

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.

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 or household purposes (see Important Notice below),
(b) for an organization, or (even if grantor is a natural person) are for business or commercial 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 as 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; for this purpose use Stevens-Iss Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

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

STATE OF CALIFORNIA

County of _____

This instrument was acknowledged before me on _____ 19____, by _____

STATE OF OREGON,

County of _____

This instrument was acknowledged before me on _____ 19____, by _____ as _____ of _____

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS

On November 10, 1989 before me the undersigned, a Notary Public in and for said County and State, personally appeared Kerry S. Penn

personally known to me to be the person whose name is subscribed to the within instrument as a witness thereto, (or proved to be such person by the oath of a credible witness who is personally known to me), who being by me duly sworn, deposes and says: That he

resides at 18840 Ventura Blvd., Tarzana, CA.

that he was present and saw Palle R. Gylov and Nancy G. Gylov

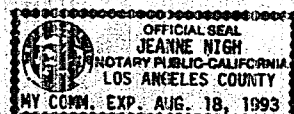
personally known to Kerry S. Penn, the person described in, and whose name is subscribed to the within and annexed instrument, execute the same; and that affiant subscribed his name thereto as a witness of said execution.

Signature [Signature]



WTC WORLD TITLE COMPANY

FOR NOTARY SEAL OR STAMP



TRUST DEED

(FORM No. 881)
STEVENS-NESS LAW PUBLISHING CO., PORTLAND, ORE.

Palle R. Gylov & Nancy G. Gylov
6235 Appian Way
Riverside, CA 92506

Grantor

Walcen C. Davis & Ellen Davis
1812 NW Dogwood
Roseburg, OR 97470

Beneficiary

AFTER RECORDING RETURN TO
Mountain Title Company
222 South Sixth
Klamath Falls, OR 97601

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 27th day of Nov., 1989, at 3:27 o'clock P.M., and recorded in book/reel/volume No. M89 on page 22920 or as fee/file/instrument/microfilm/reception No. 8321, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By [Signature], Deputy

Fee \$13.00