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TRUST DEED

Vol. m93 Page 3082

THIS TRUST DEED, made this 23RD day of DECEMBER, 1992, between TRENDWEST, INC., AN OREGON CORPORATION

as Grantor, WILLIAM P BRANDSNESS, as Trustee, and

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 ATTACHED EXHIBIT A 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 THREE HUNDRED THOUSAND AND NO/100----- (\$300,000.00)-----

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 JANUARY 1, 1994 WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS

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.

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 AMOUNT, 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 insured; if the grantor shall fail for any reason to procure any such insurance and, to deliver said policies to the beneficiary and promptly deliver receipts therefor to the beneficiary; should the grantor fail to make payment of any taxes, assessments, 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 property hereinbefore 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 without 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.

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 any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to the beneficiary; should the grantor fail to make payment of any taxes, assessments, 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 property hereinbefore 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 without 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.

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 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, including 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 appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

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 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 beneficiary in such proceedings, and the balance 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 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 the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or 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, less costs and expenses of operation and collection, including reasonable attorney's fees upon 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, 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 deed 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 86.735 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 86.753, 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 implied. 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 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 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 successors to any trustee named herein or to any successor trustee appointed hereunder. 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 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 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 670.523 to 670.525.

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.

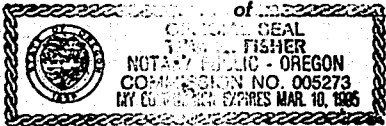
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or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

TRENDWEST, INC.
By Harold Derrah
HAROLD DERRAH, PRESIDENT

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on _____, 19____,
by _____
This instrument was acknowledged before me on 12-23, 1993,
by Harold Derrah
as President
of Trendwest, Inc



Tina M. Fisher
Notary Public for Oregon
My commission expires 3-10-95

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. 881-1)
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

TRENDWEST, INC.

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,
County of _____ } ss.

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

EXHIBIT "A"

6930 AIRWAY DRIVE

A PORTION OF THAT TRACT OF LAND RECORDED IN VOLUME 242, PAGE 100, DEED RECORDS OF KLAMATH COUNTY, OREGON, DESCRIBED AS BEING THE NW 1/4 NE 1/4 OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE ABOVE DESCRIBED TRACT OF LAND, WHICH POINT OF BEGINNING IS THE NORTHEAST CORNER OF THE NW 1/4 NE 1/4 OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AND BEARS WEST ALONG THE SECTION LINE A DISTANCE OF 1339.75 FEET FROM THE NORTHEAST CORNER OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON; THENCE CONTINUING WEST ALONG SAID SECTION LINE A DISTANCE OF 190.96 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WEST ALONG SAID SECTION LINE A DISTANCE OF 136.55 FEET; THENCE SOUTH 0 DEGREES 19' WEST PARALLEL WITH THE EAST BOUNDARY OF ABOVE SAID TRACT A DISTANCE OF 712.42 FEET TO THE SOUTH BOUNDARY THEREOF; THENCE NORTH 42 DEGREES 17' EAST ALONG SAID SOUTH BOUNDARY A DISTANCE OF 203.82 FEET TO A POINT WHICH BEARS SOUTH 0 DEGREES 19' WEST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 0 DEGREES 19' EAST 561.11 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

6930 AIRWAY DRIVE

A PORTION OF THAT TRACT OF LAND RECORDED IN VOLUME 242, PAGE 100, DEED RECORDS OF KLAMATH COUNTY, OREGON, DESCRIBED THEREIN AS BEING IN THE NW 1/4 NE 1/4 OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE ABOVE DESCRIBED TRACT OF LAND, WHICH POINT OF BEGINNING IS THE NORTHEAST CORNER OF THE NW 1/4 NE 1/4 OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AND BEARS WEST ALONG THE SECTION LINE A DISTANCE OF 1667.26 FEET FROM THE NORTHEAST CORNER OF SECTION 24, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, TO THE POINT OF BEGINNING; THENCE CONTINUING WEST ALONG SAID SECTION LINE A DISTANCE OF 112.24 FEET; THENCE SOUTH 0 DEGREES 19' WEST PARALLEL WITH THE EAST BOUNDARY OF ABOVE SAID TRACT A DISTANCE OF 836.8 FEET TO THE SOUTH

BOUNDARY THEREOF; THENCE NORTH 42 DEGREES 17' EAST ALONG SAID SOUTH BOUNDARY 167.54 FEET TO A POINT WHICH BEARS SOUTH 0 DEGREES 19' WEST, FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 0 DEGREES 19' EAST 712.42 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

CRYSTAL SPRINGS - OLENE PROPERTY

PARCEL 1:

THE FOLLOWING DESCRIBED REAL PROPERTY IN KLAMATH COUNTY, OREGON:

BEGINNING AT A POINT 1100.3 FEET EAST OF THE NORTHWEST CORNER OF THE NE 1/4 SW 1/4 OF SECTION 1, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON; THENCE EAST 645.2 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER OF LAND DESCRIBED IN DEED RECORDED MARCH 30, 1937 IN DEED VOLUME 108, PAGE 314, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE SOUTH 1659 FEET TO THE NORTH LINE OF THE DALLES-CALIFORNIA HIGHWAY; THENCE NORTH 46 DEGREES 07' WEST ALONG SAID HIGHWAY, 893 FEET; THENCE NORTH 1041.7 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING:

A TRACT OF LAND SITUATED IN THE S 1/2 OF SECTION 1, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY RIGHT OF WAY LINE OF HIGHWAY 140, SAID POINT BEING 44 FEET OF CENTER LINE AT ENGINEER'S STATION 160+31.05, FROM WHICH THE 1/4 CORNER COMMON TO SECTION 1, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AND SECTION 6, TOWNSHIP 39 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEARS NORTH 61 DEGREES 33' 14" EAST 2918.09 FEET; THENCE NORTH 46 DEGREES 04' 33" WEST ALONG SAID NORTHEASTERLY RIGHT OF WAY LINE, 200.00 FEET; THENCE NORTH 43 DEGREES 55' 27" EAST 81.07 FEET TO THE CENTERLINE OF THE ENTERPRISE IRRIGATION DISTRICT CANAL; THENCE ALONG SAID CANAL CENTERLINE NORTH 77 DEGREES 39' 16" EAST 356.49 FEET; THENCE SOUTH 00 DEGREES 00' 23" EAST 150.00 FEET; THENCE SOUTH 64 DEGREES 39' 30" WEST 288.18 FEET TO THE POINT OF BEGINNING WITH BEARINGS BASED ON AND REFERENCE BEING SURVEY NO. 3508, AS RECORDED IN THE OFFICE OF THE KLAMATH COUNTY SURVEYOR.

EXHIBIT "A" CONTINUED

PARCEL 2:

A TRACT OF LAND SITUATED IN THE S 1/2 OF SECTION 1, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY RIGHT OF WAY LINE OF HIGHWAY 140, SAID POINT BEING 44 FEET OF CENTER LINE AT ENGINEER'S STATION 160+31.05, FROM WHICH THE 1/4 CORNER COMMON TO SECTION 1, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AND SECTION 6, TOWNSHIP 39 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEARS NORTH 61 DEGREES 33' 14" EAST 2918.09 FEET; THENCE NORTH 46 DEGREES 04' 33" WEST ALONG SAID NORTHEASTERLY RIGHT OF WAY LINE, 200.00 FEET; THENCE NORTH 43 DEGREES 55' 27" EAST 81.07 FEET TO THE CENTERLINE OF THE ENTERPRISE IRRIGATION DISTRICT CANAL; THENCE ALONG SAID CANAL CENTERLINE NORTH 77 DEGREES 39' 16" EAST 356.49 FEET; THENCE SOUTH 00 DEGREES 00' 23" EAST 150.00 FEET; THENCE SOUTH 64 DEGREES 39' 30" WEST 288.18 FEET TO THE POINT OF BEGINNING WITH BEARINGS BASED ON AND REFERENCE BEING SURVEY NO. 3508 AS RECORDED IN THE OFFICE OF THE KLAMATH COUNTY SURVEYOR.

OAK & 9TH

LOT 4, BLOCK 3, CANAL ADDITION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

OAK & 9TH

LOTS 1 THROUGH 3, BLOCK 3, CANAL ADDITION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

2363 SO 6TH STREET

LOT 7, SUBDIVISION OF ENTERPRISE TRACTS, NO. 803, EXCEPTING THAT PORTION CONVEYED TO THE STATE OF OREGON, BY AND THROUGH ITS STATE HIGHWAY COMMISSION BY DEED RECORDED DECEMBER 24, 1943 IN VOLUME 161, PAGE 42, DEED RECORDS OF KLAMATH COUNTY, OREGON.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ day
of _____ Feb. _____ A.D., 19 93 at 11:48 o'clock _____ A.M., and duly recorded in Vol. M93
of _____ Mortgages _____ on Page 3082.

FEE \$30.00

Evelyn Biehn . County Clerk

By Pauline M. Mueland