

TRUST DEED

SOUTH VALLEY STATE BANK

as Beneficiary,

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 MADE A PART HERETO

SEE ATTACHED EXHIBIT "A" BY THIS REFERENCE MADE A PART HERETO
SUBJECT PROPERTY LOCATED AT 2401 HOMEDALE ROAD, KLAMATH FALLS OR 97603

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.

sum of ONE HUNDRED FIFTY THOUSAND AND NO/100 Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and JULY 10, 1996 WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS not sooner paid, to be due and payable at maturity of the debt secured by this instrument is the date, stated above, on which the final installment is sold, agreed to be described property, or any part thereof, or any interest therein is sold, agreed to be sold, or any interest therein, or

herein, shall become immediately due and payable:

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

2. To complete or improve which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

[illegible]

proper public office or by the proper public officers or by filing officers or searching agencies as may be directed 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 \$100,000.00, written in full, with loss payable to the latter; and

[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 and attorney in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred, and to defend any action or proceeding purporting to set aside or annul the trust or to annul or annul and in any such

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee, and in any action or proceeding in which the beneficiary or trustee may appear, including a suit for the foreclosure of the deed, to pay all costs and expenses, including evidence of title, as mentioned in this paragraph 7, in all cases shall amount of 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 from any judgment of the trial court, 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 condemnation, beneficiary shall be liable under the right of eminent domain for all or any portion of the amount required right, if it so elects, to require that all or any portion of the amount required as compensation for such taking, which are in excess of the necessarily paid to pay all reasonable costs, expenses and attorney's fees incurred by grantor in such proceedings, shall be paid to beneficiary incurred by first upon any reasonable costs and expenses and attorney's fees incurred by first upon any reasonable costs and expenses and attorney's fees both in the trial and appeal, and the balance applied upon the indebtedness secured hereunder; and grantor agrees, at its option, to take such action as may be necessary in obtaining such security instruments as shall be requested.

(a) consent to the making of any map or plat of said property; (b) jo

granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting all or any part of the property thereof; (d) reconvey, without warranty, as the "grantor" or persons thereof, any reconveyance and the recitals therein of any deed or facts shall be 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 of 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 in payment of any indebtedness secured hereby, and shall not constitute a waiver of such notice.

[illegible]

13. After the trustee has commenced foreclosure by advertisement a sale, and at any time prior to 60 days before the date the trustee conducts a sale, the grantor or other person so privileged by ORS 86.735, may cure the default or defaults. If the default consists of a failure to pay, when due, the amount due by the trust deed, the cure other than such portion of the sums secured by the trust deed, the cure other than such portion is capable of being performed by the grantor or other person so privileged by ORS 86.735, and the amount due at the time of the cure other than such portion is not then due had no default in performing the performance required under the deed or deed of trust occurred. In any case, in addition to curing the default or defaults, the person curing may be required to perform the obligation or obligations of trust created by the deed or deed of trust, including the obligation or obligations of the trust deed or deed of trust to pay the principal of and interest on the loan or loans, and the obligations actually incurred in enforcing the obligation of the trust deed or deed of trust to pay the principal of and interest on the loan or loans, and expenses, with trustee's and attorney's fees not exceeding the amounts provided for in the deed or deed of trust, together with trustee's and attorney's fees not exceeding the amounts provided for in the deed or deed of trust, and the sale shall be held on the date and at the time and place specified in the deed or deed of trust, which said sale shall be subject to the same terms and conditions as the sale specified in the deed or deed of trust.

[illegible]

the grantor and beneficiary, any purchase at the lowest price provided herein, trust shall be null and void. When trustee sells pursuant to (1) the expenses of the trust shall be paid by the grantor and beneficiary, (2) to all persons having recorded liens subsequent to the date of their recording in the order of their priority, (3) to the grantor or to his successor in interest entitled to the proceeds of the sale, and (4) to the grantor or to his successor in interest entitled to the proceeds of the sale, from time to time appoint a successor or successors to the trustee.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein and without conveyance to or record of said appointment. Upon such appointment, the duties conferred upon the latter shall devolve upon any trustee named and appointed hereinafter. Each such appointment upon any trustee herein named or appointed hereinafter executed by beneficiary and a disinterested person shall be made by written instrument executed by beneficiary and a disinterested person, the records of the county of _____ in which, when recorded in the mortgage records of said county, the property is situated, shall be conclusive proof of proper appointment.

17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee 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 subdivisions, 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.

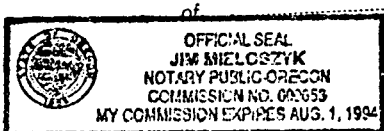
IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

* 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.

Kenneth D. Swanson
Shelli D. Swanson
Fred Tshoppe AKA Fred Tschopp

STATE OF OREGON, County of Klamath) SS.
This instrument was acknowledged before me on July 9, 1991,
by Kenneth D. Swanson, Shelli D. Swanson, + Fred Tshoppe AKA Fred Tschopp
This instrument was acknowledged before me on _____, 19____,

by _____
as _____
of _____



Jim Mieloszyk
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.

SWANSON/TSCHOPP

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/instru-
ment/microfilm/reception No. _____,
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

NAME TITLE
By _____ Deputy