

NOTE: The Trust Deed Act provides that the Trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or of the United States, or a title insurance company authorized to insure title to real property under the provisions of ORS Chapter 728, its subsidiaries, affiliates, agents or branches.

THIS TRUST DEED, made this 23 day of May, 19 75, between
RAYMOND R. SOUZA AND RITA MARIE SOUZA, Husband and Wife, as Grantor,
KLAMATH COUNTY TITLE COMPANY, as Trustee,
 and FIRST NATIONAL BANK OF OREGON, as Beneficiary.

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the property in
KLAMATH County, Oregon described as:

Lot 9 in Block 3 of Banyon Park, Tract No. 1008, according to the official
 plat thereof on file in the office of the County Clerk of Klamath County,
 Oregon.

which said described real property does not exceed three acres, together with all and singular the tenements, hereditaments and
 appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits
 thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the
 sum of \$21,200.00 with interest thereon according to the terms of a promissory note of even date herewith, payable to
 Beneficiary or order and made by Grantor, Raymond R. Souza and Rita Marie Souza, May 1 2005.

To Protect the Security of this Trust Deed, Grantor agrees:

1. To protect, preserve and maintain said property in good
 condition and repair; not to remove or demolish any building or
 improvement thereon; not to commit or permit any waste of said
 property.

2. To complete or restore promptly and in good and
 workmanlike manner any building or improvement which may be
 constructed, damaged or destroyed thereon, and pay when due all
 costs incurred therefor.

3. To comply with all laws, ordinances, regulations, cove-
 nants, conditions and restrictions affecting said property.

4. To keep the buildings now or hereafter on said property
 insured against loss by fire and against loss by such other hazards
 as the Beneficiary may from time to time require in an amount
 not less than the lesser of the indebtedness hereby secured or the
 insurable value of said buildings; that such policies shall be issued
 by companies satisfactory to the Beneficiary and shall contain
 such provisions and shall bear such endorsements as Beneficiary
 may require and be payable to Beneficiary; that such policies
 shall be delivered to and retained by the Beneficiary and at least
 five days prior to the expiration thereof renewal or substitute
 policies shall be delivered to Beneficiary; that the proceeds of
 such insurance shall be applied as Beneficiary shall elect to the
 payment of any indebtedness thereby secured or to the restora-
 tion of any of the property or by release to Grantor and that such
 application or release shall not cure or waive default or notice of
 default hereunder or invalidate any act done pursuant to such
 notice; that the Beneficiary is authorized in the event of any loss
 to compromise and settle with any insurance company, to
 endorse, negotiate and present for and in the name of the Grantor
 any check or draft issued in settlement of any such loss and
 receive and to apply the proceeds thereof as herein provided.

5. To keep said premises free from mechanics' liens and to
 pay all taxes, assessments and other charges that may be levied or
 assessed upon or against said property before any part of such
 taxes, assessments and other charges become past due or
 delinquent and promptly deliver receipts therefor to Beneficiary;
 should the Grantor fail to make payment of any taxes,
 assessments, insurance premiums, liens or other charges payable
 by Grantor, either by direct payment or by providing Beneficiary
 with funds with which to make such payment, Beneficiary may,
 at its option, make payment thereof, and the amount so paid,
 with interest at the rate of eight per cent per annum together
 with the obligations described in paragraphs 7 and 8 of this trust
 deed, shall be added to and become a part of the debt secured by
 this trust deed, without waiver of any rights arising from breach
 of any of the covenants hereof and for such payments, with
 interest as aforesaid, the property hereinbefore described, as well
 as the Grantor, shall be bound to the same extent that they are
 bound for the payment of the obligation herein described, and all
 such payments shall be immediately due and payable without
 notice, and the non-payment thereof shall, at the option of the
 Beneficiary, render all sums secured by this trust deed imme-
 diately due and payable and constitute a breach of this trust
 deed.

6. To pay to Beneficiary, at the time of payment of each
 installment of the indebtedness hereby secured, such amount as
 Beneficiary shall estimate to be sufficient to produce, at least one
 month prior to the time when payment thereof shall become due,
 the amount of (a) taxes, assessments and other governmental
 rates and charges against said property, (b) premiums upon
 insurance against loss or damage to said property and (c)
 premiums on insurance covering repayment of all or any part of
 the indebtedness hereby secured, if Beneficiary carries such
 insurance. If the sums so paid shall be less than sufficient for said
 purposes, Grantor will also pay, upon demand, such additional
 sum as Beneficiary shall deem necessary therefor. If Grantor
 desires a "package" plan of insurance which includes coverage in
 addition to that required under this Trust Deed, Beneficiary may,
 at its option, establish and administer a reserve for that purpose.
 If the package plan reserve is not sufficient to pay the renewal
 premium on a package plan policy, then Beneficiary may use such
 reserve to pay premiums on a policy covering only risks required
 to be insured against under this Trust Deed and allow the package
 insurance plan to lapse. Beneficiary shall, upon the written
 direction of the Grantor, and may, without such direction, apply
 sums paid by Grantor and held by Beneficiary to the purposes
 aforesaid; but the receipt of such sums shall not, in the absence of

such direction, impose any duty upon Beneficiary to disburse the
 same or relieve Grantor from his covenants to pay said obligations
 and keep the property insured. Beneficiary may, from time to
 time, establish reasonable service charges for the collection and
 disbursement of premiums on package type insurance policies.
 Beneficiary shall not, whether or not service charges are imposed,
 be subject to any liability for failure to transmit any premiums to
 any insurer or by reason of any loss growing out of any defect in
 any insurance policy.

7. To pay all costs, fees and expenses of this trust, including
 the cost of title search as well as the other costs and expenses of
 the Trustee incurred in connection with or in enforcing this
 obligation, and trustee and attorney's fees actually incurred.

8. To appear in and defend any action or proceeding
 purporting to affect the security hereof or the rights or powers of
 Beneficiary, or Trustee; and to pay all costs and expenses,
 including cost of evidence of title and attorney's fees in a
 reasonable sum to be fixed by the court, in any such action or
 proceeding in which Beneficiary or Trustee may appear, and in
 any suit brought by Beneficiary to foreclose this deed.

It is Mutually Agreed That:

9. In the event that any portion or all of said property shall
 be taken under the right of eminent domain or condemnation,
 Beneficiary shall have the right, if it so elects, to require that all
 or any portion of the monies payable as compensation for such
 taking, which are in excess of the amount required to pay all
 reasonable costs, expenses and attorney's fees necessarily paid or
 incurred by Grantor in such proceedings, shall be paid to
 Beneficiary and applied by it first upon any reasonable costs and
 expenses and attorney's fees necessarily paid or incurred by
 Beneficiary in such proceedings, and the balance applied upon the
 indebtedness secured hereby; and Grantor agrees, at its own
 expense, to take such actions and execute such instruments as
 shall be necessary in obtaining such compensation, promptly
 upon Beneficiary's request.

10. At any time and from time to time upon written request
 of Beneficiary, payment of its fees and presentation of this deed
 and the note for endorsement (in case of full reconveyance, for
 the cancellation), without affecting the liability of any person for the
 payment of the indebtedness, Trustee may (a) consent to the
 making of any map or plat of said property; (b) join in granting
 any easement or creating any restriction thereon; (c) join in any
 subordination or other agreement affecting this deed or the lien
 or charge thereof; (d) reconvey, without warranty, all or any part
 of the property. The Grantee in any reconveyance may be
 described as the "person or persons legally entitled thereto," and
 the recitals therein of any matters or facts shall be conclusive
 proof of the truthfulness thereof. Trustee's fees for any of the
 services mentioned in this paragraph shall be \$10.00.

11. Upon any default by Grantor hereunder, Beneficiary
 may at any time without notice, either in person, by agent or by
 a receiver to be appointed by a court, and without regard to the
 adequacy of any security for the indebtedness hereby secured,
 enter upon and take possession of said property or any part
 thereof, in its own name sue for or otherwise collect the rents,
 issues and profits, including those past due and unpaid, and apply
 the same, less costs and expenses of operation and collection,
 including reasonable attorney's fees upon any indebtedness
 secured hereby, and in such order as Beneficiary may determine.

12. The entering upon and taking possession of said prop-
 erty, the collection of such rents, issues and profits, or the
 proceeds of fire and other insurance policies or compensation or
 awards for any taking or damage of the property, and the
 application or release thereof as aforesaid, shall not cure or waive
 any default or notice of default hereunder or invalidate any act
 done pursuant to such notice.

13. Upon default by Grantor in payment of any indebted-
 ness secured hereby or in performance of any agreement
 hereunder, Beneficiary may declare all sums secured hereby
 immediately due and payable by delivery to Trustee of written
 notice of default and election to sell the trust property; which
 notice Trustee shall cause to be duly filed for record. If
 Beneficiary desires said property to be sold, it shall deposit with
 Trustee this trust deed and all promissory notes and documents
 evidencing expenditures secured hereby, whereupon the Trustee
 shall fix the time and place of sale and give notice thereof as then
 required by law.

14. If after default and at any time prior to five days before the date set by the Trustee for the sale of the property, the other person so provided by ORES so that the obligation is then due under the terms of the trust deed and the obligation is not then due had no default occurred and the Grantor or other person making such payment shall also pay to the Beneficiary all of Beneficiary's costs and expenses incurred up to said time in enforcing the terms of the obligation, including Trustee's and Attorney's fees not exceeding \$50 each if actually incurred, such default shall thereby be cured.

15. After the lapse of such time as may then be required by law following the recordation of said notice of default and the giving of said notice of sale, Trustee shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, excluding the Trustee, but including the Grantor and Beneficiary, may purchase at the sale.

16. When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including a reasonable charge by the Trustee, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the Trustee in the trust deed as their interest may appear in order of their priority and (4) the surplus, if any, to the Grantor or to his successor in interest entitled to such surplus.

17. For any reason permitted by law Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor Trustee appointed hereunder. Upon such appointment, and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing

reference to this trust deed and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the Successor Trustee.

18. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by Trustee.

19. The Grantor covenants and agrees to and with the Beneficiary and those claiming under him that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

20. Grantor shall not, without the prior written consent of Beneficiary, transfer Grantor's interest in the property or any part thereof, whether or not the transferee assumes or agrees to pay the indebtedness hereby secured. Upon any application for Beneficiary's consent to such a transfer, Beneficiary may require from the transferee such information as would normally be required if the transferee were a new loan applicant. Beneficiary shall not unreasonably withhold its consent. As a condition of its consent to any transfer, Beneficiary may, in its discretion, impose a service charge not exceeding one percent of the original amount of the indebtedness hereby secured and may increase the interest rate of the indebtedness hereby secured by not more than one percent per annum. If the Grantor shall cease to occupy the property described herein, or if, without the prior written consent of the Beneficiary, there shall be any change in the ownership of said property, the Beneficiary may, at its option, without notice, declare the entire sum secured by this trust deed due and payable.

21. This Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the note secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes feminine and/or neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand and seal the day and year first above written.

Raymond R. Souza (SEAL)
Raymond R. Souza (SEAL)
Rita Marie Souza (SEAL)

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON, County of _____) ss.
_____, 19____

Personally appeared _____

and _____
who being duly sworn, did say that he, _____ is the _____
and he, _____ is the _____ of _____

a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation (provided said corporation has such seal) and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be its voluntary act and deed.

Before me:
Notary Public for Oregon
My commission expires: 2-3-79

(Seal)

TRUST DEED

Grantor
FIRST NATIONAL BANK
OF OREGON

Beneficiary

ss.

STATE OF OREGON,
County of Klamath

I certify that the within instrument was received for record on the 27th day of MAY, 1975, at 10:30 o'clock A.M., and recorded in book M. 75 on page 5762 Record of Mortgages of said County.

Witness my hand and seal of County affixed.

W. D. MILNE
County Clerk - Recorder

By _____ Deputy

FEE \$ 4.00

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____ Trustee
The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed (the estate now held by you under the same. Mail reconveiances and documents to _____)

DATED: _____ 19____ By _____ Assistant Cashier - Manager

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.