

K-50160-A1
TRUST DEED

After recording, this Trust Deed shall be delivered to:

JOHN D. SORLIE
BRYANT LOVLIE & JARVIS
P.O. BOX 1151
BEND, OR 97709-1151

Trust Deed made this 15th day of September, 1997, between ERNST BROTHERS, LLC, an Oregon limited liability company, as Grantor, and GILCHRIST REAL ESTATE, LLC, an Oregon limited liability company, as Beneficiary, and JOHN D. SORLIE, as Trustee.

Grantor conveys to Trustee in trust with the power of sale property in Klamath County, Oregon described in Exhibit 1 attached hereto and incorporated herein.

This Trust Deed is for the purpose of securing performance of a promissory note in the amount of \$ 103,105.95, of even date executed by Grantor and payable to Beneficiary.

Grantor agrees:

- (1) To protect, preserve and maintain said property in good condition and repair and not to commit or permit any waste of said property.
- (2) To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property.
- (3) To keep the property free from all liens and to pay all taxes, assessments, maintenance charges or other charges that may be levied or assessed upon or against said property before the same become past due or delinquent. Beneficiary, at Grantor's option, may pay such items when the same become delinquent and the amount so paid shall be added to the principal owing under the promissory note above described at the same rate of interest and with costs for collection.
- (4) To pay all costs, fees and expenses incurred by Beneficiary or Trustee under this agreement, including the costs of title search and other costs and expenses incurred in connection with or enforcing this obligation, including attorneys' fees.
- (5) Upon default by Grantor of any provision of this agreement Beneficiary may declare all sums secured hereby to be immediately due and payable.
- (6) To maintain adequate fire insurance coverage on improvements on the said property, with Beneficiary as a loss payee to the extent of their interest.

Grantor is the owner of the above-described property free and clear of any encumbrances,

except those above described, and will warrant and defend the same against all persons.

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 AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

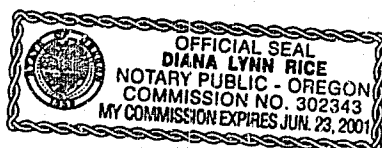
IN WITNESS WHEREOF, Grantor has executed this agreement the day and year first above written.

ERNST BROTHERS, LLC

By William L. Ernst

Its Member Marion 9/4/97
STATE OF OREGON, County of Klamath ss:

The foregoing instrument was acknowledged before me this day of Sept 4, 1997,
by William Ernst who is know by me to be the a member of Ernst
Brothers, LLC.



Diana Lynn Rice
Notary Public for Oregon
My Commission Expires 6-23-2001

EXHIBIT 1
LEGAL DESCRIPTION

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

PARCEL 1:

A parcel of land the same containing portions of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, the said parcel of land being described as follows:

Beginning at a point on the East line of the said SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 30, which point is marked by a 30 inch steel bar monument and which point is located South 0°17'46" West a distance of 331.74 feet from the Northeast corner of the said SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30 (said corner being also marked by a 30 inch steel bar monument); thence South 89°10'03" East for 77.42 feet along the South line of the N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ to an intersection with the Westerly boundary of the right of way of The Dalles-California State Highway, said right of way having a total width of 60 feet, to a 30 inch steel bar monument; thence in a Southwesterly direction along the curved Westerly boundary of said right of way, the said curve having a radius of 1940.00 feet, for a distance of 145.10 feet (the chord of said portion of said curve bearing South 32°35'42" West for a distance of 145.06 feet) to a 30 inch steel bar monument located on the East boundary of the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 30; thence North 0°17'46" East along the said subdivision line for a distance of 38.66 feet to a steel bar monument, which point is further located South 0°17'46" West a distance of 84.72 feet from the point of beginning above described; thence South 39°33'20" West for 157.82 feet to a 30 inch steel bar monument; thence North 50°26'40" West for 154.53 feet to a 30 inch steel bar monument located on the Southeasterly boundary of the right of way of the Gilchrist Lumber Company Railroad, said right of way having a width of 100 feet; thence North 39°37'00" East along said right of way boundary for a distance of 346.42 feet to a 30 inch steel bar monument located on the East line of the said SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 30, which point is also located South 0°17'46" West, a distance of 172.90 feet from the Northeast corner of the said SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section 30; thence along said subdivision line South 0°17'46" West, a distance of 158.84 feet to the point of beginning.

PARCEL 2:

That portion of Lot 4, (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the East side of said Lot 4, which is South 0°17'46" West, a distance of 430.76 feet from the Northeast corner of said Lot 4, which point is also the intersection of the relocated Westerly right of way line of The Dalles-California Highway with the Easterly line of said Lot 4; thence North 0°17'46" East a distance of 14.3 feet to a point; thence South 39°33'20" West along the Easterly line of property conveyed to Standard Oil Company of California by Deed recorded in Volume 125 at page 318, Deed records of Klamath County, Oregon, a distance of 132.82

feet; thence South 50°26'40" East a distance of 34.0 feet, more or less, to the relocated Westerly right of way line of The Dalles-California Highway; thence Northeasterly along said Westerly right of way line to the point of beginning.

EXCEPTING THEREFROM that portion of the SW¼ of the SW¼ of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point which is South 0°17'46" West, a distance of 416.46 feet, and South 39°33'20" West, a distance of 132.82 feet from the Northeast corner of said SW¼ of the SW¼ of Section 30; thence South 39°33'20" West, a distance of 25 feet to a point; thence 50°26'40" West, a distance of 154.53 feet to a point; thence North 39°37' East, a distance of 25 feet to a point; thence South 50°26'40" East, a distance of 154.53 feet, more or less, to the point of beginning.

EXCEPT from above described Parcel 1 that portion conveyed to the State of Oregon, by and through its State Highway Commission by Bargain and Sale Deed recorded December 11, 1943, in Volume 160 page 405, Deed records of Klamath County, Oregon.

SUBJECT TO:

Subsurface Rights reserved in Warranty Deed between Chevron USA, Inc., a California corporation, to Vern L. Harley, Inc., an Oregon corporation, dated August 11, 1980, recorded August 29, 1980, in Volume M80, page 16490, Deed Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 8th day
of Sept. A.D., 19 97 at 11:53 o'clock A.M., and duly recorded in Vol. M97
of Mortgages on Page 29295.

FEE \$25.00

By Bernetha G. Letsch, County Clerk
Kathleen Koss