'97 MAY 27 AM 10:13

DEED OF TRUST

PARTIES:

GRANTOR:	WILLIAM E. HOPKINS and WILLIE D. HOPKINS
Address:	1844 Melanie Court Klamath Falls OR 97601
TRUSTEE:	L. THOMAS CLARK
Address:	205 NW Franklin Bend OR 97701
BENEFICIARY:	CHRISTINE O. HOPKINS
Address:	______________ ______________

R E C I T A L S

Grantor is the owner of real property described as follows:

Lot 14, Block 1, Tract 1182, GREEN KNOLL ESTATES, Klamath County, Oregon.

including all appurtenances, buildings and future improvements. All of the real property is referred to as "the Trust Property."

SUBJECT TO:

1. None.

Beneficiary desires to lend to Grantor, and Grantor desires to borrow from Beneficiary, the sum of SEVEN THOUSAND AND NO/100 DOLLARS ($7,000.00). The loan is evidenced by a Promissory Note (the Note) dated MAY 17, 1997. Grantor has agreed to deed to Trustee the Trust Property to secure punctual performance of all of Grantor's obligations under the Note, any modifications, alterations, or extensions of the Note, under this Trust deed, and under any other indebtedness owing by Grantor to Beneficiary, and any future amounts which Beneficiary may loan to Grantor, together with interest.

Grantor grants, bargains, sells, conveys, assigns and transfers to the Trustee, in trust, for the benefit and security of Beneficiary with power of sale and right of entry and possession, all of Grantor's right, title, interest in the real property together with all of the improvements now or hereinafter erected on the property and all easements; rights; appurtenances; rents; royalties; mineral, oil and gas rights and profits; water rights; and all fixtures now or hereinafter a part of the property. All replacements and additions shall also be covered by this Trustee. Grantor presently assigns the rents, revenues, income, issues and profits to the Trustee, its successors and its assigns, upon the terms set forth in this deed.

The property is conveyed to the Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns forever.

However, if all of the obligations secured by this Trust Deed and the Trust Deed are paid, performed and satisfied in full, then the lien and the estate granted by this Trust Deed shall be reconveyed.

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(541) 389-5010

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SECTION 1 GRANTOR'S COVENANTS AND WARRANTIES.

1.1 Payment of the Note. Grantor shall make all payments of interest and principal and late fees, if any, for which provision is made in the Note, and in any renewals, extensions or modifications of the Note, and any note or notes given in renewal or replacement, promptly as such payments become due and payable and will pay the unpaid balance of the Note upon maturity.

1.2 Warranty of Title. Grantor warrants that it holds good and merchantable title to the Trust Property subject to no liens or encumbrances other than those set out above. Grantor covenants that it will defend Beneficiary's and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.

1.3 Further Assurances.

1.3.1 Grantor shall execute, acknowledge and deliver from time to time such further documents as Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

1.3.2 Grantor, immediately upon the execution and delivery of this Trust Deed, and thereafter from time to time, shall cause this Trust Deed and any supplemental security agreements to be recorded in such a manner and in such places that may be required by any present or future law in order to perfect, and continue perfected, the lien of this Trust Deed.

1.3.3 Grantor shall pay all filing and recording fees, and all expenses incident to the execution, filing, recording and acknowledgment of this Trust Deed.

1.4 Trust Property. Grantor represents that the current use of the property and if developed, all improvements, are in compliance with all laws, ordinances, and regulations of all Government authorities.

1.5 Taxes, Assessments, Liens & Claims.

1.5.1 Payment of Taxes and Assessments. Grantor shall pay when due all taxes, assessments and liens imposed against the Trust Property when due.

1.5.2 Evidence of Payment of Taxes or Assessments. Grantor shall furnish to Beneficiary evidence of payment of the taxes and assessments annually. Grantor authorizes the appropriate official to deliver to Trustee and Beneficiary at any time a written statement of the taxes and assessments against the Trust Property.

1.5.3 Protection of the Trust Property from Liens. Grantor shall not permit any lien prior to the trustee's title to be imposed upon the Trust Property, except liens for taxes or assessments assessed but not yet due.

1.5.4 Beneficiary's Right to Pay Taxes. In the event that Grantor shall allow the taxes or other assessments on the property to become delinquent or shall fail to pay any lien or encumbrance of any nature whatsoever imposed or permitted upon the property as they are imposed or become due, Beneficiary, without obligation to do so, shall have the right to pay the amount due and to add the amount plus all costs and attorney fees to the Contract balance to bear interest at the rate provided in this Contract.

1.5.5 Grantor's Right to Contest. As long as the Trustee's interest in the Trust Property is not jeopardized, Grantor may withhold payment of any taxes, assessments, claims or demands or may elect to contest liens if Grantor is, in good faith, conducting appropriate proceedings to contest its obligation to pay. If the Trust Property is subject to a lien which is not discharged within 30 days from the date the notice of claim of

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lien is filed, Grantor shall deposit with Beneficiary cash, a sufficient surety bond or security reasonably satisfactory to Beneficiary in an amount adequate to provide for discharge of the lien plus any interest, costs, attorney fees or other charges that could accrue as a result of foreclosure or sale. In any contest, Grantor shall, at Grantor's expense, defend itself, Trustee and Beneficiary, and shall satisfy any adverse judgment before enforcement against the Trust Property.

1.6 Insurance.

1.6.1 Property Insurance. Grantor shall procure and maintain policies of insurance against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Beneficiary reasonably requires insurance. The coverage endorsement shall include all buildings and improvements. Loss payable shall be made to Beneficiary. The amount of insurance shall be the replacement cost or the amount of principal and interest owed on the Note, whichever is greater.

1.6.2 Insurance Companies, Policies and Certificates. Both the insurance company providing the policy and the form of the policy must be acceptable to Beneficiary. Grantor shall deliver to Beneficiary a certificate of coverage from the insurer issuing the policy containing a stipulation that coverage will not be canceled or diminished without a minimum of ten (10) days advance written notice to Beneficiary. Grantor shall deliver to Beneficiary at least ten (10) days prior to the expiration of any insurance policy required by this paragraph a certificate showing the placement of a renewal or substitute policy of insurance.

1.6.3 Notice of Loss. In the event of loss, Grantor shall immediately notify Beneficiary, which may make a proof of loss if it is not made promptly by Grantor.

1.6.4 Insurance Proceeds. Insurance proceeds shall be paid directly to Grantor and Beneficiary. If Beneficiary, by reason of such insurance, receives any amount for loss or damage, if payment is sufficient for repair the payment shall be used for that purpose. If the amount is insufficient to repair or replace, and Grantor is unable to make up the difference to satisfactorily accomplish the repairs, then the insurance payment shall be retained by beneficiary and shall relieve indebtedness of the Grantor in the amount paid. If the payment is greater than the indebtedness owing, the overage shall be paid to the Grantor.

1.6.5 Liability Insurance. During the term of this Trust Deed, Grantor shall maintain public liability and property damage insurance with a limit of not less than $1,000,000.00. The insurance shall be on an occurrence basis and shall be primary with respect to all other insurance covering any of the insured risks. The policy shall cover all risks arising directly or indirectly out of Grantor's activity on or any condition of the property. The policy shall protect Grantor, Trustee and Beneficiary against claims of third persons. The policy shall be written in such form, with such terms and by such insurance companies reasonably acceptable to Beneficiary. Grantor shall deliver to Beneficiary certificates of coverage with a stipulation that coverage will not be canceled or diminished without at least ten (10) days' written notice to Beneficiary.

1.7 Use, Maintenance and Alteration.

1.7.1 Duty to Maintain. Grantor shall maintain the Trust Property in good condition and repair and promptly perform all repairs and maintenance necessary to preserve its value.

1.7.2 Waste, Nuisance. Grantor shall not conduct or permit any nuisance on the Trust Property nor commit or suffer any strip of waste. Grantor shall keep the property free of all hazardous substances. Grantor shall not remove trees unless prior written permission from Beneficiary is obtained.

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1.7.3 Removal of Improvements. Grantor shall not demolish or remove any improvements on the Trust Property without the prior written consent of Beneficiary. Grantor may make alterations.

1.7.4 Beneficiaries' Right to Enter and Inspect. Grantor shall permit Beneficiary and its agents to enter upon the Trust Property at all reasonable times to inspect the Trust Property.

1.7.5 Compliance with Government Regulations. Grantor shall comply with all laws, ordinances, and regulations of all governmental authorities applicable to the property or the use or occupancy of the property.

1.8 Eminent Domain. If any part of the Trust Property is condemned, Beneficiary shall be entitled to its pro rata share.

1.9 Hazardous Substances. Grantor represents and warrants that: (1) the premises and the improvements, and, to the best of Grantor's knowledge, the surrounding areas, are not currently and have never been subject to hazardous or toxic substances or wastes or their effects; and (2) there are no claims, litigation, administrative or other proceedings, whether actual or threatened, or judgments or orders, relating to any hazardous or toxic substances or wastes, discharges, emissions or other forms of pollution relating in any way to the premises or the improvements.

SECTION 2. **SECURITY AGREEMENT AND FIXTURE FILING.**

2.1 To secure the Obligations, Grantor grants to Beneficiary a security interest in the following: (1) the Trust Property to the extent the same is not encumbered by this Trust Deed as a first priority real estate lien; (2) all personal property that is used or will be used in the construction of any Improvements on the Trust Property; (3) all personal property that is now or will hereafter be placed on or in the Trust Property or Improvements; (4) all personal property that is derived from or used in connection with the use, occupancy, or enjoyment of the Trust Property; (5) all property defined in the Uniform Commercial Code as adopted in the state of Oregon, as accounts, equipment, fixtures, and general intangibles, to the extent the same are used at, or arise in connection with the ownership, maintenance, or operation of, the Trust Property; (6) all causes of action, claims, security deposits, advance rental payments, utility deposits, refunds of fees or deposits paid to any governmental authority, refunds of taxes, and refunds of insurance premiums relating to the Trust Property; and (7) all present and future attachments, accessions, amendments, replacements, additions, products, and proceeds of every nature of the foregoing. This Trust Deed shall constitute a security agreement and "fixture filing" under the Uniform Commercial Code-Secured Transactions statutes of the State of Oregon. The mailing address of Grantor and the address of Beneficiary from which information may be obtained are set forth in the introductory paragraph of this Trust Deed.

SECTION 3. **EVENTS OF DEFAULT.**

The following shall constitute events of default:

3.1 Nonpayment. Failure of Grantor to make any payment required by the Note when due. Failure to make any payment for taxes, insurance premiums or for reserves for such payments, or any other payment necessary to prevent filing of or discharge of any lien within three (3) days after written notice by Beneficiary (or Beneficiary's agents) of any such nonpayment.

3.2 Breach of Other Covenant. Failure of Grantor to perform any obligation contained in this Trust Deed within fifteen (15) days after notice from Beneficiary (or Beneficiary's representative) specifying the nature of the default or, if the default cannot be cured within fifteen (15) days, failure within such time to commence and pursue with reasonable diligence

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curative action. No notice of default and opportunity to cure shall be required if during the preceding twelve (12) calendar months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation.

3.3 Sale or Transfer of Possession. The sale of the Trust Property or transfer of possession in any manner by Grantor, whether by deed, contract of sale, lease or similar agreement, without the prior written consent of Beneficiary, which shall not be unreasonably withheld. Prior to requesting consent, Grantor shall provide a credit report and financial information on any proposed transferee.

3.4 Bankruptcy. The occurrence of any of the following with respect to Grantor, any guarantor of the obligations, or the then-owner of the Trust Property: (a) appointment of a receiver, liquidator, or trustee for any such party or any of its properties; (b) adjudication as a bankrupt or insolvent; (c) filing of any petition by or against any such party under any state or federal bankruptcy, reorganization, moratorium or insolvency law; (d) institution of any proceeding for dissolution or liquidation; (e) inability to pay debts when due; (f) any general assignment for the benefit of creditors; or (g) abandonment of the Trust Property.

3.5 Misinformation. Falsity in any material respect of any representations or warranties made by Grantor to Beneficiary.

SECTION 4. **REMEDIES IN CASE OF DEFAULT.**

If an event of default shall occur, Beneficiary or Trustee, as the case may be, may exercise any of the following rights and remedies, in addition to any other remedies which may be available under the laws of the State of Oregon:

4.1 Acceleration. Beneficiary may declare all sums secured by this Trust Deed, including all interest and late fees or prepayment penalties, if any, to be immediately due and payable.

4.2 Receiver. Beneficiary may have a receiver of the Trust Property appointed. Beneficiary shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Trust Property exceeds the amount of the indebtedness secured by this Trust Deed. Employment by Trustee or Beneficiary shall not disqualify a person from serving as receiver. Grantor waives all defenses and consents to the appointment of a receiver at Beneficiary's option.

4.3 Possession. Either through a receiver or in person take possession of all or any part of the Trust Property, and Grantor shall peaceably surrender the same.

4.4 Foreclosure. Beneficiary may obtain a decree foreclosing Grantor's interest in all or any part of the Trust Property.

4.5 Fixtures and Personal Property. With respect to any fixtures or personal property subject to a security interest in favor of Beneficiary, Beneficiary may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code.

4.6 Abandon Security. Beneficiary may abandon any security described in this Trust Deed or any other security instrument.

4.7 Power of Sale. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of the power of sale under applicable law.

4.8 Expenditures by Beneficiary. If Grantor shall fail to comply with any provision of this deed, Beneficiary may at its option on Grantor's behalf take the required action, and any amount that it expends in so doing shall be

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added to the indebtedness. Amounts so added shall be payable on demand with interest at the rate of the Note from the date of expenditure. Beneficiary shall not, by taking the required action, cure the default so as to bar it from any remedy that it otherwise would have had.

4.9 Additional Remedies. Beneficiary may exercise any other remedy provided by law.

4.10 Cumulative Remedies. Election to pursue one remedy shall not exclude resort to any other remedy, and, unless the context otherwise requires, all remedies under this Trust Deed are cumulative and not exclusive. An election to cure shall neither prejudice the right to declare a default nor constitute a waiver of the breached term or any available remedies. No delay or omission in exercising any right or remedy shall impair any other right to remedy or shall be construed to be a waiver of the default.

SECTION 5. APPLICATION OF PROCEEDS.

All proceeds realized from the exercise of the rights and remedies under this Trust Deed shall be applied as follows:

5.1 Costs and Expenses. To pay all costs of exercising such rights and remedies including, but not limited to, the costs of any sale, the costs and expenses of any receiver, the cost of a policy of title insurance and the cost of any survey.

5.2 Indebtedness. To pay all other amounts owed by Grantor, payment of which is secured by this Trust Deed.

5.3 Surplus. The surplus, if any, shall be paid to the person or persons legally entitled.

SECTION 6. GENERAL PROVISIONS.

6.1 Reconveyance upon Payment. Upon written request of Beneficiary stating that all sums secured by this Deed have been paid, surrender of this Trust Deed and the Note to Trustee for cancellation and retention and payment of its fees, Trustee shall reconvey, without warranty, the Trust Property.

6.2 Trust Deed Binding on Successors and Assigns. This Trust Deed shall be binding on and inure to the benefit of the successors and assigns of Grantor, Trustee and Beneficiary.

6.3 Indemnity. Grantor shall hold Beneficiary and Trustee harmless from any and all loss and expense, including but not limited to attorney fees and court costs, in any suit, action, proceeding, or appeal brought against Trustee or Beneficiary by a third party resulting from or attributable to Beneficiary's ownership of the Note or Trustee's interest under this Trust Deed.

6.4 Notice. Any notice under this Trust Deed shall be in writing. Any notice to be given or document to be delivered under this Trust Deed shall be effective when either delivered in person or deposited as registered or certified mail, postage prepared, addressed to the party at the address stated in this Trust Deed, however, any notice pursuant to exercise of the Trustee's power of sale in the event of default shall be sufficient if such notice complies with all provisions of Oregon law applicable to exercise of such powers of sale. Any party may by notice to the others designate a different address.

6.5 Attorneys Representation of Beneficiary. This document has been prepared by Francis & Martin on behalf of Beneficiary, Grantor should obtain independent legal advice before signing this document.

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6.6 Substitute Trustee. Beneficiary may from time to time remove Trustee and appoint a Successor Trustee.

6.7 Expenses and Attorney Fees. In the event that Beneficiary or Trustee shall take any action, judicial or otherwise, to enforce the Note or any provision of this Trust Deed or if Beneficiary or Trustee shall be required to appear in any proceedings to protect and maintain the priority of Trustee's title to the Trust Property, Trustee or Beneficiary (or both) shall be entitled to recover from Grantor all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports and surveyor's reports, and its attorney fees, whether incurred in a suit, action, appeal from a judgment, or in connection with nonjudicial action. Grantor shall reimburse Beneficiary or Trustee (or both) for expenses so incurred on demand with interest from the date of expenditure until repaid at a rate equal to the Note.

6.8 Beneficiary's Right to Cure. If Grantor fails to perform any obligation required of it under this Trust Deed, Beneficiary may, without notice, take any steps necessary to remedy such failure. Grantor shall reimburse Beneficiary for all amounts expended in so doing on demand with interest at a rate equal to the Note from the date of expenditure until repaid. Such action by Beneficiary shall not constitute a waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default.

6.9 Applicable Law. This Trust Deed shall be governed by the laws of the State of Oregon.

6.10 Time of Essence. Time is of the essence of this Trust Deed

6.11 Land Use Laws and Regulations. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

6.12 Fire Protection. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE THE CONSTRUCTION OR THE SITING OF A RESIDENCE. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

6.13 Headings. The headings to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Trust Deed.

6.14 Severability. If any provision of this Trust Deed shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Trust Deed. This Trust Deed shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Trust Deed.

6.15 Entire Agreement. This Trust Deed and the Note contain the entire agreement of this parties with respect to the matters covered, and no other previous agreement, statement or promise made by any party to this Trust Deed which is not contained in its terms or in the terms of the Note shall be binding or valid.

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IN WITNESS WHEREOF, Grantor has caused this Trust Deed to be executed.

DATED this 16th day of May, 1997.

William E. Hopkins
WILLIAM E. HOPKINS

Willie D. Hopkins
WILLIE D. HOPKINS

STATE OF OREGON)
) ss.
County of Deschutes)

On this 16th day of May, 1997, personally appeared the above-named WILLIAM E. HOPKINS and acknowledged the foregoing instrument to be his voluntary act. Before me:

OFFICIAL SEAL
LINDA J. KNOWLES
NOTARY PUBLIC-OREGON
COMMISSION NO. 032384
MY COMMISSION EXPIRES MARCH 27, 1998

Linda J Knowles
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Deschutes)

On this 16th day of May, 1997, personally appeared the above-named WILLIE D. HOPKINS and acknowledged the foregoing instrument to be her voluntary act. Before me:

OFFICIAL SEAL
LINDA J. KNOWLES
NOTARY PUBLIC-OREGON
COMMISSION NO. 032384
MY COMMISSION EXPIRES MARCH 27, 1998

Linda J Knowles
Notary Public for Oregon

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STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of L. Thomas Clark the 27th day of May A.D. 19 97 at 10:13 o'clock A. M., and duly recorded in Vol. M97 of Mortgages on Page 15946.

Bernetha G. Letsch, County Clerk

FEE $45.00

By Kathlen Ross