

14221 WASHINGTON  
TENNESSE

Vol 1999 Page 28098

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Loan No. 01-0411-01098860115

ACCT/TITLE 418691W

AFTER RECORDING, MAIL TO:

WASHINGTON MUTUAL

Loan Servicing

P.O. Box 21006, SAS0304

Seattle, WA 98111

MTC 41869-LW

[Space Above This Line For Recording Data]

## DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on AUGUST 21st,  
1997. The grantor is TIMOTHY EDWARD CRIMES and TERRANCE BORDEAU-CRIMES, as tenants by  
the entirety.

(Borrower), The trustee is AMERITITLE, an Oregon  
Corporation ("Trustee"). The beneficiary is  
WASHINGTON MUTUAL BANK, which is organized and existing  
under the laws of Washington, and whose address is 1201 THIRD AVENUE,  
SEATTLE, WA 98101 ("Lender").  
Borrower owes Lender the principal sum of SEVENTY-FIVE THOUSAND & 00/100--

Dollars (U.S. \$ 75,000.00). This debt is evidenced by Borrower's  
note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not  
paid earlier, due and payable on September 1st, 2027. This Security Instrument  
secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and  
modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security  
of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument  
and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following  
described property located in KLAMATH,  
County, Oregon:

LOT 6 IN BLOCK 26 OF HOT SPRINGS ADDITION TO THE CITY OF KLAMATH FALLS, ACCORDING TO  
THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH  
COUNTY, OREGON.

CJO

Which has the address of 1832 EARL STREET,  
Oregon 97501 ("Property Address");  
In City of KLAMATH FALLS.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all enclosures, appurtenances, and  
fixtures now or hereafter a part of 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."

BORROWER COVENANTS that Borrower is lawfully seized 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. Borrower warrants and will  
defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT contains uniform covenants for national use and non-uniform covenants with limited  
variations by jurisdiction to constitute a uniform security instrument covering real property.

28099

Loan #: 01-0253-000998694-5

**LNSCPM COVENANTS.** Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, (a) sum ("Funds") for (i) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (ii) yearly leasehold payments or ground rents on the Property, if any; (iii) yearly leases or prepaid insurance premiums, if any; (iv) yearly mortgage insurance premiums, if any; and (v) any sums payable by Borrower to Lender in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These sums are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the Federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2001 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, reduce and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case, Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) consents in good faith the lien by, or defers, against enforcement of the lien in, legal proceedings in which the Lender's opinion operates to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter added on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged; if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If, under paragraph 21 the Property is acquired by Lender, Borrower's right to try insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leasehold. Borrower shall occupy, establish and use the Property as Borrower's principal residence within thirty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extraordinary circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 16, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the fixed rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender requires mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premium required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender ceases or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost subordinated to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender required) provided by an insurer approved by Lender becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

28100

If Lender breaches this power of sale, Lender shall (a) cause or cause Trustee to execute a written notice of the commencement of an action of replevin and of Lender's election to foreclose the Property to be sold and shall cause timely notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale to the parties prescribed by applicable law to Trustee and to whom persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction at the highest bidder at the time and place and under the terms designated in the notices of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement of the time and place of any previously postponed sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser(s) Trustee's deed conveying the Property 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 therin. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property without warranty and Lender shall charge Borrower a release fee in an amount allowed by applicable law. Such person or persons shall pay any recording costs.

23. Successor Trustee. 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 Trustee herein and by applicable law.

24. Attorneys' Fees. As used in this Security Instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appropriate court.

25. 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 such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

Adjustable Rate Rider

Condominium Rider

1-4 Family Rider

Graduated Payment Rider

Planned Unit Development Rider

Biweekly Payment Rider

Balloon Rider

Lease Improvement Rider

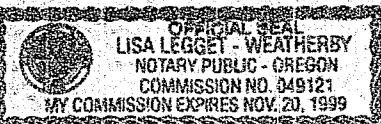
Second Home Rider

Other(s) (specify)

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.

*Timothy Edward Grimes*  
TIMOTHY EDWARD GRIMES

*Theresa Lettsch*  
TERESA LETTSCH-GRIFFITHS



STATE OF OREGON,

County of:

On this 21st day of August, 1997, personally appeared the above named

TIMOTHY EDWARD GRIMES and THERESA LETTSCH-GRIFFITHS

and acknowledged the foregoing instrument to be his/her/their voluntary act and deed.

WITNESS my hand and official seal affixed the day and year in this certificate above written.

Notary Seal

My Commission expires: 11/20/99

*Lisa Legget - Weatherby*  
Lisa Legget - Weatherby  
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.

DATED: \_\_\_\_\_

WASHINGTON MUTUAL BANK

a corporation

By \_\_\_\_\_

Mail reconveyance to \_\_\_\_\_

470 B-24

Page 6 of 8

TO BE RECORDED

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ Amerititle the 27th day  
of August 97 at 11:27 o'clock A. M., and duly recorded in Vol. M97  
of Mortgages on Page 28098.

Bernetha G. Lettsch, County Clerk

FEE \$20.00

By Kathleen Rose