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WOODSTONE
CREDIT UNIONVol. m98 Page 33570TRUST DEED
(OREGON)

AMOUNT OF PRINCIPAL INDEBTEDNESS: \$ 10,250.00 Quintin D. McBain and Paula J. McBain
THIS TRUST DEED IS DATED 9/3/98, among As Tenants By Entirety
whose address is 8303 Rocking Horse Ln., Klamath Falls, OR 97603
(referred to below as "Grantor"); Woodstone Credit Union, whose address is 33615 1st Way South, Federal Way, WA 98003 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"), a corporation organized and existing under the laws of the State of Washington; and TICOR Title Insurance Company, whose address is 421 SW Stark St., Portland, OR 97204 (referred to below as "Trustee").

1. CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, appurtenances, tenements and hereditaments; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation any rights Grantor later acquires in the fee simple title to the land, subject to a Lease, if any, and all minerals, oil, gas, geothermal and similar matters, located in Klamath County, State of Oregon (the "Real Property"):

The Real Property or its address is commonly known as 8303 Rocking Horse Lane

(See page 5 for legal description) Klamath Falls, OR 97603

2. DEFINITIONS. The following words shall have the following meanings when used in this Trust Deed.

Note. The word "Note" means the promissory note dated 9/3/98 in the principal amount of \$ 10,250.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings and substitutions for the Note.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Trust Deed, together with interest on such amounts as provided in this Trust Deed.

Real Property. The words "Real Property" mean the property, interest and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments and documents, whether now or hereafter existing, executed in connection with Grantor's indebtedness to Lender.

THIS TRUST DEED IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF SUCH AGREEMENT AND OBLIGATION OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS TRUST DEED. THIS TRUST DEED IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

3. PAYMENT AND PERFORMANCE. Except as otherwise provided in this Trust Deed, Grantor shall pay to Lender all amounts secured by this Trust Deed as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note and this Trust Deed and Related Documents.

4. POSSESSION AND MAINTENANCE OF THE REAL PROPERTY. Grantor agrees that Grantor's possession and use of the Real Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may remain in possession and control of the Real Property. The Real Property may be used only as a residence for Grantor and Grantor's immediate family. The Real Property is not used principally for agricultural or farming purposes.

Duty to Maintain. Grantor shall maintain the Real Property in tenantable condition and promptly perform all repairs and maintenance necessary to preserve its value.

Hazardous Substances. Grantor represents and warrants that the Real Property never has been, and never will be so long as this Trust Deed remains a lien on the Property, used for the generation, manufacture, storage, treatment, disposal, release or threatened release

of any hazardous waste or substance, as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act ("SARA"), applicable state or Federal laws, or regulations adopted pursuant to any of the foregoing. Grantor authorizes Lender and its agents to enter upon the Real Property to make such inspections and tests as Lender may deem appropriate to determine compliance of the Real Property with this section of the Trust Deed. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this paragraph of the Trust Deed. This obligation to indemnify shall survive the payment of the indebtedness and the satisfaction of this Trust Deed.

Nuisance, Wastes. Grantor shall not cause, conduct or permit any nuisance nor commit, permit or suffer any stripping of or waste on or to the Property or any portion of the Real Property. Specifically without limitation, Grantor will not remove or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

5. DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, have the right to accelerate, that is, declare immediately due and payable all sums secured by this Trust Deed upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. If Grantor sells or transfers the Real Property without the written consent of Lender, then, prior to acceleration, Lender shall give notice to Grantor. The notice shall provide a period of not less than ten (10) days from the date of the notice within which Grantor may pay the sums declared due. If Grantor fails to pay those sums prior to the expiration of such period, Lender may, without further notice or demand on Grantor, invoke any remedies permitted in this Trust Deed. A "sale or transfer" means the conveyance of real property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term great than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of real property interest. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

6. TAXES AND LIENS. The following provision relating to the taxes and liens on the Real Property are part of this Trust Deed.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Real Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Real Property. Grantor shall maintain the Real Property free of all liens having priority over or equal to the interest of Lender under this Trust Deed, except for the lien of taxes and assessments not due, except for the existing indebtedness referred to below, and except as otherwise provided in this Trust Deed.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Real Property, if any mechanic's lien, or other lien could be asserted on account of the work, services, or materials and the costs exceeds \$10,000.00. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

7. PROPERTY INSURANCE. The following provisions relating to insuring the Real Property are a part of this Trust Deed.

Maintenance of Insurance. Grantor shall procure and continuously maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender, together with such other hazard and liability insurance as Lender may reasonably require from time to time. If the Real Property is located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain Federal Flood Insurance to the extent such insurance is required and is available. Policies shall be issued in writing by a company or companies reasonably acceptable to Lender; shall be in form, amounts, coverages and basis reasonably acceptable to Lender; and shall include a stipulation that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. All policies of insurance or certificates evidencing same shall be delivered to the Beneficiary as soon as insured. If the Grantor shall fail for any reason to procure and continuously maintain any such insurance and to deliver the policies or certificates to the Beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the building, the Beneficiary may procure or maintain the same at Grantor's expense.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Real Property if the estimated cost or repair or replacement exceeds \$10,000.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. If, in Lender's judgment, the restoration or repair is economically feasible and Lender's security is not lessened, insurance proceeds shall be applied to restoration or repair of the damaged Real Property. 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 Trust Deed whether or not then due, with any excess paid to Grantor. If Grantor abandons the Real Property, or does not answer within thirty (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 Real Property or to pay sums secured by this Trust Deed, whether or not then due. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear. Any application or release of funds under this subparagraph shall not cure or waive any default or notice of default under this Trust Deed or invalidate any act done pursuant to such notice.

Lender may use the proceeds to repair or restore the Real Property or to pay sums secured by this Trust Deed, whether or not then due. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear. Any application or release of funds under this subparagraph shall not cure or waive any default or notice of default under this Trust Deed or invalidate any act done pursuant to such notice.

8. EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Trust Deed, including any obligation to maintain Existing Indebtedness in good standing as required below, or if any action or proceeding is commenced that would materially affect Lender's interest in the Real Property, Lender on Grantor's behalf may, upon notice to Grantor, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Credit Agreement from the date incurred or paid by Lender to the date of repayment by Grantor. All such expense, at Lender's option, will (a) be payable on demand, or (b) be added to the balance of the credit line. This Trust Deed also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

9. WARRANTY; DEFENSE OF TITLE. The following provision relating to ownership of the Real Property are a part of this Trust Deed.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Real Property free and clear of all liens and encumbrances except those of record, disclosed by Grantor, or shown by a report of title insurance and (b) Grantor has the full right, power, and authority to execute and deliver this Trust Deed to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Real Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Trust Deed, Grantor shall defend the action at Grantor's expense.

10. EXISTING INDEBTEDNESS. The following provisions concerning existing indebtedness (the "Existing Indebtedness") are a part of this Trust Deed.

Existing Lien. The lien of this Trust Deed securing the Indebtedness may be secondary and inferior to an existing lien or liens. Grantor expressly covenants and agrees to pay, or see to the payment of, the indebtedness underlying such prior lien(s) and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

11. DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Trust Deed: (a) Grantor commits fraud or makes a material misrepresentation at any time in connection with the Credit Account. This can include, for example, a false statement about Grantor's income, assets, liabilities, or any other aspect of Grantor's financial condition. (b) Grantor does not meet the repayment terms of the Credit Agreement. (c) Grantor's action or inaction adversely affects the collateral for the Credit Account or Lender's rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of dwelling, creation of a lien on the dwelling without our permission, foreclosure by the holder of another lien, or the use of funds on the dwelling for prohibited purposes. (d) Grantor's failure to perform promptly any term or condition, including payment terms, under any other agreement with or loan extended by Lender.

12. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire indebtedness immediately due and payable.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by advertisement and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Trust Deed or the Credit Agreement or by law.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Trust Deed, the Credit Agreement, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Trust Deed after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Expenses. If Lender institutes any suit or action to enforce any of the terms of this Trust Deed, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorney's fees at trial and/or appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its

Multiple Parties. All obligations of Grantor under this Trust Deed shall be joint and several, and all reference to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Trust Deed.

Successors and Assigns. Subject to the limitations stated in this Trust Deed on transfer of Grantor's interest, this Trust Deed shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Real Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Trust Deed and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Trust Deed or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Trust Deed.

Waivers and Consents. Lender shall not be deemed to have waived any rights under this Trust Deed (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any part of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transaction. Whenever consent by Lender is required in this Trust Deed, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISION OF THIS TRUST DEED, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

Quinten H. McBain

x Paula J. McBain

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Oregon

COUNTY OF Klamath

On this day before me, the undersigned Notary Public, personally appeared Quinten McBain & Paula McBain

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) described in and who executed the Trust Deed, and acknowledged that they signed the Trust Deed as their free and voluntary act and deed, for the uses and purposes therein mentioned.

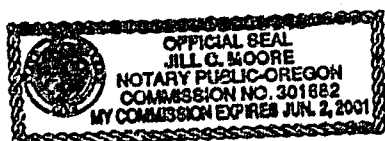
Given under my hand and official seal this 2 day of Sept, 19 98

By Jill C. Moore Residing at Gardner Products FCU, Klamath Falls Or

Notary Public in and for the State of Oregon

My commission expires 6-2-2001

Notary Public Signature Jill C. Moore



TRUST DEED

Grantor

Woodstone Credit Union
33615 1st Way South
Federal Way, WA 98003

Beneficiary

After Recording Return to:
Woodstone Credit Union
33615 1st Way South
Federal Way, WA 98003

SPACE RESERVED
FOR
RECORDING USE

STATE OF OREGON,

S.S.

County of.....
I certify that the within instrument on the day
of....., 19....., at..... o'clock..... M. and recorded
in book/reel/volume No..... on page..... or as fee/
file/instrument/microfilm/reception No..... Record
of..... of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By.....

Deputy

(5)

Mortgage Premises

(a) Legal Description:

Lot 3, Block 3, ROLLING HILLS, TRACT NO. 1099, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

(b) Street Address:

8303 ROCKING HORSE LANE,
KLAMATH FALLS, OREGON 97603

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of AmeriTitle the 11th day
of September A.D., 19 98 at 11:29 o'clock A M., and duly recorded in Vol. M98,
of Mortgages on Page 33570.

FEE \$30.00

Bernetha G. Letsch, County Clerk

By Bernetha G. Letsch