

JUNE _____, 19 90, between

13TH day of

SOUTH VALLEY STATE BANK

WITNESSETH:

SEE ATTACHED EXHIBIT "A" BY THIS REFERENCE MADE A PART HEREOF.

FOR THE PURPOSE OF SECURING PERFORMANCE OF each agreement of grantor herein contained and payment of the sum of ONE HUNDRED TWELVE THOUSAND AND NO/100 (\$112,000.00) Dollars, with interest thereon according to the terms of a promissory note, to wit:

date of even date herewith, payable on or before JUNE 15, 1993 with right to prepay at any time without penalty. If the debt is not sooner paid, to be due and payable on or before 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.

and repair; and not to permit any waste of said property, or in good and workmanlike manner its use.

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 accounts incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions which affect said property; if the beneficiary so requests, the corporation shall finance said statements pursuant to the Uniform Control of Buildings Act, which financing statements pursuant to the same in the official Code of the beneficiary may require and to pay for all searches made by any public officer or offices, as well as the cost of all lien searches by the beneficiary, by filing officers or searching agencies as may be deemed desirable by the beneficiary.

[illegible]

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 or in enforcing this obligation and trustee's and attorney's actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the rights or powers of beneficiary or trustee and in any suit, action or proceeding in which the beneficiary or trustee may appear, including suits 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; the amount of the beneficiary's fees so incurred in this paragraph 7 in all cases shall be paid by the beneficiary or trustee from the proceeds of the sale of the amount of the beneficiary's fees so incurred in and the event of an appeal from any decision of the trial court, grantor further agrees to pay such sum as may be decreed by the trial court, grantor further agrees to pay such sum as may be decreed by the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorneys' fees on such appeal.

It is mutually agreed that:

[illegible]

9. At any time and from time to time upon written request of beneficiary, payment of its fees and expenses, for cancellation, without affecting endorsement (in case of full reconveyances, for cancellation), trustee may release 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 thereon; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons" who are the "grantee or grantees" in the recitals herein of any matters or facts shall be the conclusive proof of the truthfulness thereof. Trustee's fees for any of the foregoing shall not be less than \$5.

[illegible]

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.

[illegible]

secured hereby, and the same shall be as then required by law and subject to foreclosure by the mortgagee thereon, and the same shall be commenced foreclosure by advertisement and in the manner provided in ORS 86.733.

13. After the trustee is 5 days before the date the trustee cures under ORS 86.753, may cure sale, and at any time prior to the date of the sale, the trustee shall have the right to cure the default or defaults. If the default or defaults may be cured by paying the sums secured by the trust deed, the trustee shall have the right to cure other than such portion of the entire amount due as the trustee deems appropriate, and that is not capable of being cured by payment of the entire amount due, no default occurred. Any other amount of cure required under the trust deed may be cured by tendering the amount in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed, and together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which said sale may be postponed as provided by law. The trustee may sell said property either in one parcel or in separate parcels and in lots, payable at the time of sale. Trustee shall deliver to the purchaser a deed in form as required by law conveying the property sold, but without any covenant or warranty, excepting the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale. The powers provided herein, trustee

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 obligation secured by the trust, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein, and shall be appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which when recorded in the mortgage records 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.

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, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

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:
~~XXXXXX~~
 (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-Ness 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 OREGON, } ss.

County of _____

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

Notary Public for Oregon

(SEAL)

My commission expires: _____

OTTLAND, INC., an Oregon corporation

BY: _____

L. A. SWETLAND, PRESIDENT

STATE OF OREGON,

County of Klamath

This instrument was acknowledged before me on June 14, 1990, by L. A. SWETLAND

as PRESIDENT

of OTTLAND, INC., an Oregon corporation

Notary Public for Oregon

My commission expires: 11/16/91

(SEAL)

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said 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

(FORM No. 881)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

OTTLAND, INC.

Grantor

SOUTH VALLEY STATE BANK

Beneficiary

AFTER RECORDING RETURN TO
 SOUTH VALLEY STATE BANK
 801 MAIN STREET
 KLAMATH FALLS, OR 97601

SPACE RESERVED
 FOR
 RECORDER'S USE

STATE OF OREGON, } ss.
 County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____ Deputy

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

A tract of land in Government Lot 8, Section 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, in the City of Klamath Falls, being more particularly described as follows:

Beginning at an iron pipe on the Southerly right of way of Front Street from which the iron pin marking the intersection of the Southerly right of way of said Front Street and the Westerly right of way of California Avenue bears North 89 degrees 06 1/2' East 370 feet distant; thence South 100 feet to the true point of beginning; thence South 68.29 feet to a point; thence South 60 degrees 04 1/2' East 86.09 feet; thence South 15 degrees 03 1/2' West 84.48 feet more or less to the mean high water line of Upper Klamath Lake; thence Southeasterly along said shore line 97.63 feet, more or less to the Southwesterly corner of that certain tract of land heretofore conveyed by Deed recorded in Volume 233, page 134, Deed Records of Klamath County, Oregon, which said point is 218 feet Northwesterly from the intersection of said shore line and the Westerly line of the West Side Highway; thence North 15 degrees 03 1/2' East 272.61 feet to a point; thence South 89 degrees 06 1/2' West 49.04 feet to a point; thence North 85.0 feet to a point on the Southerly right of way of Front Street; thence South 89 degrees 06 1/2' West along said Front Street right of way 60.0 feet to a point; thence South 100.0 feet to a point; thence South 89 degrees 06 1/2' West 105.0 feet, more or less to the true point of beginning.

Assessed Account No: 3809 030AB 04700

PARCEL 2:

A tract of land in Government Lot 8, Section 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, in the City of Klamath Falls, being more particularly described as follows:

Beginning at an iron pipe on the Southerly right of way of Front Street from which the iron pin marking the intersection of the Southerly right of way of said Front Street and the Westerly right of way of California Avenue bears North 89 degrees 06 1/2' East 370 feet distant; thence South 168.29 feet to the true point of beginning; thence South 60 degrees 04 1/2' East 86.09 feet; thence South 15 degrees 03 1/2' West 84.48 feet more or less to the mean high water line of Upper Klamath Lake; thence Northwesterly 67.57 feet to a point that is South 94.21 feet from the true point of beginning; thence North 94.21 feet, more or less to the true point of beginning.

Assessed Account No: 3809 030AB 04800

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 18th day
of June A.D., 1990 at 2:57 o'clock P.M., and duly recorded in Vol. M90
of Mortgages on Page 11897
By Evelyn Biehn County Clerk
Douline Mullins

FEE \$18.00