

DECLARATION OF TRUST

THOMAS C. HOWSER, a resident of the State of Oregon whose principal place of business is at 607 Siskiyou Blvd, Ashland, Oregon 97520, hereinafter called trustee, does hereby certify and declare:

SECTION ONE

TRUST PROPERTY

BLM SERVICES, INC., a California corporation, hereinafter called beneficiary, has caused to be conveyed to Trustee, by deed, absolute in form, certain real property or parcels of real property described in Exhibit "A" attached hereto and incorporated herein.

SECTION TWO

ACCEPTANCE OF TRUST

No consideration was paid by trustee for such conveyance. The conveyance has been accepted and will be held by trustee subject to all existing encumbrances, easements, restrictions or other clouds or claims against the title thereto, whether the same are of record or otherwise. The property will be held on the trusts, terms and conditions, and for the purposes hereinafter set forth, until the whole of the trust estate is conveyed, free of this trust, as hereinafter provided.

SECTION THREE

CONVEYANCE OF TRUST PROPERTY

Trustee shall at any time during the term of this trust, on the written order, direction or demand of beneficiary, convey

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Set.
COTTLE, HOWSER & MUNSELL
PROFESSIONAL CORPORATION
607 SISKIYOU BOULEVARD
POST OFFICE BOX 640
ASHLAND, OREGON 97520

such title as may then be vested in trustee. Any such conveyance shall be made without express or implied warranty to the person or persons accepting the conveyance, and the conveyance shall be in such form as beneficiary may designate. The conveyance may be of the whole or any part of the above-mentioned property, as designated by beneficiary. Further, any such conveyance shall be subject to all then existing encumbrances, easements, restrictions or other clouds or claims against the title thereto, whether the same are of record or otherwise.

SECTION FOUR

RESPONSIBILITIES FOR TRUST PROPERTY

During the term of this trust, trustee shall not be required to procure or maintain any insurance on any buildings on the trust property, or to pay or secure the payment of any liens, encumbrances, taxes, assessments, or other charges against the property, or to collect or disburse any rentals therefrom, or to protect or perfect any title trustee may have thereto, or in any other respect care for, maintain, and protect the trust estate or this trust against any legal attack of whatever nature unless and until requested to do so in a writing by beneficiary. Such request shall be accompanied by a sum of money or, at the option of trustee, indemnity of such character and amount as shall in the judgment of trustee be adequate and sufficient to pay or protect it against all costs, charges, expenses and liabilities expended or incurred in connection

therewith.

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SECTION FIVE

LIABILITY OF TRUSTEE

Trustee shall not be answerable or responsible for the validity of the conveyance to it of the trust property, for the value thereof or title thereto, or for any easements, encumbrances, restrictions or other clouds or claims thereon. The sole liability of trustee shall be to convey on the written command of beneficiary such title to the trust property as shall actually have been conveyed to trustee and accepted by it in trust hereunder and which beneficiary or other beneficiaries of this trust may be able to maintain or perfect in trustee.

SECTION SIX

RIGHTS RESERVED BY BENEFICIARY

During the term of this trust, beneficiary may continue in full, free, and undisturbed possession of the whole of the trust estate, without any rental or accounting therefor to trustee or to any of the other beneficiaries under this trust.

SECTION SEVEN

TRANSFER OF INTEREST OF BENEFICIARY

No sale, assignment, or transfer of any interest of beneficiary hereunder shall be valid or binding on trustee unless an executed original of the assignment or instrument evidencing such sale or transfer has been filed with trustee and the trustee's fees thereunder paid. Where such interest is transferred pursuant to a decree, order, or judgment of a court

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of competent jurisdiction, the transfer shall be binding on trustee when trustee received proof satisfactory to it of the legality and validity of such decree, order or judgment and after the expenses of trustee in connection therewith are first paid.

SECTION EIGHT

COMPENSATION OF TRUSTEE

The compensation of trustee for its services in connection with this trust shall be determined from time to time as services are rendered.

SECTION NINE

FEES AND CHARGES

All fees and charges of trustee shall be, and are hereby made, a lien on the whole of the trust estate first and prior to any rights of beneficiary or any other beneficiaries or other persons interested in this trust. Trustee shall not be required to convey any of the property out of this trust, and this trust shall not cease or terminate until all of the costs, fees, expensess, liabilities and advancements, if any, of trustee are fully paid.

SECTION TEN

Beneficiary agrees to indemnify, defend and hold trustee harmless of and from any and all claims by third parties in connection with trustee's execution and performance of this trust or any matters whatsoever that may arise therefrom. In the event of any claim of any kind against trustee, beneficiary

shall immediately respond to and defend the same at beneficiary's sole cost and expense.

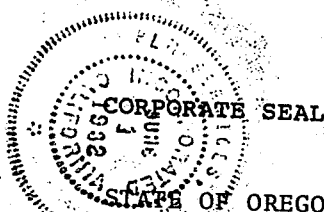
IN WITNESS WHEREOF, trustee has subscribed and affixed his signature on December 31, 1986

Thomas C. Howser
Thomas C. Howser

The undersigned beneficiary certifies that it is the entity named in the foregoing declaration of trust, and that such declaration of trust fully and correctly sets out the terms and trusts under and on which the property mentioned therein is to be held, managed and disposed of by the trustee therein named, and does hereby agree, consent to, approve, ratify and confirm the same in all particulars.

BLM SERVICES, INC.,
a California Corporation

By [Signature] President
[Signature] Secretary-Treasurer



STATE OF OREGON)
County of Jackson)

ss.

April 22, 1987

Personally appeared the above-named THOMAS C. HOWSER, and acknowledged the foregoing instrument to be his voluntary act and deed.

BEFORE ME:

[Signature]
Notary Public for Oregon
My Commission Expires: 12-6-1989

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of May A.D. 19 87 at 11:50 o'clock A M., and duly recorded in Vol. 1187
of _____ Deeds _____ on Page 7738

FEE \$21.00

Evelyn Biehn, County Clerk
By [Signature]