

TRUST DEED

as Grantor, WILLIAM P. BRANDSNESS, as Trustee, and

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 ATTACHED EXHIBIT "1" BY THIS REFERENCE MADE A PART HEREOF.

39AC IN PLUM VALLEY

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 FORTY-SIX THOUSAND AND NO/100----- (\$46,000.00)-----

sum of FORTY-SIX THOUSAND AND NO/100-----(\$46,000.00)
-----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 10, 1997 WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS
-----, when caused by this instrument is the date, stated above, on which the final installment of said note

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 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.

beneficiary.
now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the said beneficiary may from time to time require, and in an amount not less than \$ FULL AMOUNT payable to the latter; all companies acceptable to the beneficiary.
policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor or his heirs for any reason to procure any such insurance and to deliver such policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense and may be applied by beneficiary under any fire or other insurance policy so procured, and the same shall be collected under any fire or other insurance policy so procured, and the same shall be applied by beneficiary upon any indebtedness of beneficiary the entire amount so collected, or may determine, in his or her discretion, to release the same to the beneficiary.
any and all claims, demands, or suits, which may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
to pay the cost of construction liens and to pay all

5. To keep 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 the due date of such taxes, assessments and other charges become payable, the grantor shall promptly deliver receipts therefor to beneficiary; and the grantor fail to make payment of any taxes, assessments, interest or insurance premiums, liens or other charges payable by grantor, either directly or indirectly, to or for the benefit of beneficiary, then the grantor shall, in addition to the direct payment or by providing beneficiary with funds with which to make such direct payment, beneficiary may, at its option, make payment therefor, and the amount so paid, with interest at the rate set forth in paragraphs 6 and 7 of this trust deed, together with the obligations described in part of the debt secured by 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 any payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent and they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, 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.

fees actually incurred. The court may not sue to enforce and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any such action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of a mortgage, the court shall not award attorney's fees or costs and expenses, including evidence of the beneficiary's or trustee's attorney's fees; the court shall award the 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 pay such sum as the appellate court shall deem reasonable as the beneficiary's or trustee's appellate court shall pay on such appeal.

It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenditures, proceedings, shall be paid to beneficiary and incurred by him first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance apportioned to the undersigned beneficiary in such proceedings; and grantor agrees to execute, to take such actions secured hereby; and grantor agrees to execute and execute in obtaining such compensation and execute 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; (e) the grantee in any reconveyance may be described as the "persons or persons legally entitled thereto," and the recitals therein of any matter 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 telefonically in accordance with the default by grantor hereunder, beneficiary may at any time without notice enter in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of all the real and personal property or any part thereof, in its own name and as agent for the beneficiary, to collect the rents, issues and profits, including interest, and unpaid, and apply the same, less costs of operation and collection, including reasonable attorney's fees upon any deficiency 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 sums secured hereby immediately due and payable, 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 remedy and sale, or may direct the trustee to advertise and sell the property of the beneficiary, either at foreclosure by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded his written notice of the trustee's election to foreclose by advertisement and sale, the obligation and his election to sell the said described real property at time and place of sale, give secured hereby whereupon the trustee shall proceed to foreclose this trust deed notice thereof as then required by law and provide to foreclose this trust deed

13. After the trustee has commenced the cure, the date the trustee conducts the sale, and at any time prior to 5 days after the date the trustee conducts the sale, the grantor or any other person shall not be so privileged by ORS 86.735, may cure the default or default. If the default consists of a failure to pay, when due, the amount due from the trust deed, the default may be cured by paying the amount due from the trust deed, or the amount due from the trust deed, as would be the case if the default had not occurred. Any other default that is capable of being cured may be cured by tendering the amount due from the trust deed, or the amount due from the trust deed, in addition to curing the default or obligation or trust deed. In addition, the grantor shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided for 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 shall sell the same at the time and place of the highest bidder. The trustee shall execute the deed in form as required by law conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusively the truthfulness thereof. Any person desiring to purchase the property, but including the trustee, may purchase at 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 the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured to the trustee in the trust 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

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 the appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties of the trustee, the latter shall be deemed to be appointed by the appointment upon any trustee herein named or appointed hereunder. The appointment and substitution shall be made of record 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 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:
(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.

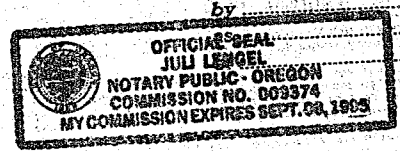
IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

* 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 Brent R Budden
BRENT R BUDDEN

X Joanne E Budden
JOANNE E BUDDEN

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on March 11, 1992,
by BRENT R. BUDDEN AND JOANNE E. BUDDEN
This instrument was acknowledged before me on _____, 19____,
by _____



Juli Lengel
Notary Public for Oregon
My commission expires 9/8/95

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.

BRENT R. AND JOANNE E. BUDDEN
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.

By _____ NAME _____ TITLE _____ Deputy

EXHIBIT "1"

A TRACT OF LAND SITUATED IN THE NE1/4 OF SECTION 15, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: PARCEL 1 OF MINOR LAND PARTITION 9-90

EXCEPTING THE FOLLOWING DESCRIBED TRACT: BEGINNING AT THE MOST WESTERLY CORNER OF LOT 3, BLOCK 1, TANGLEWOOD-TRACT 1225; THENCE ALONG THE BOUNDARY OF SAID TRACT 1225, ON A CURVE TO THE RIGHT (RADIUS POINT BEARS SOUTH 15 DEGREES 54' 46" WEST 175.00 FEET AND CENTRAL ANGLE EQUALS 38 DEGREES 51' 36") 118.69 FEET, ON A CURVE TO THE LEFT (RADIUS POINT BEARS NORTH 54 DEGREES 46' 22" EAST 20.00 FEET, CENTRAL ANGLE EQUALS 76 DEGREES 49' 54") 26.82 FEET, ON A CURVE TO THE LEFT (RADIUS POINT BEARS SOUTH 22 DEGREES 03' 32" EAST 225.00 FEET AND CENTRAL ANGLE EQUALS 14 DEGREES 47' 21") 58.08 FEET, SOUTH 53 DEGREES 09' 07" WEST 27.41 FEET, ON A CURVE TO THE LEFT (RADIUS POINT BEARS NORTH 36 DEGREES 50' 53" WEST 20.00 FEET AND CENTRAL ANGLE EQUALS 91 DEGREES 25' 19") 31.91 FEET, ON A CURVE TO THE LEFT (RADIUS POINT BEARS SOUTH 51 DEGREES 43' 48" WEST 125.00 FEET AND CENTRAL ANGLE EQUALS 49 DEGREES 19' 25") 107.61 FEET; THENCE NORTH 44 DEGREES 33' 10" EAST 60.91 FEET TO THE POINT OF BEGINNING WITH BEARINGS BASED ON SAID TRACT 1225.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 13th day
of March A.D., 19 92 at 10:12 o'clock A M., and duly recorded in Vol. M92,
of Mortgages on Page 5249.
Evelyn Biehn County Clerk
By Pauline Mueller

FEE \$20.00