

AMERITILE, has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

After recording return to:

Mellon Bank, N.A.
P.O. Box 149
Pittsburgh, PA 15230-0149

MTC 1396-8665

LINE OF CREDIT INSTRUMENT

**Open-End Deed of Trust;
Fixture Filing, Assignment of Leases and Rents**

NOTICE: THIS IS A CREDIT LINE DEED OF TRUST. THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE.

IL-1231OR Rev.(5/96) L.C. 396 LD 357

Oregon-Residential Property

This Deed of Trust is made this 29 day of

OCTOBER 1997, between

DIRK D. WILLIAMS

CAROLE R WILLIAMS

hereinafter called "Grantor"), whose mailing address is

4044 VALINDA WAY

KLAMATH FALLS OR 97603

as used herein, the term "Grantor" refers individually and collectively to all Grantors, and all such persons shall be jointly and severally bound by the terms hereof,

and STEWART TITLE COMPANY

(hereinafter called "Trustee"), whose address is

9020 S.W. WASHINGTON SQUARE RD.

SUITE 220 TIGARD, OR 97223

and MELLON BANK, N.A. (hereinafter called "Beneficiary"), whose mailing address is

152-0825 PO BOX 535002

PITTSBURGH, PA 15230-5002

DIRK D WILLIAMS

WHEREAS, CAROLE R WILLIAMS (hereinafter individually and collectively called "Borrower") (has) (have) entered into an agreement (the "Agreement") dated

OCTOBER 29, 1997

with Mellon Bank, N.A. pursuant to which Borrower is entitled to obtain advances from Beneficiary from time to time in an amount not to exceed at any one time, in the aggregate, \$ 33,000.00, which Agreement evidences Borrower's obligation to pay loans and advances made under the Agreement, and which is the maximum amount to be advanced under the credit Agreement secured hereby.

NOW, THEREFORE, to induce Beneficiary to make loans and advances to or on behalf of Borrower pursuant to the Agreement, to secure the payment of all sums due or which may become due under the Agreement and any and all extensions or renewals thereof in whole or in part (all of which is hereinafter called the "Obligation"), and to secure performance of all obligations under the Agreement and this Deed of Trust, Grantor by these presents, intending to be legally bound, does grant, bargain, sell, and convey unto Trustee in trust, with power of sale, for the benefit of Beneficiary all that certain property situated in

KLAMATH

City/County, Oregon, and more particularly described in Exhibit "A" attached hereto and made a part hereof;

TOGETHER WITH ALL the buildings and improvements now or hereafter erected thereon, the rights, privileges and appurtenances thereunto belonging, and the rights, reversions and remainders, rents, issues, and profits thereof (all of which is hereinafter called the "Property");

TO HAVE AND TO HOLD the same unto Trustee in trust, with power of sale.

The final maturity date of the obligations secured hereby is 25 years from the date of execution of this trust deed, as may be extended by the parties.

PROVIDED, HOWEVER, that if the principal amount of the Obligation (which is the outstanding principal balance of loans or advances made pursuant to the Agreement and any amounts which Beneficiary has elected to pay under Paragraphs Fifth and Eighth hereof) shall at any time exceed the credit limit stated in the Agreement, which is

\$ 33,000.00, any amount in excess of the credit limit shall not be secured by this Deed of Trust; and provided further that upon payment in full of the Obligation and cancellation of the Agreement, Beneficiary shall request Trustee to release this Deed

of Trust and shall produce for Trustee duly canceled all notes evidencing indebtedness secured hereby. Trustee shall release this Deed of Trust without further inquiry or liability.

GRANTOR and BENEFICIARY, represent, warrant, covenant, and agree as follows:

FIRST: This Deed of Trust shall secure not only existing indebtedness, but also future advances made pursuant to the Agreement (the terms of which are incorporated herein by reference as if fully set forth), and shall continue in full force and effect, although there may be no advances made at the time of execution of this Deed of Trust and although there may be no indebtedness outstanding at the time any advance is made; and this Deed of Trust shall be released only upon the occurrence of the conditions stated above.

SECOND: Grantor will keep and perform all the covenants and agreements contained herein.

THIRD: Except where permitted by federal law as of the date of this Deed of Trust, without prior written consent of Beneficiary, Grantor shall not cause or permit legal or equitable title to all or part of the Property or an interest therein to become vested in any other person or entity by sale, operation of law, or in any other manner, whether voluntarily or involuntarily.

FOURTH: Grantor warrants that Grantor owns the fee simple title to the Property free and clear of all liens, claims, and encumbrances except those to which Beneficiary has consented in writing. Grantor covenants that the Property shall continue to be held free and clear of all liens, claims, and encumbrances except: (1) where permitted by applicable law as of the date of this Deed of Trust, or (2) when expressly permitted by Beneficiary in writing.

FIFTH: Grantor will pay when due all taxes, assessments, levies, and other charges on or against the Property which may attain priority over this Deed of Trust. If Grantor fails to do so, at its sole option Beneficiary may elect to pay such taxes, assessments, levies, or other charges. At Beneficiary's request, Grantor shall deliver written evidence of all such payments to Beneficiary.

SIXTH: Grantor shall keep the Property in good repair, excepting only reasonable wear and tear. Grantor will permit Beneficiary's authorized representatives to enter upon the Property at any reasonable time for the purpose of inspecting the condition of the Property. Without the written consent of Beneficiary, Grantor will not permit removal or demolition of improvements now or hereafter erected on the Property, nor will Grantor permit waste of the Property or alteration of improvements now or hereafter erected on the property which would adversely affect its market value as determined by Beneficiary.

SEVENTH: The term "hazardous substances" includes any substances, materials, or wastes that are or become regulated by any governmental authority because of toxic, flammable, explosive, corrosive, reactive, radioactive, or other properties that may be hazardous to human health or the environment, as well as any materials or

substances that are listed in the United States Department of Transportation Hazardous Materials Table, as amended from time to time.

Grantor warrants that the Property does not contain any hazardous substances and that no physical conditions hazardous to human health or safety are present on the Property, except as previously disclosed to Beneficiary in writing. Grantor will neither cause nor permit the deposit, creation, or presence of any hazardous substances or the creation or existence of any physical condition hazardous to human health or safety on the Property. Grantor will comply at Grantor's expense with all laws, regulations, rules, ordinances, and orders of courts or governmental agencies regarding the Property, now or hereafter in existence, including but not limited to those relating to hazardous substances. If Grantor fails to do so, Beneficiary may, at its option, take any action it deems in its sole discretion to be necessary to effectuate such compliance.

Beneficiary shall have no obligation or liability at any time with regard to hazardous substances or any other physical conditions which may exist on the Property at any time. Grantor will indemnify and defend Beneficiary against any and all liabilities or losses of any type whatsoever which Beneficiary may incur by reason of any hazardous substances or other physical conditions which may exist on the Property at any time; provided, however, that if Beneficiary shall acquire sole possession of the Property, Grantor shall have no obligation under this paragraph on account of any condition which may thereafter come into existence and which was not caused by a previously existing condition. Grantor's obligations under this paragraph shall survive the termination and satisfaction of this Deed of Trust.

EIGHTH: Grantor shall keep the Property insured against loss by fire, all other hazards contemplated by the term "extended coverage," and such other risks and hazards as Beneficiary shall require, in such amounts and for such terms as Beneficiary shall require. Grantor will purchase flood insurance as and to the extent required by Beneficiary or by law or regulation. The insurer or insurers will be chosen by Grantor, subject to approval by Beneficiary, and approval shall not be unreasonably withheld. All insurance policies shall contain loss payable clauses in favor of Beneficiary and shall be cancellable by the insurer only after prior written notice by the insurer to Beneficiary. Grantor shall deliver written evidence of all such insurance to Beneficiary.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

If Grantor fails to obtain and keep in force any required insurance or fails to pay the premiums on such insurance, Beneficiary at its sole option may elect to do so. In the event of loss, Grantor shall give prompt notice to Beneficiary and make proper proof of loss to the insurer. Beneficiary at its option may elect to make proper proof of loss if Grantor does not do so promptly, and to take any action it deems necessary to preserve Grantor's or Beneficiary's rights under any insurance policy. Beneficiary may require that the insurance proceeds for any loss be paid directly to Beneficiary only and not jointly to Grantor and Beneficiary. Grantor hereby appoints Beneficiary and its successors and assigns as Grantor's attorney-in-fact to endorse Grantor's name to any draft or check which may be payable to Grantor in order to collect any insurance proceeds.

Upon foreclosure of this Deed of Trust, or exercise of the power of sale given to Trustee, or acquisition of the Property by Beneficiary or its assigns, all right, title and interest of Grantor in and to the policies and proceeds thereof and sums payable thereunder shall forthwith pass automatically to the purchaser of said Property.

NINTH: Grantor hereby agrees to repay Beneficiary on demand all sums which Beneficiary has elected to pay under Paragraphs Fifth and/or Eighth, and all such sums, until repaid to Beneficiary, shall be a part of the Obligation and shall bear interest at the highest rate permitted by law (but not exceeding the contractual rate or rates of interest applicable to the Obligation by the terms of the Agreement).

TENTH: Subject to the rights of the holders of any prior mortgage or deed of trust, Grantor hereby assigns to Beneficiary all proceeds of any award in connection with any condemnation or other taking of the Property or any part thereof, or payment for conveyance in lieu of condemnation.

ELEVENTH: If the property or any portion thereof consists of a unit in a condominium or a planned unit development, Grantor shall perform all of Grantor's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws, rules, and regulations of the condominium or planned unit development, and related documents. If a condominium or planned unit development rider is executed by Grantor and recorded with this Deed of Trust, the covenants and agreements of such rider shall be incorporated herein as if the rider were a part hereof.

TWELFTH: In order to further secure Beneficiary in the event of default in the payment of the Obligation or in the performance by Grantor of any of the covenants, conditions, or agreements contained herein, Grantor hereby assigns and transfers to Beneficiary and its successors and assigns any and all leases on the Property or any part thereof, now existing or which may hereafter be made at any time, together with any and all rents, issues, and profits arising from the Property under said leases or otherwise. Beneficiary shall have no obligation to perform or discharge any duty or liability under such leases, but shall have full authorization to collect all rents under the leases or otherwise, and to take any action, including legal action, it deems necessary to preserve Grantor's or Beneficiary's rights under such leases. Grantor shall not collect any rent in advance of the date it is due.

THIRTEENTH: In the event that (a) any Borrower has engaged in fraud or material misrepresentation in connection with the line of credit evidenced by the Agreement; (b) Borrower(s) fail to meet any of the repayment terms of the Agreement; (c) action or inaction of any Borrower adversely affects the Property, any other property securing the Agreement, or Beneficiary's rights in the Property or such other property; (d) any Borrower sells or otherwise transfers ownership of the Property to someone who is not a Grantor; (e) any Borrower dies, and the death will result in transfer of ownership of the Property to someone who is not a Grantor; (f) all Borrowers have died; or (g) a Borrower is an executive officer, as defined in Federal Reserve Board Regulation O, of Beneficiary, and a condition described in a separate loan acceleration agreement executed by that Borrower has occurred; then, in addition to exercising any rights which Beneficiary may have under the terms of the Agreement or any agreement securing repayment of, or relating to, any portion of the Obligation or which are otherwise provided by law, Beneficiary may declare the Obligation immediately due and payable and may cause the exercise of the power of sale granted herein in accordance with applicable laws. In lieu of sale pursuant to the power of sale conferred hereby, at the option of Beneficiary this Deed of Trust may be foreclosed in the manner provided by law for the foreclosure of mortgages on real property. In lieu of either of the above, Beneficiary may waive the collateral and bring action on the obligations secured hereby.

If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Beneficiary or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines.

Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph Thirteenth, including, but not limited to, reasonable attorneys fees at trial, in bankruptcy proceedings and on appeal and costs of title evidence.

Grantor acknowledges that in the event Beneficiary brings a judicial or nonjudicial action against Grantor, Beneficiary may file certain loan documents or documents containing information about the loan secured hereby with courts or in public records or periodicals. Grantor hereby waives any claim arising out of Beneficiary's filing or recording or publishing such documents, whether based on laws relating to confidentiality or otherwise.

FOURTEENTH: The rights and remedies of Beneficiary provided herein, in the Agreement, or in any other agreement securing repayment of, or relating to, any portion of the Obligation, or otherwise provided by law, shall be cumulative and may be pursued singly, concurrently, or successively at Beneficiary's sole discretion, and may be exercised as often as necessary, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

FIFTEENTH: Beneficiary, without notice to Grantor, may deal with the Obligation and any collateral security therefore in such manner as Beneficiary may deem advisable and may accept partial payment for or settle, release, or compromise the Obligation, may substitute or release any collateral security, and may release and discharge from liability any Grantor, all without impairing the estate granted hereby or the obligations of Grantor hereunder.

SIXTEENTH: The covenants, conditions, and agreements contained herein shall bind the heirs, personal

representatives, and successors of Grantor, and the rights and privileges contained herein shall inure to the successors and assigns of Beneficiary.

SEVENTEENTH: This Deed of Trust shall be governed in all respects by the laws of the State in which the real property is located. If any provision hereof shall for any reason be held invalid or unenforceable, no other provision shall be affected thereby, and this Deed of Trust shall be construed as if the invalid or unenforceable provision had never been part of it.

EIGHTEENTH: Time is of the essence of this Trust Deed.

NINETEENTH: Except for any notice required under applicable law to be given in another manner, (a) any notice to Grantor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail to Grantor's address stated herein or at such other address as Grantor may designate by notice to Beneficiary as provided herein, (b) any notice to Beneficiary shall be given by certified mail to Beneficiary's address stated herein or to such other address as Beneficiary may designate by notice to Grantor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Grantor or Beneficiary when given in the manner designated herein, and (c) the address at which communications may be mailed or delivered to Beneficiary is that address which is set forth for Beneficiary on the first page of this Deed of Trust.

TWENTIETH: Beneficiary may, for any reason or cause, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all title, power, and duties conferred upon Trustee herein and by applicable law.

TWENTY-FIRST: Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing debt secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

IL-1231OR Rev.(5/96) L.C. 396 LD 3/97

Signatures

[Signature]
 Grantor DIRK D. WILLIAMS
[Signature]
 Grantor CAROLE R. WILLIAMS

 Grantor

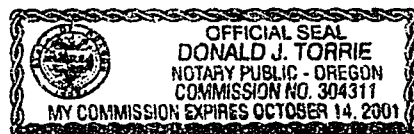
 Grantor

Oregon Form of Acknowledgement

STATE OF OREGON

County of KLAMATH

1997 This instrument was acknowledged before me on the 29 day of October
 by DIRK D. WILLIAMS AND CAROLE R. WILLIAMS



[Signature]
 Notary Public for Oregon
 My Commission Expires: 10-14-2001

Request for Full Reconveyance

To be used only when obligations have been paid

To: _____, Trustee

The undersigned is the legal owner and holder of Indebtedness secured by this deed. The entire Indebtedness has been paid and you are requested on payment to you of any sums to which you are entitled by the deed or applicable law to cancel evidence of Indebtedness (which are delivered together with the deed) and to reconvey the Property as required by law. The reconveyance and other documents should be mailed to

Dated: _____

BENEFICIARY: _____

From
DIRK D. WILLIAMS
CAROLE R WILLIAMS

To
MELLON BANK, N. A.

Recorder mail to
MELLON BANK N.A.
P.O. BOX 149
PITTSBURGH, PA 15230-0149

A00895238

0100 00924

LEGAL DESCRIPTION: ALL THAT PARCEL OF LAND
IN KLAMATH COUNTY, STATE OF OREGON, AS MORE
FULLY DESCRIBED IN DEED BOOK M91, PAGE 9393,
ID# 3909-012CD-05600, BEING KNOWN AND
DESIGNATED AS LOT 14, BLOCK 17, TRACT 1127,
NINTH ADDITION TO SUNSET VILLAGE, ACCORDING
TO THE OFFICIAL PLAT THEREOF ON FILE IN
THE OFFICE OF THE COUNTY CLERK OF KLAMATH
COUNTY, OREGON.

BY FEE SIMPLE DEED FROM FRED WILLARD
HAWTREY AND MARCELLA JEANNETTE HAWTREY,
HUSBAND AND WIFE AS SET FORTH IN DEED BOOK
M91, PAGE 9393, DATED 05/15/1991 AND RECORDED
05/17/1991, KLAMATH COUNTY RECORDS, STATE
OF OREGON.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 3rd day
of November A.D. 19 97 at 11:13 o'clock A.M., and duly recorded in Vol. M97
of Mortgages on Page 36287

FEE \$40.00

By Bernetha G. Letsch, County Clerk
Hadden Rosa