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TRUST DEED

Vol. m 92 Page 11656

THIS TRUST DEED, made this _____ day of _____, 19____, between
 ERNST BROTHERS CORPORATION, an Oregon corporation

as Grantor, Neil R. Bryant _____, as Trustee, and
 WAYNE G. ERNST, WILLIAM L. ERNST, JOHN S. ERNST and JAN E. ERNST,
 individually, _____,
 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 Exhibit "A", which is attached hereto
 and incorporated herein by reference.

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 Two Hundred Thousand and 00/100 (\$200,000.00), together with any future
 advances made by Beneficiaries to Grantor, 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, it
 not sooner paid, to be due and payable as per terms of four Promissory Notes.

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.

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 full insurable value.

5. Policies of insurance shall be delivered to the beneficiary as soon as insured;
 if the grantor shall fail for any reason to procure any such insurance and to
 deliver said 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. The amount
 collected under any fire or other insurance policy may be applied by beneficiary
 upon any indebtedness secured hereby and in such order as beneficiary
 may determine; or at option of beneficiary, the entire amount so collected, or
 any part thereof, 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.

6. 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 any part of such taxes, assessments and other
 charges become past due or delinquent and promptly deliver receipts therefor
 to beneficiary. Should the grantor fail to make payment of any taxes, assess-
 ments, insurance premiums, liens or other charges payable by grantor, either
 by direct payment or by providing beneficiary with funds with which to
 make such payment, beneficiary may, at its option, make payment thereof,
 and the amount so paid, 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 as aforesaid, the prop-
 erty hereunder described, as well as 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 with-
 out notice, and the nonpayment thereof shall, at the option of the beneficiary,
 render all sums secured by this trust deed immediately due and payable and
 constitute a breach of this trust deed.

7. 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.

8. To appear in and defend any action or proceeding purporting to
 affect the security 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, in-
 cluding evidence of title and the beneficiary's or trustee's attorney's fees, the
 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 or
 decree of the trial court, grantor further agrees to pay such sum as the ap-
 pellate court shall judge reasonable as the beneficiary's or trustee's attor-
 ney's fees on such appeal.

It is mutually agreed that:

1. 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 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, expenses and attorney's fees necessarily paid or
 incurred by grantor in such proceedings, shall be paid to beneficiary and
 applied by it first upon any reasonable costs and expenses and attorney's fees,
 both in the trial and appellate courts, necessarily paid or incurred by ben-
 efiary in such proceedings, and the balance so applied upon the indebtedness
 secured hereby, and grantor agrees, at its own expense, to take such actions
 and execute such instruments as shall be necessary in obtaining such com-
 pensation, promptly upon beneficiary's request.

2. At any time and from time to time upon written request of ben-
 efiary, payment of its fees and presentation of this deed and the note re-
 endorsement on case of full reconveyance, 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
 thereof; (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 ap-
 pointed by a court, and without regard to the adequacy of any security for
 the indebtedness hereby secured, enter upon and take possession of said prop-
 erty or any part thereof, in its own name sue or otherwise collect the rents,
 issues and profits, including those just due and unpaid, and apply the same,
 less costs and expenses of operation and collection, including reasonable attor-
 ney's fees upon any indebtedness secured hereby, and in such order as ben-
 efiary 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 in 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 deed
 in equity as a mortgage or direct the trustee to foreclose this trust deed by
 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 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 said described real property to satisfy the obligation
 secured hereby whereupon the trustee shall by 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 86.735 to 86.795.

13. After the trustee 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 ORS 86.754, may cure
 the default or defaults. If the default consists of a failure to pay, when due,
 sums secured by the trust deed, the default may be cured by paying the
 entire amount due at the time of the cure other than such portion as would
 not then be due had no default occurred. Any other default that is capable of
 being cured may be cured by tendering the performance required under the
 obligation or trust deed. In any case, 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
 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 shall sell the parcel or parcels at
 auction to the highest bidder for cash, payable at the time of sale. Trustee
 shall deliver to the purchaser its deed in form as required by law conveying
 the property so sold, but without any covenant or warranty, express or im-
 plied. The recitals in the deed of any matters of fact shall be conclusive
 proof of the truthfulness thereof. Any person, excluding the trustee, but including
 the grantor and beneficiary, may purchase at the sale.

15. When the trustee sells pursuant to the powers provided herein, trustee
 shall apply the proceeds of sale to payment of (1) the expenses of sale, in-
 cluding the compensation of the trustee and a reasonable charge for trustee's
 attorney, (2) to the obligation secured by the trust deed, (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 suc-
 cessors to any trustee named herein or to any successor trustee appointed here-
 under. 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 named or 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 successive 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 unless 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 626.600 to 626.605.

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is law-fully 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.

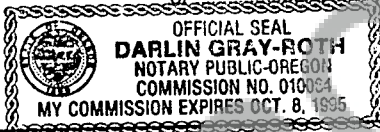
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or 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.

ERNST BROTHERS CORPORATION
By: Wayne G. Ernst, President

Deschutes
Klamath
STATE OF OREGON, County of _____ ss.
This instrument was acknowledged before me on February 18, 1992,
by Wayne G. Ernst
This instrument was acknowledged before me on February 18, 1992,
by Wayne G. Ernst
as President
of Ernst Brothers Corporation



Darlin Gray-Roth
Notary Public for Oregon
My commission expires 10/8/95

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.

Ernst Brothers Corp.

Grantor

Wayne G. Ernst, William L. Ernst, John S. Ernst and Jan E. Houck

Beneficiary

AFTER RECORDING RETURN TO

Ernst Bros. Corp.
P.O. Box 637
Gilchrist, Or. 97737

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 _____ at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/tile/instrument/microfilm/reception No. _____, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME TITLE
By _____ Deputy

EXHIBIT A

Ernst Properties

The following described real property situated in Klamath County, Oregon:

Tract 1: Parcel 1 of Minor Partition Plat No. 52-91, records of Klamath County, Oregon;

Tract 2: Parcel 1 of Major Partition Plat No. 53-91, records of Klamath County, Oregon;

Tract 3: A tract of land, reserved and excepted to Gilchrist Timber Company, by the deed to Klamath County School District recorded in Klamath County Deed Records, Vol. M76, page 11148, as more particularly described therein, including a well, well house and a tract 25 feet in diameter surrounding the well house.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ernst Bros. Corp. the 29th day
of May A.D., 19 92 at 2:22 o'clock P.M., and duly recorded in Vol. M92
of Mortgages on Page 11656.

Evelyn Biehn • County Clerk

FEE \$20.00

By Ernst Bros. Corp.