

## DECLARATION OF TRUST

WHEREAS, WE, James Arraj and Tyra T. Arraj, of the County of Klamath, State of Oregon are the owners as joint tenants of certain real property located at S 1/2 of SE 1/4 of the SE 1/4 of Section 5 Township 33 South Range 7 East of Willamette Meridian, Klamath County, Oregon, which property is described more fully in the Deed conveying it from Goff. E. Moore and Dorothy B. Moore and William H. Hamilton and Wilma M. Hamilton to James Arraj and Tyra T. Arraj as "that certain piece or parcel of land with buildings thereon standing, located in said Klamath County, being

S 1/2 of SE 1/4 of the SE 1/4 of Section 5 Township 33 South Range 7 East of Willamette Meridian, Klamath County, Oregon and 30 feet wide easement of ingress and egress over W 1/2 of S 1/2 of SE 1/4 of Section 5 Township 33 South Range 7 East of Willamette Meridian, Klamath County, Oregon.

Being the same premises earlier conveyed to the Settlers by an instrument dated the 18th day of July, 1978 and recorded in Vol. M78 Page 16209 of the Klamath County Land Records.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that we do hereby acknowledge and declare that we hold the will hold said real property and all our right, title and interest in and to said property and all furniture, fixtures and personal property situated therein on the date of the death of the survivor of us, IN TRUST

1. For the use and benefit of the following two persons, in equal shares per stirpes:

Elizabeth Tyra Arraj - our daughter  
John James Arraj - our son

If because of the physical or mental incapacity of both of us certified in writing by a physician, the Successor Trustee hereinafter named shall assume active administration of this trust during our lifetime, such Successor Trustee shall be fully authorized to pay to us or disburse on our behalf such sums from income or principal as appear necessary or desirable for our comfort or welfare. Upon the death of the survivor of us, unless the beneficiaries shall predecease us or unless we all shall die as a result of a common accident or disaster, our Successor Trustee is hereby directed forthwith to transfer said property and all right, title and interest in and to said property unto the beneficiaries absolutely and thereby terminate this trust; provided, however, that if any beneficiary hereunder shall not have attained the age of 21 years, the Successor Trustee shall hold such beneficiary's share of the trust assets in continuing trust until such beneficiary shall have attained the age of 21 years. During such period of continuing trust the Successor Trustee, in his absolute discretion, may retain the specific trust property herein described if he believes it in the best interest of the beneficiary so to do, or he may sell or otherwise dispose of such specific trust property, investing and reinvesting the proceeds as he may deem appropriate. If the specific trust property

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shall be productive of income or if it be sold or otherwise disposed of, the Successor Trustee may apply or expend any or all of the income or principal directly for the maintenance, education and support of the beneficiary without the intervention of any guardian and without application to any court. Such payments of income or principal may be made to the parents of such beneficiary or to the person with whom the beneficiary is living without any liability upon the Successor Trustee to see to the application thereof. If such beneficiary survives us but dies before attaining the age of 21 years, at his or her death the Successor Trustee shall transfer, pay over and deliver the trust property being held for such beneficiary to such beneficiary's personal representative, absolutely.

2. Each beneficiary hereunder shall be liable for his proportionate share of any taxes levied upon the total taxable estate of the survivor of us by reason of the death of such survivor.

3. All interests of a beneficiary hereunder shall be inalienable and free from anticipation, assignment, attachment, pledge or control by creditors or by a present or former spouse of such beneficiary in any proceedings at law or in equity.

4. We reserve unto ourselves the power and right during our lifetime (1) to place a mortgage or other lien upon the property, (2) to collect any rental or other income which may accrue from the trust property and to pay such income to ourselves as individuals. We shall be exclusively entitled to all income accruing from the trust property during our lifetime, and no beneficiary named herein shall have any claim upon any such income and/or profits distributed to us.

5. We reserve unto ourselves the power and right at any time during our lifetime to amend or revoke in whole or in part the trust hereby created without the necessity of obtaining the consent of any beneficiary and without giving notice to any beneficiary. The sale or other disposition by us of the whole or any part of the property held hereunder shall constitute as to such whole or part a revocation of this trust.

6. The death during our lifetime, or in a common accident or disaster with us, of all of the beneficiaries designated hereunder shall revoke such designation, and in the former event, we reserve the right to designate a new beneficiary. Should we for any reason fail to designate such new beneficiary, this trust shall terminate upon the death of the survivor of us and the trust property shall revert to the estate of such survivor.

7. In the event of the physical or mental incapacity or death of one of us, the survivor shall continue as sole Trustee. In the event of the physical or mental incapacity or death of the survivor, or if we both shall die in a common accident, we hereby nominate and appoint as Successor Trustee hereunder the beneficiary named first above, unless such beneficiary shall not have attained the age of 21 years or is otherwise legally incapacitated, in which event we hereby nominate and appoint as such Successor Trustee the beneficiary named second above, unless such beneficiary named second above shall not have attained the age of 21 years or is otherwise legally incapacitated, in which event we hereby nominate and appoint Denis Sullivan, of 6 the Knolls, Locust Valley, New York 11560 to be Successor Trustee.

8. This Declaration of Trust shall extend to and be binding upon the heirs, executors, administrators and assigns of the undersigned and upon the Successors to the Trustees.

9. We as Trustee and our Successor Trustee shall serve without bond.  
 10. This Declaration of Trust shall be construed and enforced in accordance with the laws of the State of Oregon.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 31st day of May, 1989.

(First Settlor sign here) James Arraj L.S.

(Second Settlor sign here) Tyra T. Arraj L.S.

Witness: (1) Annetta Pearce

Witness: (2) Clarence Babcock

STATE OF Oregon

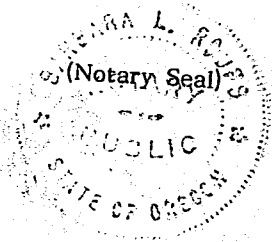
City

COUNTY OF Klamath

or

Town Klamath Falls

On the 31st day of May, 1989, personally appeared James Arraj and Tyra T. Arraj known to me to be the individuals who executed the foregoing instrument, and acknowledged the same to be their free act and deed, before me.



Barbara L. Rauff  
 Notary Public

STATE OF OREGON,  
 County of Klamath ss.

Filed for record at request of:

James Arraj

on this 31st day of May A.D., 19 89  
 at 3:59 o'clock P M. and duly recorded  
 in Vol. M89 of Deeds Page 9528

Evelyn Biehn

County Clerk

By Pauline Mullondare

Fee, \$18.00

Deputy.

Return: James & Tyra T. Arraj  
 P.O. Box 520  
 Chiloquin, Or. 97624