

AFTER RECORDING RETURN TO:
UMPQUA TITLE & ESCROW SERVICES
PO BOX 1609
Roseburg, OR 97470

ATC # 04044000
ALL-INCLUSIVE PURCHASE MONEY DEED OF TRUST

THIS ALL-INCLUSIVE PURCHASE MONEY DEED OF TRUST, made this 29th day of
November, 19 95, between

CALVIN L. SMITH and GEORGIA L. SMITH, husband and wife

herein called GRANTOR,

UMPQUA TITLE & ESCROW SERVICES, herein called TRUSTEE, and

CECIL D. NEWTON

whose address is PO Box 404, Riddle, OR 97469
herein called BENEFICIARY, WITNESSETH: That GRANTOR IRREVOCABLY GRANTS,
TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property
in Klamath County, Oregon described as:

That portion of the N 1/2 N 1/2 SE 1/4 NW 1/4 of Section 31, Township 30 South,
Range 8 East of the Willamette Meridian, laying Easterly of the Southern Pacific
Railroad right of way.

CODE 8 MAP 3008-3100 TL 700

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to
the right, power and authority hereinafter given to and conferred upon
Beneficiary to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING: 1. Performance of each agreement of Grantor
herein contained. 2. Payment of the indebtedness evidenced by one
all-inclusive purchase money promissory note of even date herewith, and any
extension or renewal thereof, in the principal sum of \$ 24,500.00
executed by Grantor in favor of Beneficiary or order.

The date of maturity of the debt is August 1, ~~2009~~, on which date
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.

UNDERLYING OBLIGATIONS:

This is an all-inclusive purchase money deed of trust, securing an
all-inclusive purchase money promissory note in the original principal amount
of TWENTY FOUR THOUSAND FIVE HUNDRED AND NO/100THS----- Dollars
(\$ 24,500.00) (the "Note") which includes within such amount the unpaid
balance of the following:

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(a) A promissory note in the original principal sum of Fifteen Thousand and No/100ths----- Dollars (\$ 15,000.00 in favor of Anthony Theiss as Payee, secured by a deed of trust recorded December 5, 19 95, as Document No. 10155, in Book M95, Page 33294, Official Records of Klamath County, Oregon, and

(b) A promissory note in the original principal sum of Fifteen Thousand and No/100ths----- Dollars (\$ 15,000.00 in favor of Anthony Theiss as Payee, secured by a deed of trust recorded December 5, 19 95, as Document No. 10155, in Book M95, Page 33294, Official Records of Klamath County, Oregon.

(The Promissory Notes secured by such deeds of trust are hereinafter called the "Underlying Notes")

The terms of either the all-inclusive purchase money promissory note or the underlying obligations may provide that the interest rate, payments, terms or balance due on the loan may be indexed, adjusted, renewed or renegotiated.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR AGREES:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply to all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary, fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary. 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. The provisions hereof are subject to the mutual agreement of the parties as below set forth.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay; at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; subject to the mutual agreements of the parties as below set forth, to pay when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appears to be prior or superior hereto; all costs, fees and expenses of this Trust. Grantor further agrees to comply with all of the terms and conditions of the instrument or instruments evidencing or securing the underlying obligations other than with respect to the payment of principal and interest due thereunder.

Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligations so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof; may; make or do all the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purpose; appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees. Any such failure on the part of Grantor shall constitute a default hereunder and shall entitle Beneficiary, at its option, to exercise any and all rights and remedies given Beneficiary in the event of a default hereunder.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance. The provisions hereof are subject to the mutual agreements of the parties as below set forth.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may; reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

(10) That as additional security, Grantor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving until Grantor the right, prior to any default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be 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 hereof, in its own name sue for or otherwise collect such 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. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) Upon default by Grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable. In such an event the Beneficiary at its 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. In the latter event the Beneficiary or the Trustee shall execute and cause to be recorded a written notice of default and an election to sell the said described real property to satisfy the obligations 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 86.740 or 86.795.

(12) Should the Beneficiary elect to foreclose by advertisement and sale, then after default at any time prior to five days before the date set by the Trustee for the Trustee's sale, the Grantor or other person so privileged by ORS 86.753, may pay to the Beneficiary or its successors in interest, respectively, the entire amount then due under the terms of the Trust Deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and Trustee's and attorney's fees not exceeding the amounts provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the Trustee.

(13) 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.

(14) When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expense 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.

(15) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Grantor, Trustee and Beneficiary hereunder, the book and page where the Deed is recorded and the name of the new Trustee.

(16) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular name includes the plural.

(17) That 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 a 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 brought by Trustee.

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GRANTOR AND BENEFICIARY MUTUALLY AGREE:

(A) By Beneficiary's acceptance of this All-Inclusive Purchase Money Deed of Trust, Beneficiary covenants and agrees that provided Grantor is not delinquent or in default under the terms of the Note secured hereby, Beneficiary shall pay all installments of principal and interest which shall hereafter become due pursuant to the provisions of the Underlying Note(s) as and when the same become due and payable. In the event Grantor shall be delinquent or in default under the terms of the Note secured hereby, Beneficiary shall not be obligated to make any payments required by the terms of the Underlying Note(s) until such delinquency or default is cured. In the event Beneficiary fails to timely pay any installment of principal or interest on the Underlying Note(s) at the time when Grantor is not delinquent or in default under the terms of the Note secured hereby, Grantor may, at Grantor's option, make such payments directly to the holder of such Underlying Note(s), in which event Grantor shall be entitled to a credit against the next installment(s) of principal and interest due under the terms of the Note secured hereby equal to the amount so paid and including, without limitation, any penalty, charges and expenses paid by Grantor to the holder of the Underlying Note(s) on account of Beneficiary failing to make such payment. The obligations of Beneficiary hereunder shall terminate upon the earliest of (i) foreclosure of the lien of this All-Inclusive Purchase Money Deed of Trust, or (ii) cancellation of the Note secured hereby and reconveyance of this All-Inclusive Purchase Money Deed of Trust.

Should Grantor be delinquent or in default under the terms of the Note secured hereby and Beneficiary consequently incurs any penalties, charges or other expenses on account of the Underlying Note(s) during the period of such delinquency or default, the amount of such penalties, charges and expenses shall be immediately added to the principal amount of the Note secured hereby and shall be immediately payable by Grantor to Beneficiary.

If at any time the unpaid balance of the Note secured hereby, accrued interest thereon, and all other sums due pursuant to the terms thereof an all sums advanced by Beneficiary pursuant to the terms of this Deed of Trust, is equal to or less than the unpaid principal balance of the Underlying Note(s) and accrued interest thereon, the Note secured hereby, at the option of the Beneficiary, shall be cancelled and said property shall be reconveyed from the lien of this Deed of Trust. At such time Beneficiary shall no longer be obligated to make the payments set forth above.

Beneficiary's agreement to make the payments set forth above is intended solely for the benefit of Grantor and not for the benefit of the holder of any underlying obligation or any other party.

(B) Grantor and Beneficiary agree that in the event the proceeds of any condemnation award or settlement in lieu thereof, or the proceeds of any casualty insurance covering destructible improvements located upon said property are applied by the holder of the Underlying Note(s) in reduction of the unpaid principal amount thereof, the unpaid principal balance of the Note secured hereby shall be reduced by an equivalent amount and be deemed applied to the last sum due under the Note.

(C) At such times as the Note secured hereby becomes all due and payable, the amount of principal and interest then payable to Beneficiary thereunder shall be reduced by the then unpaid balance of principal and interest due on the Underlying Note(s).

(D) Any demand hereunder delivered by Beneficiary to Trustee for the foreclosure of the lien of this Deed of Trust may be not more than the sum of the following amounts:

(i) The difference between the then unpaid balance of principal and interest on the Note secured hereby and the then unpaid balance of principal and interest on the Underlying Note(s); plus

(ii) The aggregate of all amounts theretofore paid by Beneficiary pursuant to the terms of the Deed of Trust prior to date of such foreclosure sale for taxes and assessments, insurance premiums, delinquency charges, foreclosure costs, and any other sums advanced by Beneficiary pursuant to the terms of the Deed of Trust, to the extent the same were not previously repaid by Grantor to Beneficiary; plus

(iii) The costs of foreclosure hereunder, plus attorneys fees and costs incurred by Beneficiary in enforcing this Deed of Trust or the Note secured hereby as permitted by law.

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(E) Notwithstanding any provision to the contrary herein contained, in the event of a Trustee's sale in furtherance of the foreclosure of this Deed of Trust, the balance then due on the Note secured hereby for the purpose of Beneficiary's demand shall be reduced, as aforesaid, by the unpaid balance, if any, of principal and interest then due on the Underlying Note(s), satisfactory evidence of which unpaid balances must be submitted to Trustee prior to such sale. The Trustee may rely on any statements received from Beneficiary in this regard and such statements shall be deemed binding and conclusive as between Beneficiary and Grantor, on the one hand, and the Trustee, on the other hand, to the extent of such reliance.

(F) Grantor and Beneficiary agree to send to the other, within 24 hours of receipt, copies of any notices received by either of them from the holder of any of the underlying obligations.

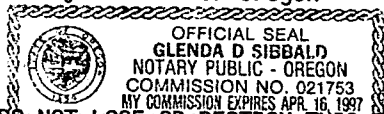
SIGNATURE OF BENEFICIARY

Cecil D. Newton
Cecil D. Newton

STATE OF OREGON)
County of Douglas) ss.

This instrument was acknowledged
before me on November 29, 1995
by CECIL D. NEWTON

Glenda D. Sibbald
Notary Public for Oregon



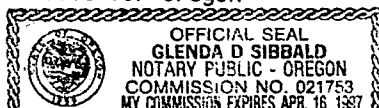
SIGNATURE OF GRANTOR

Calvin L. Smith
Calvin L. Smith
Georgia L. Smith
Georgia L. Smith

STATE OF OREGON)
County of Douglas) ss.

This instrument was acknowledged
before me on November 30, 1995,
by CALVIN L. SMITH & GEORGIA L. SMITH

Glenda D. Sibbald
Notary Public for Oregon



~~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.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 5th day
of December A.D., 1995 at 3:55 o'clock P M., and duly recorded in Vol. M95
of Mortgages on Page 33298.

FEE \$30.00

Bernetha G. Letsch, County Clerk
By *Annette Mueller*