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TRUST DEED

Dated: December 5, 1984

/AKA: M. RAY SESSLER

From: Milton Ray Sessler and Bonnie J. Sessler and Charles S. Kujawski, Jr. the Grantor

Mailing Address: 534 Spring Street, Klamath Falls, OR 97601

To: WESTERN BANK, the "Beneficiary" (or "Lender")

Klamath Falls Branch

Mailing Address: P. O. Box 669, Klamath Falls, OR 97601

AND: Aspen Title & Escrow, Inc. the "Trustee"

Mailing Address: 600 Main Street, Klamath Falls, OR 97601

The lender has loaned money or extended credit to Milton Ray Sessler and Bonnie J. Sessler and Charles S. Kujawski, Jr. * (Borrower), which is repayable with interest according to the terms of the following described promissory note(s):

DATE OF NOTE	ORIGINAL PRINCIPAL BALANCE	CURRENT PRINCIPAL BALANCE	MONTHLY PAYMENT	DATE FINAL PAYMENT IS DUE
December 5, 1984	$40,000.00	$40,000.00	$560.00	December 5, 1989

The term "indebtedness" as used in this Trust Deed shall mean (a) the principal and interest payable under the note(s) and under any number of extensions and or renewals of the note(s), (b) any future amounts, together with interest, that the lender may in its absolute discretion loan to Borrower or Grantor under this Trust Deed and any number of extensions and or renewals thereof, (c) any and all other indebtedness, obligations and liabilities of Borrower or Grantor to Lender now or hereafter existing, matured or to mature, absolute or contingent, and wherever payable, including such as may arise from advances made by Lender to, or for the benefit of Grantor or Borrower, endorsements, guaranties, acceptances, bills of exchange, promissory notes, or other paper discounted by Lender or taken as security for any loans or advances of any kind, sort or description whatsoever, and (d) any sums paid or advanced by the lender to discharge obligations of Grantor as permitted under this Trust Deed, with interest. The interest rate, payment terms and balance due under the note(s) or any other obligations secured hereby may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the note(s) or other obligation.

Grantor irrevocably grants, bargains, sells and conveys to Trustee, in trust with power of sale, to secure payment of the indebtedness and performance of all obligations of Grantor under this Trust Deed, the following described property, located in Klamath County, Oregon, described as:

Lots 9A, 9B, 10A, 10B, 11A, 11B, 12A, 12B and 13A in Block 7, RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

which has the address of 534 Spring Street, Klamath Falls, OR 97601 together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining, including but not limited to roads and easements used in connection with the premises; also all fixtures, improvements, buildings and parts of buildings situated upon said property, and all other fixtures now or hereafter installed in or on the premises, and any shrubbery, flora or timber now growing or hereafter planted or growing thereon, and, unless this Trust Deed is being given to secure an extension of consumer credit requiring disclosure under the Federal Truth and Lending Act, Grantor also hereby grants to Lender a Uniform Commercial Code security interest in all equipment, machinery, furnishings and other articles of personal property, now or hereafter located on or used in connection with the property, all of the foregoing is collectively referred to as the "Property". Grantor further hereby assigns to Lender as additional security for payment of the indebtedness and performance of all obligations of Grantor, all present and future rents, leases, and profits from the Property. If this Trust Deed is a commercial Trust Deed as described in ORS 86.770, the beneficiary shall be entitled to a deficiency judgment in the event of foreclosure by judicial proceeding. THE PROPERTY IS NOT CURRENTLY USED FOR AGRICULTURAL, TIMBER OR GRAZING PURPOSES.

*Insert "Grantor" or name of borrower if different from Grantor

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1. *COVENANTS OF GRANTOR*

To protect the security of this Trust Deed, Grantor agrees as follows:

1.1 **Maintenance of the Property.** Grantor agrees to maintain the Property in good condition at all times. Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property [illegible] Grantor shall not commit or permit any waste on the Property. Grantor will not permit any portion of the Property to be used for any unlawful purpose. Grantor will comply promptly with all laws, ordinances, regulations and [illegible] of all public authorities having jurisdiction thereof relating to the Property, or the use, occupancy and maintenance thereof. Grantor shall not materially alter the buildings, improvements, fixtures, equipment or appliances now or hereafter upon the Property or [illegible] and Grantor permit any tenant or other person to do so, without the written consent of the Lender [illegible] therefrom or consent to any remodeling or alterations if the Lender's security hereunder is not jeopardized. [illegible] unreasonably withhold time, and from time to time, to enter the Property for the purpose of inspecting the same. Grantor shall have the right at any

1.2 **Completion of Construction.** If some or all of the proceeds of [illegible] are to be used to construct or complete construction or make any renovations to any improvement on the Property, Grantor agrees to commence construction promptly, and in any event within thirty (30) days from the date of this instrument, and complete the same in accordance with any agreements relating to construction, plans and specifications satisfactory to Lender within eight (8) months of the date of this instrument. Grantor agrees to allow Lender to inspect said Property at all times during construction. Grantor agrees to replace any work or materials unsatisfactory to Lender within fifteen (15) calendar days after [illegible] of such fact and the Grantor agrees that work shall not cease on the construction of such improvement for any reason whatever for a period of fifteen (15) consecutive days.

1.3 **Taxes and Assessments.** Grantor shall pay when due all taxes and assessments that may be levied upon or on account of the Property, this Trust Deed or the indebtedness secured hereby, or upon the interest or estate in the Property created or represented by this Trust Deed, whether levied against Grantor or otherwise. [illegible]

1.4 **Liens.** Grantor shall pay as due all claims for work done on or for services rendered or materials furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this Trust Deed, except for:

a. The lien of taxes and assessments not delinquent;

b. Those mentioned in subparagraph [illegible]; and

c. Permitted encumbrances as defined in paragraph 4.

1.5 **Disputed Liens.** Grantor may withhold payment of any tax, assessment [illegible] over the obligation to pay, so long as the Lender's interest in the Property is not jeopardized. [illegible] nonpayment, Grantor shall within [illegible] (30) days after Grantor has [illegible] with the Lender cash or a sufficient surety bond or other security satisfactory to Lender [illegible] plus any costs, attorney fees or other charges that could accrue as a result of [illegible]

1.6 **Insurance.** Grantor shall carry such insurance [illegible] the Property against loss or damage by fire [illegible] insurance on the Property [illegible] tained at all times [illegible] to insurance [illegible]

All policies of insurance on the Property shall [illegible] satisfactory to Lender [illegible] coverage certificates thereof shall be deposited with Lender. In the event [illegible] proof of loss [illegible] promptly made by Grantor. Proceeds shall be payable directly to Lender who may [illegible] surance company and make final settlement which shall be binding upon Grantor. The Lender may [illegible] ceeds to the reduction of the indebtedness or the restoration [illegible] the Property.

At least thirty (30) days prior to the expiration of any policy [illegible] policy shall be secured by Grantor and delivered to Lender.

2. *RESERVES, MORTGAGE INSURANCE PREMIUMS*

2.1 **Reserve Payments.** [illegible] require Grantor [illegible] payment of taxes [illegible] governments [illegible] each month to the Lender [illegible] to the estimated [illegible] insurance premiums [illegible] Grantor shall [illegible] necessary to cover the required payment.

2.2 **Reserve Funds.** Lender shall not charge a service charge for [illegible] reserves and pay [illegible] premiums. The reserve shall not constitute a trust and Grantor agrees that Lender may commingle reserve funds [illegible] Lender and need not invest them for the benefit of Grantor. Grantor agrees that Lender need not pay [illegible] unless applicable statutes require payment of interest notwithstanding [illegible]

3. *EXPENDITURES BY LENDER*

3.1 In the event Grantor shall fail to [illegible] reserves

a. Pay any taxes, assessments [illegible] when the same shall become due;

b. Provide any [illegible]

c. Pay any sum [illegible] have a claim or interest in or lien upon the Property [illegible] sions hereof;

d. Make any repairs or replacements to the Property required [illegible]

e. Perform each and all of the terms and provisions of this Trust Deed, the Lender, at Lender's option, without notice to the Grantor [illegible] may take such of the following actions as Lender deems appropriate [illegible]

a. Pay any amounts which Grantor has failed to [illegible]

b. Provide and pay for insurance which Grantor has [illegible]

c. Make any repairs or expenditures [illegible]

d. Take any action required of Grantor hereunder [illegible]

3.2 Any amounts paid or expended by Lender shall become a part of the indebtedness [illegible] same rate as provided in the note from the date of expenditure, and shall be secured by this Trust Deed [illegible] reasonable attorney fees and other expenses attending the same [illegible] breach of the covenants of this Trust Deed. The rights provided for in this paragraph shall be in addition to any other rights or remedies to which Lender may be entitled on account of the default, and Lender shall not by taking the required action be deemed to have cured the default so as to bar any remedy that Lender otherwise would have had.

4. *WARRANTY; DEFENSE OF TITLE*

Grantor warrants that it holds merchantable title to the Property in fee simple, free of all encumbrances other than (a) those enumerated in the title policy, if any, issued for the benefit of the lender, and (b) the encumbrances described as None

in connection with this transaction and accepted by the lender (herein referred to as "Permitted Encumbrances"). Grantor warrants and will forever defend the title against the lawful claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of the lender under this Trust Deed, Grantor shall defend the action at Grantor's expense. If any Permitted Encumbrance is a lien, Grantor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

5. *CONDEMNATION*

If all or any part of the Property is condemned, the lender may at its election require that all or any portion of the net proceeds of the award be applied on the indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorney fees necessarily paid or incurred by Grantor and the lender in connection with the condemnation. If any proceeding in condemnation is filed, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor hereby assigns to Lender the net proceeds of any condemnation award.

6. *DUE ON SALE CLAUSE*

Grantor agrees that Lender may, at Lender's option, declare the entire indebtedness immediately due and payable if all or any part of the Property, or an interest therein, is sold, transferred, assigned, further encumbered or alienated. If Lender exercises its option to accelerate, Grantor agrees that Lender may use any default remedies permitted under this Trust Deed and under applicable law. Grantor agrees that Lender may exercise Lender's rights under this Due-On-Sale provision each time all or any part of the Property, or an interest in the Property, is sold, transferred, assigned, further encumbered or alienated, whether or not Lender previously exercised Lender's rights under this or any other Due-On-Sale provision.

7. *SECURITY AGREEMENT; FINANCING STATEMENTS*

This instrument shall constitute a security agreement with respect to any personal property included within the description of the Property. Grantor shall join with Lender in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Grantor's expense in all public offices where filing is required to perfect the security interest of the lender in any personal property under the Uniform Commercial Code.

8. *DEFAULT*

The following shall constitute events of default:

8.1 Any portion of the indebtedness is not paid when it is due.

8.2 Failure of Grantor within the time required by this Trust Deed to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent filing of or discharge any lien.

8.3 Failure of Grantor to perform any other obligation under this Trust Deed within twenty (20) days after receipt of written notice from the lender specifying the failure.

8.4 If this Trust Deed secures a construction loan, any failure of Grantor or builder or any other person or entity to comply with or perform any provision of any construction loan agreement executed in connection with the loan within twenty (20) days after receipt of written notice from Beneficiary specifying the failure.

8.5 Default in any obligation secured by a lien which has or may have priority over this Trust Deed, or the commencement of any action to foreclose any prior lien.

8.6 Either Grantor or Borrower become insolvent, file a voluntary petition in bankruptcy, become subject to an involuntary petition in bankruptcy, make an assignment for the benefit of creditors, or consent to the appointment of a receiver or Trustee for any portion of the Property or all or a substantial part of Grantor's or Borrower's assets.

8.7 Default by Grantor or any predecessors in title of Grantor, as lessee or sublessee under the terms of any lease or sublease of the Property to which Grantor is a party or through which Grantor's interest in the Property is derived.

9. *RELEASE ON FULL PERFORMANCE*

When all sums secured by this Trust Deed are paid, Lender shall request Trustee to reconvey the above described real property. Trustee shall, without warranty, reconvey the real property to the person legally entitled thereto. Such person shall pay all fees for filing the reconveyance and shall pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument.

10. *RIGHTS AND REMEDIES ON DEFAULT*

10.1 Upon the occurrence of any event of default and at any time thereafter, the lender may exercise any one or more of the following rights and remedies:

a. The right at its option by notice to Borrower to declare the entire indebtedness immediately due and payable.

b. With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

c. The right to have the Trustee sell the Property in accordance with the Deed of Trust Act of the State of Oregon and the Uniform Commercial Code of the State of Oregon where applicable, at public auction to the highest bidder. Any person except Trustee may bid at the trustee's sale. The power of sale conferred by this Trust Deed and the law is not an exclusive remedy and when not exercised, Lender may foreclose this Trust Deed as a mortgage. The 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, Trustee, or Lender shall be a party, unless such action or proceeding is brought by the trustee.

d. With respect to all or any part of the Property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code.

e. The right, without notice to Grantor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the lender's costs, against the indebtedness. In furtherance of this right the lender may require any tenant or other user to make payments of rent or use fees directly to the lender, and payments by such tenant or user to the lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

f. The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above costs of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. The lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the indebtedness by a substantial amount.

g. Subject to any limitations imposed by law, the right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid indebtedness.

h. Any other right or remedy provided in this Trust Deed, the promissory note(s) evidencing the indebtedness, any construction loan agreement, any other security document, or under law.

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10.2 In exercising its rights and remedies the Lender and Trustee shall be free to sell [illegible] separately or together [illegible] public sale or [illegible] any portion of the Property [illegible] The Lender shall give Grantor reasonable notice of the time after which any private sale or other intended disposition [illegible] Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition [illegible] A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Trust Deed after failure of Grantor to perform shall not affect the Lender's right to declare a default and exercise its remedies under this paragraph [illegible]

10.3 In the event suit or action is instituted to enforce any of the terms of this Trust Deed, the Lender shall be entitled to recover from Grantor such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal. All reasonable expenses incurred by the Lender that are necessary at any time in the Lender's opinion for the protection of its interest or the enforcement of its rights, including without limitation the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the same rate as provided in the note from the date of expenditure until paid.

11. NOTICE

Any notice under this Trust Deed shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Trust Deed. Either party may change the address for notices by written notice to the other party.

12. SUCCESSION; TERMS

12.1 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.

12.2 In construing this Trust Deed and the term Deed of Trust or Trust Deed shall encompass the term Security Agreement when the instrument is being construed with respect to any personal property.

12.3 Attorneys fees. Attorneys fees, as that term is used in the note and this Trust Deed shall include attorneys fees, if any, which may be awarded by an appellate court.

Milton Ray Sessler

Bonnie J. Sessler

Charles S. Kujawski, Jr.

STATE OF OREGON)
County of Lane) ss.

On this 12th day of December, 1984, personally appeared the above named persons and acknowledged the foregoing instrument to be a voluntary act and deed.

(Official Seal)

My Commission expires: 1/11/87

Before me: Michele T. Pepion
Notary Public for Oregon

REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the note or notes secured by this Trust Deed. Said note or notes, together with all other indebtedness secured by this Trust Deed, have been paid in full. You are hereby directed to cancel said note or notes and this Trust Deed, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Trust Deed to the person or persons legally entitled thereto.

Date: ______ 19__

REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the note [illegible] debtedness secured by this Trust Deed [illegible] Deed, which are delivered hereby, and to reconvey [illegible] person or persons legally entitled thereto.

Date: ______ 19__

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the ____ day of ______ A.D., 19__ at ______ o'clock ___M, and duly recorded in Vol ______, of ______ on Page ____.

Fee: $17.00

EVELYN BIEHN, COUNTY CLERK

by: [signature], Deputy