

TRUST DEED

as Grantor, WILLIAM P. BRANDSNESS

SOUTH VALLEY STATE BANK
as Beneficiary,

WITNESSETH:

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

SEE ATTACHED EXHIBIT "B" BY THIS REFERENCE MADE A PART HERETO.

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 FIFTEEN THOUSAND AND NO/100-----(\$15,000.00)----- Dollars with interest thereon according to the terms of a promissory

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 -----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 MAY 2, 1992 WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS
 -----, by the instrument is the date, stated above, on which the final installment of said note
 -----, shall, if not sooner paid, be due and payable.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the initial installment 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:

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 executing such financing statements pursuant to 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.

[illegible][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 fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the securities rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including the attorney's fees; the cost of evidence of title and the cost of appraisal; and to pay all other costs incurred by the trial court and in the event of an appeal 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:

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8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if so elected, to require that any or any portion of the monies payable right, if so elected, to require that any or any portion of the amount required to pay all reasonable costs, expenses and attorney's fees paid to beneficiary and incurred by grantor in such proceedings, be paid to beneficiary and attorney's fees, applied by grantor to such reasonable costs and expenses and attorney's fees, applied by grantor to such reasonable costs and expenses and attorney's fees, in such the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied to the payment of such beneficiary in such proceedings, and the balance applied to the payment of such secured hereby; and grantor agrees, as shall be necessary in obtaining such compensation and expenses, 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.

services mentioned in this paragraph shall be not less than \$_____.
 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 court regard to the adequacy of any security for payment of indebtedness secured, enter upon and take possession of said property, realty or any part thereof, in its own name sue or be sued, and apply the same, issues and profits, including taxes and profits thereon, to pay principal, interest, costs and expenses of operation and collection, including reasonable attorney's fees on any 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, this being of the essence, with respect to such payment and/or performance, the beneficiary may exercise the right to foreclose, by advertisement and sale, if any, in such an event the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to pursue any other right or advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary shall elect to foreclose by advertisement and sale, the beneficiary shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.73 to 86.795.

[illegible]

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 shall sell the same at public auction to the highest bidder or may convey the same by deed in the manner provided in the deed in form as required by law conveying the property so sold, but without any covenant or warranty, and without conclusive proof. The recitals in the deed of any such conveyance shall be conclusive proof of the truth of the facts therein stated, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale. *provided herein trustee*

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 fee to all persons' attorney, (2) to the obligation secured by the trust deed, (3) to all parties having recorded liens superior to the interest of the trustee in the trust deed, as such liens 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 and to any successor trustee appointed hereunder, and the power of appointment and without conveyance to the successor or successors shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Beneficiary may, by instrument upon any trustee herein named or appointed hereunder, be executed by beneficiary, and substitution shall be made by the trustee named or appointed hereunder, 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.

which the property is situated, shall be deemed to be the act of the successor trustee. If the 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 and after this 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 696.555.

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:
(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.

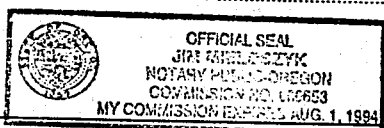
X Donald L Steers
DONALD L STEERS

X Hazel F Steers
HAZEL F STEERS

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on March 21, 1991,
by Donald L Steers + Hazel F Steers

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



Jim M. Libey
Notary Public for Oregon
My commission expires 8-1-94

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.

DONALD L. STEERS

HAZEL F. STEERS

Grantor

SOUTH VALLEY STATE BANK

801 MAIN ST. KLAMATH FALLS

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

PARCEL 1:

A parcel of land in Block 242, MILLS SECOND ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the intersect point of the Easterly line of said property and the Southerly right of way line of the relocated Klamath Falls-Lakeview Highway, which is 40 feet distant Southerly from (when measured at right angles to) the centerline of the said relocated highway; said point also being North 55 degrees 50' 30" West 201.20 feet from the intersection of the Southerly right of way line of said Highway and the Northerly right of way line of Shasta Way; thence North 55 degrees 50' 30" West along said relocated right of way line 94.53 feet more or less to the East line of Lot 2, Block 2 of the Re-subdivision of Block 242, MILLS SECOND ADDITION; thence South 0 degrees 19' 30" East along said East line of said subdivision 167.14 feet more or less to the Northerly line of Shasta Way; thence North 89 degrees 40' 30" East 30.51 feet along said Northerly line of Shasta Way to an iron pin; thence North 22 degrees 19' 30" East 123.12 feet more or less to the point of beginning.

PARCEL 2:

The Westerly 80.42 feet of Lots 4 and 5 and the Westerly 80.42 feet of the South 20 feet of Lot 3, Block 2, Resubdivision of Block 242, MILLS SECOND ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

AND ALSO Lot 1, Block 2; ALSO the following described portion of Lots 2 and 3, Block 2; Beginning at a point on the West line of said Lot 3 which point is North 0 degrees 05' East a distance of 20 feet from the Southwest corner of said Lot; running thence East along the North line of the South 1/2 of said Lot 3, a distance of 80.42 feet, more or less, to a point 27.58 feet West of the East line of said Lot 3; thence North 98.24 feet, more or less, to a point on the Southwesterly side of South 6th Street; thence North 55 degrees 15' West along the Southwesterly side of South 6th Street, a distance of 48.89 feet, more or less, to the Northwest corner of said Lot 2; thence South along the West line of Lot 2, 106.1 feet, to the Southwest corner of Lot 2; thence West along the line between Lots 1 and 3, 40 feet to the Southwest corner of Lot 1; thence South along the East line of Martin Street 20 feet to the point of beginning.

DONALD AND HAZEL STEERS

Donald Steers
Hazel S. Steers

EXHIBIT B PAGE 2 OF 2

All lying in Block 242 of MILLS SECOND ADDITION TO THE CITY OF KLAMATH FALLS, Oregon, according to the Supplemental Plat of the Westerly portion of Block 242 MILLS SECOND ADDITION to the City of Klamath Falls, Oregon.

EXCEPTING AND RESERVING from the above described property that portion thereof conveyed by Frank Ferrari, et ux., to the State of Oregon by Deed recorded in Book 148, page 201, Deed Records of Klamath County, Oregon.

PARCEL 3:

The Easterly 27.58 feet of Lots 2, 3, 4 and 5, Block 2 of the Supplemental Plat of the Westerly portion of Block 242, MILLS SECOND ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXCEPTING THEREFROM the Northeasterly strip deeded to the State of Oregon for the widening of South Sixth Street.

Tax Account No: 3809 033DC 15700
3809 033DC 15800
3809 033DC 15900

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of S. Valley State Bank the 25th day
of March A.D., 19 91 at 9:12 o'clock AM., and duly recorded in Vol. M91,
of Mortgages on Page 5228.

FEE \$23.00

Evelyn Biehn, County Clerk

By Pauline Mullendore

DONALD AND HAZEL STEERS

Donald Steers
Hazel J. Steers