

WITNES: ETH

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" ATTACHED FOR LEGAL DESCRIPTION

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 the property.

FORM OF SECURING PERFORMANCE OF each agreement of grantor herein contained and payment of the sum

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of FORTY ONE THOUSAND AND NO/100 *****
of \$***** (41,000.00) ***** dollars with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary in order and maturity by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable on the date, stated above, on which the final installment of the note is due, and the property herein described is hereby conveyed, assigned or otherwise disposed of to the beneficiary herein named, to be secured by this instrument and the date, stated above, on which the final installment of the note is due, and the property herein described is hereby conveyed, assigned or otherwise disposed of to the beneficiary herein named, to be secured by this instrument

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, ~~which~~ option, all obligations secured by this instrument, irrespective of ~~and if such not be a separate deed~~, then, as 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. (Delete underlined clause if inapplicable.)

The execution by grantor of an earnest money agreement does not constitute an assignment of the security interest created hereunder.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain this property in good condition and repair; no to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property;
2. To complete or restore promptly and in good and habitable condition 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 the property; if the beneficiary so requests, to file and pay for all required notices to the Uniform Commercial Code as the beneficiary may require and to the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary;

Grantor shall continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage from time to time require, in an amount not less than \$ 41,000.00 delivered to the beneficiary.

[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 pertaining to affect the security rights or powers of beneficiary or trustee; trustee may appear, including any suit for the foreclosure of this deed, 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 appellate 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 adjudicate reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, the City shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, be paid to the person or persons who are the owner or owners of the property at the time of such taking.

8. In the event that any portion of the trust assets are not sufficient to satisfy the claims of the beneficiaries, the trustee shall have the right, if it so elects, to require that all or any portion of the trust assets be sold or otherwise disposed of for the benefit of the beneficiaries.

NOTE: The Trust Deed Act provides that the trustee shall not be liable for the actions of the beneficiaries or savings and loan association authorized to do business in 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.

*WARNING: 12 USC 1701 regulates and may prohibit the exercise of this option without the prior written consent of the beneficiary.

*The publisher suggests that such an agreement be added to the issue of obtaining beneficiary's consent in complete detail.

STATE OF OREGON,

STATE OF OREGON,

STATE OF OREGON, } ss.
County of _____ }
I certify that the within instru-
ment 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 _____ of said County.
Witness my hand and seal of
County affixed.

SPACE RESERVED
FOR
RECORDER'S USE

Grades

Beneficiary

After Recording Return to (Name, Address, Zip):

422 MAIN ST.

KLAMATE FALLS, OREGON 9:60

NAME

TITAE

By _____, Deputy

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, and then to the payment of 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 to obtain such compensation for the benefit of beneficiary.

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 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 the property; (b) join in granting any easement or creation of any restriction thereon; (c) join in any subdivision 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 may be conclusive proof of the truthfulness thereof. Trustee's recitals in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the 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 the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies covering the property, 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 or beneficiary, the beneficiary may elect to 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 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 the sale may be postponed as provided by law. The trustee may sell the 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 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 any 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.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid unencumbered title thereto.

and that the grantor 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:

(a) primarily for grantor's personal, family or household purposes (see Important Notice below);

(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.

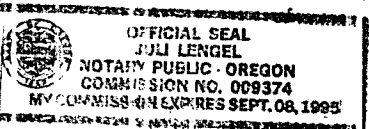
In construing this trust deed it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereinafter apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the grantor has executed this instrument 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-Nesbitt Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice."

Eileen Carnes
X Clinton H. Ritchie
Janice K. Ritchie
ss.
Janice K. Ritchie

STATE OF OREGON, County of Multnomah
This instrument was acknowledged before me on August 26, 1994,
by Eileen Carnes, Clinton H. Ritchie and Janice K. Ritchie
This instrument was acknowledged before me on _____, 19____,
by _____
as _____



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

TO: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the 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 the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to _____

DATED: _____, 19____

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.

Beneficiary

A tract of land containing 1.9 acres more or less in Government Lot 1 of Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Commencing at the Northwest corner of said Section 5; thence East 1908.8 feet along the north line of said section, to an intersection with the center line of the Riverside Spur Track of the Great Northern Railway Co.; thence South $21^{\circ}35'$ East, along said center line, 657.83 feet; thence South $68^{\circ}25'$ West 22.5 feet to the northeast corner of a tract of land conveyed to the Natural Gas Corporation of Oregon by Deed recorded October 27, 1930, in Deed Book 93, Page 171; thence South $68^{\circ}25'$ West 68.19 feet; thence North $14^{\circ}00'$ West 103 feet; thence North $87^{\circ}00'$ East 28.6 feet to a line parallel and 50.00 feet Southwesterly of the center line of said spur track and is the right of way boundary of said spur track and is the true beginning of this description. Thence North $21^{\circ}35'$ West 370 feet more or less along said right of way boundary to a point of intersection with a line lying 205.0 feet South and parallel to the north line of Section 5 thence West 246.0 feet along said line parallel to the North line of Section 5 to an intersection with the easterly boundary of the right of way of the Klamath Falls-Ashland Highway; thence South $14^{\circ}30'$ East 199.8 feet; thence South $23^{\circ}50'$ East 74.2 feet to the center line of a certain roadway easement, 24 feet in width as reserved in a deed recorded August 17, 1955, in Deed Book 276, Page 484; thence North $81^{\circ}40'$ East along said center line 113.5 feet; thence Southeasterly on said center line along a 12° curve to the right through an angle of $67^{\circ}24'$ for a distance of 210.6 feet; thence Southeasterly on said centerline and tangent to said curve to a point in the southerly boundary of said tract formerly owned by the Great Northern Railway and the true beginning of this description.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ Aug _____ A.D., 19 24 at _____ o'clock _____ A.M., and duly recorded in Vol. _____ day
of _____ Mortgages _____ on Page 26887

FEE \$20.00

Evelyn Biehn - County Clerk
By _____