

WITNESS ETH:

SEE EXHIBIT A WHICH IS MADE A PART HEREOF BY THIS REFERENCE

THIS TRUST DEED IS AN ALL-INCLUSIVE TRUST DEED AND IS BEING RECORDED SECOND AND JUNIOR TO A FIRST TRUST DEED IN FAVOR OF KLAMATH FIRST FEDERAL SAVINGS AND LOAN. RECORDED December 19, 1977 in Vol. M77, page 24438 and assigned on June 30, Vol. M81, page 11802, Microfilm Records of Klamath County.

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.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of ****FOURTEEN THOUSAND FIVE HUNDRED AND NO /100ths**** Dollars with interest thereon according to the terms of a promissory

of ****FOURTEEN THOUSAND FIVE HUNDRED AND NO 7-100ths**** 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 **per terms of note**, 19... the date, stated above, on which the final installment of the note...

not sooner paid, to be due and payable per terms of note 19 _____, the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, or actually sell, or 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, then at the beneficiary's option* all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall be immediately due and payable. The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed grantor agrees:

assignment.

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

1. To protect, preserve and maintain the property in good condition and repair; not 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, repaired, replaced, or otherwise improved on the property, when the full costs incurred therefor are paid by the beneficiary.

3. To insure the property against fire, theft, and other hazards, and to maintain the property; if the beneficiary

1. To complete or restore promptly and in good and habitable condition any building or improvement damaged or destroyed thereon, and pay when due the costs incurred therefor;

1. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions applicable to the property, and to pay for filing same in the proper public offices, as well as the cost of all lien searches made by filing officers or searching agents, and to pay for recording of the instrument on the property against loss of title.

to pay for filing same in the office of the recorder of deeds, and the beneficiary's assent may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property 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 the full insurable value of the property, and to deliver the policies to the beneficiary written in compliance with the provisions of this deed, and to pay the premium on any such insurance, and to deliver the policies to the beneficiary as soon as insured; if the grantor shall fail to do so, the beneficiary now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount so collected under any policy of insurance shall be paid to the beneficiary upon the occurrence of the insured event, and the beneficiary may determine, or at the option of the beneficiary the entire amount so collected, any interest thereon, may be released to grantor. Such release shall not constitute a release of the grantor from any and all taxes, assessments and other charges that may be levied or assessed on the property, and the beneficiary shall be bound to pay the same.

5. To keep the property free from contribution liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and to promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, interest or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payments, then 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, as well as the grantor, shall be bound to the same extent that they are bound to pay the debt secured hereby, and the grantor, 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, and the grantor shall be bound to pay all such payments secured by this trust deed immediately due and payable, and the cost of title search as well as the other costs and expenses of the trust including the cost of this deed.

6. To pay all costs, fees and expenses of the 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 to affect the security rights or powers of beneficiary or trustee;

7. To appear and defend any action or proceeding in which the beneficiary or 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 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 the 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,

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 in or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or brokers, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585. Exercise of this option requires the consent in complete detail.

*WARNING: 12 USC 1701-3 regulates and may prohibit the exercise of this option. The publisher suggests that such an agreement address the issue of obtaining the beneficiary's consent in complete detail.

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TRUST DEED

TODD W. FRITCH and CAROL L. FRITCH
2821 ORINDALE ROAD
KLAMATH FALLS, OR 97601

CLAIR H. JONES
1801 S AZUSA AVE.
H. COVINA, CA 9179

MOUNTAIN TITLE COMPANY Beneficiary
OF KLAMATH COUNTY

STATE OF OREGON,

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 _____ of said County.

Witness my hand and seal of
County affixed.

NAME _____ TITLE _____
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, 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 enforcement (in case of full recoveries, for a collection), 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 creating any restriction thereon; (c) join in any subordination of any agreement affecting this deed or the lien or charge thereof; (d) the grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recital 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 not be 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 the property or any part thereof, in its own name, and 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 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 grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose the trust deed 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 a written notice of default and election to sell the property to satisfy the obligation 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 86.35 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 86.53, 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 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 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 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 hereof 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-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

Todd W. Fritch
TODD W. FRITCH
Carol L. Fritch
CAROL L. FRITCH

STATE OF OREGON, County of MULTNOMAH) ss.

This instrument was acknowledged before me on AUGUST 26, 1994

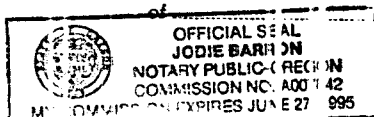
by TODD W. FRITCH and CAROL L. FRITCH

This instrument was acknowledged before me on _____, 19____,

by _____,

as _____,

of _____,



Jodie Barron
Notary Public for Oregon
My commission expires JUNE 27, 1995

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO

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, trust deed or pursuant to statute, to cancel all encumbrances 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 documents if desired.

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

EXHIBIT "A"
LEGAL DESCRIPTION

A portion of the NE1/4 NE1/4 of Section 12, Township 39 South, Range 8, East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point at the Southwest corner of said NE1/4 NE1/4; thence East a distance of 30 feet; thence North along the Easterly right of way of a 60 foot road a distance of 165 feet to the true point of beginning; thence continuing North along said Easterly right of way a distance of 495 feet; thence East a distance of 234 feet; thence South parallel to said road right of way a distance of 495 feet more or less to the Northeast corner of property described in Deed Volume 93 at page 130, Deed Records of Klamath County, Oregon; thence West along the North line of said property described in Deed Volume 93 at page 130, Deed Records of Klamath County, Oregon to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss

Filed for record at request of Mountain Title Co the 2nd day
of Sept. A.D., 19 94 at 11:12 o'clock A M., and duly recorded in Vol. M94,
of Mortgages on Page 27614.

Evelyn Biehn - County Clerk

By Shirley M. Mink

FEE \$20.00