



TRUST DEED

Vol m 9 / Page 1323

as Grantor, ASPEN TITLE ESCROW, as Trustee, and
VALER SERVICE CORP. A NEVADA CORPORATION

as Beneficiary.

WITNESSETH:

WITNESSETH:
Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in CLATSOP County, Oregon, described as:

Parcel 21, Block 12, KLAMATH FALLS FOREST ESTATES, Hwy. 66, Unit 1 and
Parcel 5, Block 13, KLAMATH FALLS FOREST ESTATES, Unit 4, KLAMATH
COUNTY, OREGON.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of NINETEEN THOUSAND ONE HUNDRED SEVENTY FIVE & 9/100 - (\$ 19,175.94) with interest thereon according to the terms of a promissory

sum of NINETEEN THOUSAND ONE HUNDRED SEVENTY Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable MARCH 24, 1900, on which this installment of said note

not sooner paid, to be due and payable MARCH 24 1924 P.M.

The date of maturity of the debt secured by this instrument is 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.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

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 costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the beneficiary so requests, to join in the execution of all documents required by the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than the full replacement value of the buildings, written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as they are issued; if the grantor shall fail or any reason to provide such insurance and to deliver said policies to the beneficiary at least fifteen days prior to the expiration of any such insurance policy, the beneficiary may hereafter place on said buildings any such insurance policy as the beneficiary may deem proper, and the beneficiary may procure the same at grantor's expense. The amount of any such insurance policy shall be paid to the beneficiary as soon as the same is collected under any fire or other insurance policy may be applied for by the beneficiary upon any indebtedness secured hereby and the full amount so collected, or may determine, or at option of the beneficiary, the full amount so collected, or any part thereof, may be paid or released to the beneficiary, and the beneficiary may not sue on any such default or notice of default hereunder or invalidate any such default pursuant to such notice.

not cure or waive any default or notice of default, nor shall it act due pursuant to the notice.

5. To the said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver to any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiaries with funds with which to make such payment, and, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest thereon, the property hereinbefore described, as well as all the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and nonpayment thereof shall, at the option of the beneficiary, render the sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.

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 fees actually incurred.

7. Actually incurred, and to defend any action or proceeding purporting to affect the title, rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including the foreclosure of this deed, the beneficiary's or trustee's attorney's fees, including evidence and litigation expenses, and the beneficiary's and trustee's reasonable attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal shall be fixed by the appellate court. The grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that:

It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under the right of eminent domain, beneficiary shall have the right, if so elected, to require that all or any portion of the monies payable in compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees, be paid to beneficiary and incurred by grantor in any reasonable costs and expenses and attorney's fees, appearing in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied to the satisfaction of any claim in such proceedings, and such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting 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 legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to any rights of redemption or security for the indebtedness, repossess and take possession of said property, together with any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same to the payment of the indebtedness secured hereby, and in such order as beneficiary may determine.

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.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary at his election may proceed to foreclose this trust of equity as a mortgage or may direct the trustee to foreclose this trust of equity as a mortgage, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiaries may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the same and the trustee shall, at the time and place of sale, give notice hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as the required by law and proceed to foreclose this trust deed in equity and in law as required by ORS 86.725 to 86.795.

notice thereof as then required by law and the trust to foreclose on the property in the manner provided in the TRS 86.735.

13. The trust has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by the TRS 86.735 to cure the sale, the grantor or any other person so privileged by the statute to pay, when due, the default or defaults. If the default consists of a failure to pay, when due, the sums secured by the trust, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not have been due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required by the default or obligation or trust deed. In any case, in addition to the cost of the default or defaults, the person effecting the cure, enforcing the obligation of the trust deed and expenses actually incurred by the attorney for the beneficiary all costs together with trustee's and attorney's fees not exceeding the amounts provided

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said sale may be positioned on the parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time required by law conveying shall deliver to the purchaser but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive evidence of the truthfulness thereof. Any person, firm or corporation, including the trustee, who purchases the sale, shall be bound by the terms of the sale.

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 adequate compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust, (3) to the trustee in the trust deed having recorded liens subsequent to the date of the trustee in the trust deed as their lien in priority 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, the said beneficiary shall conveyance to the successor trustee the whole and undivided interest therein, with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument, executed by the appointor and substituted trustee, and recorded in the mortgage records of the county or counties in which, when recorded in the mortgage records, shall be conclusive proof of proper appointment of the successor trustee.

7. 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.

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1300

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-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 acknowledgement opposite.)

Barry A. Patterson
Barry A. Patterson
Lourdes C. Patterson
Lourdes C. Patterson

STATE OF CALIFORNIA }
COUNTY OF San Bernardino } ss.

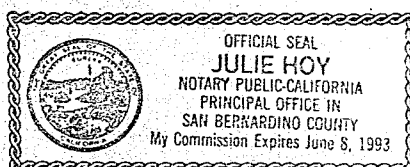
On November 23, 1990, before me, the undersigned, a Notary Public in and for said State, personally appeared Barry A. Patterson and Lourdes C. Patterson****

PERSONAL KNOWLEDGE (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and official seal.

Signature

SF 4234 (REV. 7/82) (CA) (INDIVIDUAL)



(This area for official notarial seal)

(SEAL)

ured by said
the terms of
vered to you
ust deed the

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.

Grantor

SPACE RESERVED

FOR

RECORDER'S USE

Beneficiary

AFTER RECORDING RETURN TO

Pacific Service Co., Inc.
4550 W. ORANGE #108
LA VERNE, CA 91702

Fee \$13.00

STATE OF OREGON, }
County of Klamath } ss.

I certify that the within instrument was received for record on the 22nd day of Jan., 1991, at 2:14 o'clock P.M., and recorded in book/reel/volume No. M91 on page 1323 or as fee/file/instrument/microfilm/reception No. 25029, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Riehn, County Clerk
NAME TITLE

By Pauline M. Neuhof Deputy