

FIFTH TRUST DEED

THIS FIFTH TRUST DEED, made this 4th day of June, 1996, between GOLF RESOURCES, INC., as Grantor, Klamath County Title, as Trustee, and ALLYN D. PEDERSON and CAROLE PEDERSON, 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 property is subject to the following trust deeds:

1. Deed of Trust for South Valley State Bank, in the sum of \$1,482,205;
2. Deed of Trust for Shield Crest, Inc., in the sum of \$216,490;
3. Deed of Trust of Randy Denham, in the sum of \$37,668.49; and
4. Deed of Trust for Cumis Insurance Society, Inc. in the sum of \$50,000.

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 One Hundred Thousand and No/100 Dollars (\$100,000), with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiaries or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid to be due and payable October 1, 2007.

To 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. There is no prepayment penalty. There is no "due on sale."

Beneficiaries Pederson agree to subordinate the lien of their trust deed for refinancing of any of the four prior trust deeds in the event of sale or transfer of the property by Golf Resources, Inc., but such subordination shall not reduce the security position on the security of beneficiaries Pederson.

Beneficiaries Pederson will be willing to consider renegotiation of the terms and for the security of their note with Golf Resources, Inc., in the event of a change in financial conditions of the sale or other transfer of the property described herein.

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, damaged or destroyed thereon, and pay when due all costs incurred therefor.

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3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiaries so request, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiaries 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 beneficiaries.

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 beneficiaries may from time to time require, in an amount not less than \$_____, written in companies acceptable to the beneficiaries, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiaries as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiaries at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiaries may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiaries upon any indebtedness secured hereby and in such order as beneficiaries 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.

5. To keep the property free from construction 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 promptly deliver receipts therefor to beneficiaries; 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 beneficiaries with funds with which to make such payment, beneficiaries may, at their 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 or 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 beneficiaries, under 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 beneficiaries 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 beneficiaries 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 beneficiaries 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, beneficiaries 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 paid or incurred by grantor in such proceedings, shall be paid to beneficiaries 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 beneficiaries in such proceedings, and the balance applied on 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 beneficiaries' request.

9. At any time and from time to time upon written request of beneficiaries 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 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, beneficiaries 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 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 beneficiaries 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 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 beneficiaries may declare all sums secured hereby immediately due and payable. In such an event 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 beneficiaries may have. In the event the beneficiaries elect to foreclose by advertisement and sale, the beneficiaries 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 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to five 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 beneficiaries 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 amount 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 beneficiaries, 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. Beneficiaries 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 beneficiaries, 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, beneficiaries or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiaries and the beneficiaries' 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) 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 beneficiaries shall mean the holder and owner, including pledge of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this mortgage, it is understood that the mortgagor or mortgagee may 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.

GOLF RESOURCES, INC.

By: Steve H. Adams

////// After Recording Return to:

////// W. V. Deatherage
 Attorney at Law
 2592 E. Barnett Road
 Medford, OR 97504

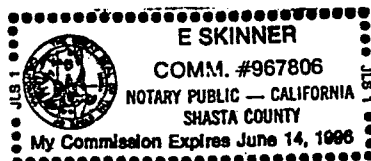
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STATE OF CALIFORNIA

COUNTY OF Shasta

On 6/14/96 before me, E. SKINNER,
 personally appeared STEVEN H. ADAMS, personally
 known to me (or proved on the basis of satisfactory evidence) to be the per-
 son(s) whose name(s) is/are subscribed in the within instrument and
 acknowledged to me that he/she/they executed the same in his/her/their
 authorized capacity(ies), and that by his/her/their signature(s) on the
 instrument the person(s), or the entity upon behalf of which the person(s)
 acted, executed the instrument.

WITNESS my hand and official seal.


 Notary public in and for said State.


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 Cowdery's Form No. 10G — ACKNOWLEDGMENT — General (Civil Code 1189(a)) (Revised 1/93)

EXHIBIT "A"

DESCRIPTION OF PROPERTY

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

PARCEL 1: Lot 10, EXCEPT the Northerly 258.38 feet thereof; The W. 30' of Lot 2, Block 4; Lot 8, Block 5 of Tract No. 1257, Re-subdivision of First Addition to Shield Crest, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 2 of Major Partition 1-91 situate in the NE $\frac{1}{4}$ of Section 7, and the NW $\frac{1}{4}$ of Section 8 Township 39 South, Range 10 East of the Willamette Meridian.

PARCEL 2: A parcel of land located in the W $\frac{1}{4}$ of the E $\frac{1}{4}$ of Section 8, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the one-quarter corner common to Sections 5 and 8, Township 39 South, Range 10 East of the Willamette Meridian; thence along the North line of said Section 8, North 89°45'14" East 953.75 feet to the Northwest corner of a parcel of land described in Volume M84 page 3240, Deed records of Klamath County, Oregon; thence, along the boundaries of said parcel South 00°13'00" East 185.00 feet; thence North 89°45'14" East 348.05 feet; thence South 00°13'00" East 372.07 feet; thence East 30.00 feet to a point on the East line of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8; thence along said East line South 00°13'00" East 504.96 feet to the Northeast corner of a parcel of land described in Volume M87 page 15532, Deed records of Klamath County, Oregon; thence along the boundaries of said parcel, South 88°00'16" West 220.52 feet; thence North 85°19'47" West 286.02 feet; thence South 8°45'58" West 551.68 feet to the Southwest corner of said parcel; thence South 8°48'39" West 1935.93 feet to the Northeasterly corner of a parcel of land described in Volume 203 page 199, Deed records of Klamath County, Oregon; thence North 65°45'28" West 199.82 feet to the Northwesterly corner of said parcel and the Northeasterly corner of a parcel of land described in Volume M83 page 13511, Deed records of Klamath County, Oregon; thence along the Northerly boundary of said parcel North 80°36'19" West 274.21 feet to a point on the West line of the E $\frac{1}{4}$ of Section 8; thence along said East line North 00°03'03" East 3372.34 feet to the point of beginning.

TOGETHER with easement in Deed to Donald C. Griffith and Carol J. Griffith, recorded September 12, 1991, in M91 on page 18360, records of Klamath County, Oregon, more particularly described as follows:

A strip of land located in Parcel 1 of Major Partition 1-91 in the NE $\frac{1}{4}$ of Section 7 and the NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 10 E.W.M. for the purpose of ingress, egress, and the construction and maintenance of utilities over, across and under said strip of land, more particularly described as follows:

Beginning at the northeasterly corner of Parcel 1 of Major Partition 1-91 from which the Section corner common to Sections 5, 6, 7 and 8, bears N. 13°45'05" W. 30.89 feet; thence along the easterly boundary of said Parcel 1, S. 26°21'17" E. 310.74 feet; thence N. 88°49'47" W. 33.83 feet; thence N. 26°21'17" W. 252.10 feet; thence N. 77°15'19" W. 97.06 feet; thence S. 89°45'36" W. 155.00 feet to the westerly boundary of said Parcel 1, thence N. 2°07'07" E. 30.04 feet to the Northwest corner of said Parcel 1, thence N. 89°45'36" E. 256.35 feet to the point of beginning.

TOGETHER with an undivided interest in that private road shown on the plat as Shield Crest Drive and more particularly described in Declaration recorded in M84 on page 4256, from a beginning point on Highway 140 to the terminus of said right at a point which is the south line of Lot 9, Block 4 Tract 1257, Re-subdivision of First Addition to Shield Crest.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 29th day
of August A.D., 19 96 at 2:01 o'clock P.M., and duly recorded in Vol. M96,
of Mortgages on Page 26766.

FEE \$40.00

Bernetha G. Letsch, County Clerk

By Reedon Ross

207380/K-43907-M