enable completion of contemplated improvements.

SECURED DEBT DEFINED - Borrower's "Secured Debt," which is secured by this Security Instrument, means and includes the following:

A. The promissory note(s), contract(s), guaranty(s) or other evidence of debt executed by Borrower listed below and all extensions, renewals, modifications or substitutions:

A Universal Note or Manufactured Home Retail Installment Contract and Security Agreement
executed by Buyers/Borrowers.

The above obligation is due and payable on the date 360 months after final disbursement, if not paid earlier.

B. All future advances or other future obligations under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Security Instrument. No future advance or future obligation will be secured by this Security Instrument unless the promissory note, contract, guaranty or other evidence of indebtedness under which such future advance or future obligation is incurred shall state on its face that it is secured by, and identifies by date of execution, this Security Instrument.

C. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument, plus interest at the highest rate in effect from time to time provided for in the promissory note(s), contract(s), guaranty(s), or other evidence of debt.

D. All other obligations Borrower owes to Lender, which now exist or may later arise, to the extent the taking of the Property as security for the obligation is not prohibited by law.

E. Borrower's performance under the terms of any instrument evidencing a debt by Borrower to Lender and any security instrument securing, guarantying, or otherwise relating to the debt.

COVENANTS - Borrower and Lender warrant and agree as follows:

1. **Payments.** Borrower agrees to make all payments on the secured debt when due. Unless Borrower and Lender agree otherwise, any payments Lender receives from Borrower, or for Borrower's benefit, will be applied as follows: First, to any amounts Borrower owes on the secured debt, exclusive of principal or interest; secondly, to interest due; and thirdly, to principal. If partial prepayment of the debt occurs for any reason, it will not reduce or excuse any scheduled payment until the secured debt is paid in full.

2. **Claims Against Title.** Borrower will pay all taxes, assessments, liens, encumbrances and other charges attributable to the Property when due. Lender may require Borrower to provide copies of receipts evidencing these payments. Borrower will defend title to the Property against any claims which would impair the security interest created by this Security Instrument. Lender may require Borrower to assign any rights, claims or defenses which Borrower may have against parties who supply labor or materials to improve or maintain the Property.

3. Insurance. Borrower shall keep the Property insured against loss by fire, theft, flood and other risks reasonably associated with the Property due to its type and location. Insurance should be equal to amount of debt outstanding, under terms acceptable to Lender, at Borrower's expense and for Lender's benefit. All insurance policies shall include a standard mortgage clause in favor of Lender. Lender will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within Lender's discretion, to either the restoration or repair of the damaged Property or to the secured debt. Any application of the proceeds to the principal shall not extend or postpone the due date of subsequent payments due, or change the amount of those payments. Borrower will give Lender prompt notice of any loss or damage to the Property. The insurance carrier providing the hazard insurance shall be chosen by Borrower subject to Lender's approval, which shall not be unreasonably withheld.

If Lender requires mortgage insurance, Borrower agrees to maintain such insurance for as long as Lender requires.

4. Property. Borrower will keep the Property in good condition and make all repairs reasonably necessary. 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.

5. Expenses. Borrower agrees to pay all of Lender's expenses, including reasonable attorney's fees, if Borrower breaks any covenants in this Security Instrument or in any obligation secured by this Security Instrument. Borrower will pay these amounts to Lender as provided in Paragraph 9 of this Security Instrument. If 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, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

6. Leaseholds, Condominiums, Planned Unit Developments. Borrower agrees to comply with the provisions of any lease if this Security Instrument is on a leasehold. 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. If the Property includes a unit in a condominium, cooperative, or a planned community, Borrower will perform all of Borrower's duties under the covenants, by-laws or regulations of the condominium, cooperative, or planned community.

7. Condemnation. Borrower assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds will be applied as provided in Paragraph 1. This assignment is subject to the terms of any prior security agreement.

8. Assignment of Leases and Rents. Borrower assigns to Lender all rents and revenues of the Property. Unless Borrower and Lender have agreed otherwise in writing, Borrower may collect and retain the rents for not more than one month in advance. If Borrower is not in default. If Borrower defaults, Lender, Lender's agent or a court appointed receiver may take possession of and manage the Property and collect rents, including those past due. Any rents Lender collects shall be applied first to the costs of managing the Property, including court costs, attorney's fees, commissions to rental agents and all other necessary and related expenses. Any remaining sums will be applied toward payment of the Secured Debt as provided in covenant 1.

9. Authority of Lender to Perform for Borrower. If Borrower fails to perform any of Borrower's duties under this Security Instrument, Lender may perform those duties or cause them to be performed. Lender may sign Borrower's name or pay any sums necessary to secure performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect their security interest in the Property, including completion of the construction. Lender's failure to perform for Borrower will not preclude Lender from exercising any of their other rights under the law or this Security Instrument. Although Lender may take action under this covenant, Lender is not obligated to do so. Any amounts paid by Lender to protect Lender's security interest will be secured by this Security Instrument. These sums will be due on demand and will accrue interest at the rate in effect on the secured debt from the date of the payment until paid in full.

10. Default and Acceleration. If Borrower fails to make any payment when due or breaks any covenants under this Security Instrument or any obligation secured by this Security Instrument, Lender may accelerate the maturity of the secured debt and demand immediate payment and may invoke the power of sale and any other remedies permitted by applicable law.

11. Power of Sale. The Lender may, at the discretion of the Lender, exercise the power of sale, or, alternatively, Lender may foreclose in the same manner as provided by law for the foreclosure of mortgages on real property. 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 at 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 Borrower and to other persons as applicable law may require. After the lapse of such time as may be prescribed by applicable law, Trustee shall sell the property (in gross or in parcels) at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of 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 without any covenant or warranty, expressed or implied. Trustee shall apply the proceeds of the sale in the following order: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (2) to all sums secured by this Deed of Trust; and (3) the excess, if any, to the person or persons legally entitled thereto.

12. No Waiver. If circumstances occur which 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.

13. Prior Security Interests. Unless Borrower first obtains Lender's written consent, Borrower will not make or permit an increase in the amount of any prior security interests. Borrower will perform all of Borrower's obligations under any prior mortgage, deed of trust or other security agreement, including Borrower's covenants to make payments when due.

14. Inspection. Lender may enter the Property to inspect it if Lender gives Borrower notice beforehand. The notice must state a reasonable purpose for Lender's inspection.

15. Applicable Law; Severability; Interpretation. This Security Instrument is governed by the laws of the jurisdiction in which Lender is located except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Security Instrument is complete and fully integrated. This Security Instrument, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Security Instrument cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Security Instrument. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Security Instrument are for convenience only and are not to be used to interpret or define the terms of this Security Instrument. Time is of the essence in this Security Instrument.

16. Notices. Unless otherwise required by law, any notice to Borrower shall be given by delivering it or by mailing the notice by certified mail addressed to Borrower at the property address or any other address that Borrower provides to Lender. Any notice to Lender shall be by mailing the notice by certified mail to Lender's address as designated on page 1 of this Security Instrument or to any other address that Lender provides to Borrower.

Any notice given in the manner stated above shall be deemed to have been given by Borrower or Lender.

17. Transfer of the Property or a Beneficial Interest in the Borrower. If all or any part of the Property or any interest in it is sold or transferred without Lender's prior written consent, Lender may demand immediate payment of the secured debt. Lender may also demand immediate payment if the Borrower is not a natural person and a beneficial interest in the Borrower is sold or transferred. However, Lender may not demand payment in the above situations if it is prohibited by federal law as of the date of this Security Instrument.

27025

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

Kenneth J. Smith
Borrower KENNETH J. SMITH

Diane M. Smith
Borrower DIANE H. SMITH

Borrower

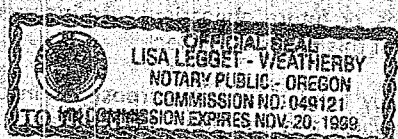
Borrower

ACKNOWLEDGMENT: STATE OF OREGON, Klamath County ss:

On this 13th day of August, 1997, Kenneth J. Smith and Diane M. Smith personally appeared the above named and acknowledged the foregoing instrument to be A voluntary act and deed.

(Official Seal)
My commission expires: 11/20/99

Before me: Lisa Legget-Weatherby
Notary Public for Oregon



REQUEST FOR RECONVEYANCE

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: _____

OREGON

18. Release. When Borrower has paid the secured debt and Lender has no further obligation to make advances under the Instruments of indebtedness secured by this Security Instrument, Lender or Trustee shall, at Borrower's request, acknowledge satisfaction of this Security Instrument in the manner provided by applicable law without cost to Borrower. Borrower agrees to pay all costs to record such satisfaction.

19. Successor Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee by an instrument recorded in the county in which this Security Instrument is recorded. The successor trustee, without conveyance of the Property, shall succeed to all the title, powers and duties conferred upon the Trustee by this Security Instrument and by applicable law.

20. Severability. Any provision or clause of this Security Instrument or any Instrument of Indebtedness which conflicts with applicable law will not be effective unless that law expressly or impliedly permits variations by agreement. If any provision or clause in this Security Instrument or any such Instrument evidencing the secured debt cannot be enforced according to its terms, this fact will not affect the enforceability of the balance of this Security Instrument and such Instrument evidencing the secured debt.

21. Obligations Defined. Borrower's "Obligations" which are secured by this Security Instrument are defined as and include the following:

- A. Any promissory note, instrument or agreement executed by Borrower which evidences a loan by Lender to Borrower, and all extensions, renewals, modifications or substitutions (Evidence of Debt) thereof, and whether or not such future advances or future obligations are incurred for any purpose that was related or unrelated to the purpose of this Evidence of Debt.
- B. All additional sums advanced and expenses incurred by Lender for the purpose of insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument, plus interest at the same rate provided for in the instrument(s) which evidence the Loan.
- C. All other obligations Borrower owes to Lender which now exist or may later arise, to the extent the taking of the Property as security for the obligation is not prohibited by law.
- D. Borrower's performance under the terms of any instrument which evidence a loan by Lender to Borrower and any security instrument which secures, guaranties or otherwise relates to the loan.

However, this Security Instrument will not secure another debt:

- A. If this Security Instrument is in Borrower's principal dwelling and Lender fails to provide (to all persons entitled) any notice of right of rescission required by law for the other debt;
- B. If Lender fails to make any disclosure of the existence of this Security Instrument required by law or the other debt.

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

..... Planned Unit Development Rider Other

..... Condominium Rider

EXHIBIT "A"
LEGAL DESCRIPTION

Lot 5 in Block 1 of SHADOW HILLS NO. 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 15th day
of August A.D., 19 97 at 3:34 o'clock P. M., and duly recorded in Vol. M97
of Mortgages on Page 27021

FEE \$40.00

Bernetha G. Letsch, County Clerk
By Kathleen Rose