

TRUST DEED

97 MAY 20 P4:00

MUCKNEY LAKE INVESTORS, LLC
 1322 E. SHAW AVENUE, SUITE 430
 FRESNO, CA 93710-7906
 Grantor

After recording return to: ESCROW NO. MT40801-KR
 AMERITITLE
 222 S. 6TH STREET
 KLAMATH FALLS, OR 97601

MTC 40805-KR

TRUST DEED

THIS TRUST DEED, made on MAY 23, 1997, between
 MUCKNEY LAKE INVESTORS, LLC, as Grantor,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in KLAMATH County, Oregon, described as:

The N1/2 of Section 22 and that portion of the SW1/4 lying Westerly of the Sprague River Highway of Section 23, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

SPECIAL TERMS: There shall be no logging or removal of any timber without the prior written consent of the Beneficiary.

1. To protect, preserve and maintain said property in good condition and repair; not improvement thereon; not to commit or permit any waste of said property.

2. To complete or restore promptly and in good workmanlike manner any building or damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code and to pay for filing same in the proper public office or offices, as well as the costs searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected by fire and such other hazards as the beneficiary may from time to time require, in an written in companies acceptable to the beneficiary, with loss payable to the latter; all beneficiary as soon as insured; if grantor shall fail for any reason to procure any such beneficiary at least fifteen days prior to the expiration of any policy of insurance a beneficiary may procure same at grantor's expense. The amount collected under any fire or beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine entire amount so collected, or any part thereof, may be released to grantor. Such application of default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep said premises free from construction liens and to pay all taxes, assessments assessed upon or against said property before any part of such taxes, assessments and other promptly deliver receipts therefor to beneficiary; should the grantor fail to make payments, premiums, liens or other charges payable by grantor, either by direct payment or by providing make such payment, beneficiary may, at its option, make payment thereof, and the amount so in the note secured hereby, together with obligations described in paragraphs 6 and 7 of this a part of the debt secured by this trust deed, without waiver of any rights arising from such payments, with interest as aforesaid, the property hereinbefore described, as well extent that they are bound for the payment of the obligation herein described, and all payable without notice, and the nonpayment thereof shall, at the option of the beneficiary immediately due and payable and constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust deed including the cost of title and the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees.

7. To appear in and defend any action or proceeding purporting to affect the security right in any suit, action or proceeding in which the beneficiary or trustee may appear, including to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in decrees of the trial court; grantor further agrees to pay such sum as the appellate court or trustee's attorney's fees on such appeal. It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under the right of shall have the right, if it so elects, to require that all or any portion of the monies payable

NOTE: The Trust Deed Act provides that the Trustee hereunder must be either an attorney, State Bar, a bank, trust company, or savings and loan association authorized to do business in this State, a title insurance company authorized to insure title to real property of this state the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.509.

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 such 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 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 said 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, 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 said 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 said 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 his performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary at his 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, 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 beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real 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 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 default. 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 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.

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 his 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.

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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. [NOTICE: Line out the warranty that does not apply]
(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 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, said grantor has hereunto set his hand the day and year first above written.

MUCKNEY LAKE INVESTORS, LLC

by Hal E. Bolin MANAGER
HAL E. BOLIN, IT

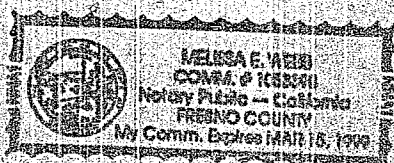
STATE OF California, County of Fresno, ss.

This instrument was acknowledged before me on May 29, 1997

By HAL E. BOLIN, IT, as MANAGER OF MUCKNEY LAKE INVESTORS, LLC

My Commission Expires March 15, 1999

Melissa E. Wein
Notary Public for



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

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 _____

STATE OF OREGON, COUNTY OF KLAMATH: ss. _____

Filed for record at request of _____ the _____ 30th day
of _____ A.D., 19 97 at 4:00 o'clock _____ P.M., and duly recorded in Vol. 897
of _____ on Page 16684
Mortgages

Bernetha G. Leitch, County Clerk

By _____

FEE \$20.00