

THIS TRUST DEED, made this 8 day of SEPTEMBER, 1978, between
RICHARD D. SUTTON - BARBARA N. SUTTON, HUSBAND AND WIFE
 as Grantor,
 TRANSAMERICA TITLE INSURANCE COMPANY, a CALIFORNIA CORPORATION as Trustee, and WELLS FARGO REALTY
 SERVICES, INC., a CALIFORNIA CORPORATION, TRUSTEE 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:

3 in Block 25 of Tract 1113-Oregon Shores-Unit 2 as shown on the map filed on December 9, 1977 in Volume 21,
 Page 20 of Maps in the office of the County Recorder of said County.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereto 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 FOURTY FIVE
THOUSAND Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to

beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable October 20, 1989

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event
 the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having
 obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates
 expressed therein, or herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes

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, covenants, conditions, and
 restrictions affecting said property; if the beneficiary so requests, to join in executing
 such financing statements pursuant to the Uniform Commercial Code as the beneficiary
 may require and to pay for filing same in the proper public office or offices, as
 well as the cost of all lien searches made by filing officers or searching agencies as
 may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or
 hereafter erected on the said premises against loss or damage by fire and such other
 hazards as the beneficiary may from time to time require in an amount not less than

the amount written in companies acceptable to the
 beneficiary with loss payable to the latter; all policies of insurance shall be delivered
 to the beneficiary as soon as issued; if the grantor shall fail for any reason to
 procure any such insurance and to deliver said policies to the beneficiary at least
 fifteen days prior to the expiration of any policy of insurance now or hereafter
 placed on said buildings, the beneficiary may procure the same at grantor's expense.
 The amount collected under any fire or other insurance policy may be applied by
 beneficiary upon any indebtedness secured hereby and in such order at beneficiary's
 discretion, or as option of beneficiary, the entire amount so collected, or any
 part thereof, may be released to grantor. Such application or release shall not cure or
 waive any default or notice of default hereunder or invalidate any act done pursuant
 to such notice.

5. To keep said premises free from construction 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 set
 forth in the note secured hereby, together with the obligations described in
 paragraphs 6 and 7 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
 hereinafter described, as well as the grantor, shall be bound to the same extent that
 the grantor is bound for the payment of the obligation herein described, and all such
 payments shall be immediately due and payable without notice, and the nonpayment
 thereof shall, at the option of the beneficiary, render all sums secured by this trust
 deed immediately due and payable and constitute a breach of this trust deed.

6. 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 this obligation.

7. To appear in and defend any action or proceeding purporting to affect the
 security rights or powers of beneficiary or trustee; and in any suit, action or
 proceeding in which the beneficiary or trustee may appear, including any suit for the
 foreclosure of this deed, to pay all costs and expenses, including evidence of title and
 the beneficiary's or trustee's attorney's fees provided, however, in case the suit is
 between the grantor and the beneficiary or the trustee then the prevailing party shall
 be entitled to the attorney's fees herein described; the amount of attorney's fees
 mentioned in this paragraph 7 in all cases shall be fixed by the trial court or by the
 appellate court if an appeal is taken.

It is mutually agreed that:

8. In the event that any portion of all or 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 money payable as compensation for
 such taking, whichever in excess of the amount required to pay all reasonable costs,
 expenses and attorney's fees necessary 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, both in the trial and appellate courts, the
 necessary paid or incurred by beneficiary in such proceedings, and at its own
 option upon the indebtedness secured hereby; and any amounts so received, 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.

9. 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 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 not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time with
 due 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
 and 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 subject to paragraph 7 hereof upon any
 indebtedness secured hereby, in such order as beneficiary may determine.

11. The entering upon and taking possession of said property, 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.

12. Upon default by grantor in payment of any indebtedness secured hereby or
 secured hereby immediately due and payable. In such an event and if the above
 described real property is currently used for agricultural, timber or grazing purposes,
 the beneficiary may proceed to foreclose this trust deed in equity, as a mortgage in
 the manner provided by law for mortgage foreclosures. However, if said real property
 is not so currently used, the beneficiary at its election may proceed to foreclose this
 trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by
 advertisement and sale. In the latter event the beneficiary or the trustee shall execute
 and cause to be recorded his written notice of default and his election to sell the said
 described real property to satisfy the obligations secured hereby, whereupon the
 trustee shall fix the time and place of sale, give notice thereof as then required by
 law and proceed to foreclose this trust deed in the manner provided in ORS 86, 740
 to 86, 795.

13. Should the beneficiary elect to foreclose by advertisement and sale then
 after default at any time prior to five days before the date set by the trustee for the
 trustee's sale, the grantor or other person so privileged by ORS 86, 760, may pay to
 the beneficiary or his successors in interest, respectively, the entire amount then due,
 the beneficiary or the trustee of the trust deed and the obligation secured thereby (including costs
 and expenses actually incurred in enforcing the terms of the obligation and principal
 and attorney's fees not exceeding \$50 each) other than such portion of the principal
 as would not then be due had no default occurred, and thereby cure the default, in
 which event all foreclosure proceedings shall be dismissed by the trustee.

14. Otherwise, the sale shall be held on the date and at the time and place
 designated in the notice of sale. The trustee may sell said property either in one
 parcel or in separate parcels and shall sell the parcel or parcels at auction to the
 highest bidder for cash, 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 of fact shall be conclusive proof of the truthfulness thereof. Any person,
 excluding the trustee, but including the grantor and beneficiary, may purchase at the
 sale.

15. 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 the
 compensation of the trustee and a reasonable charge by trustee's attorney; (2) to the
 satisfaction of the interest of the trustee in the trust deed as their interests may
 appear in the order of their priority and (3) the surplus, if any, to the grantor or to
 his successor in interest entitled to such surplus.

16. For any reason permitted by law beneficiary may from time to time appoint
 a successor or successors to any trustee named herein or as any successor trustee
 designated hereunder. Upon such appointment, and without conveyance to the
 appointed 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.

17. 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.

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

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 the United States, a title insurance company authorized to insure title to real
 property of this state, its subsidiaries, affiliates, agents or branches, or the United States or any agency thereof.

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and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:

- (a)* primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below),
 (b) ~~for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.~~

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

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

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor or such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures. If compliance with the Act not required, disregard this notice.

X *Richard D. Sutton*
 Richard D. Sutton

X *Barbara A. Sutton*
 Barbara A. Sutton
 WITNESSED BY *29/8/78*

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

(ORS 93.450)

STATE OF _____

} ss.

STATE OF _____, County of _____

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STATE OF CALIFORNIA,

COUNTY OF Los Angeles } ss.

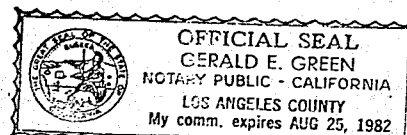
On 14 September, 1978 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Kerry S. Penn known to me to be the person whose name is subscribed to the within instrument as a witness thereto, who being by me duly sworn, depose and said: That he resides at

Los Angeles that he was present and saw Richard D. Sutton personally known to him to be the person described in, and whose name is subscribed to the within and annexed instrument, execute the same; and that his name thereon as a witness to said execution.

Signature: Gerald E. Green



FOR NOTARY SEAL OR STAMP



The undersigned is the legal owner and holder of all ~~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 reconveyance and documents to _____

DATED: _____, 19 _____

Beneficiary

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.

TRUST DEED

Grantor

Beneficiary

Wells Fargo Realty Services Inc.
 572 E. Green Street
 Pasadena, CA 91101

KAREN STARK
 Trust Secretary

SPACE RESERVED
 FOR
 RECORDER'S USE

STATE OF OREGON

County of Klamath } ss.

I certify that the within instrument was received for record on the 20th day of October, 19 78, at 10:58 o'clock A.M., and recorded in book M78 on page 23605 or as file/reel number 57046, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Wm. D. Milne

County Clerk Title

By *Gerrard Shuts* Deputy