

which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in making, recording, and/or filing, shall be held by beneficiary and shall be paid first upon any 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 thereby, and grantor agrees, at his own expense, to take such action and execute such instruments as shall be necessary in obtaining such compensation, promptly upon demand by 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 plan 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 of fact 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 the property or any part thereof, in its own name, 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 the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies on 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 beneficiary 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 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 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 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 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 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 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 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 matter 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 any 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, except as may be set forth in an addendum or exhibit attached hereto, 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 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 (see *Important Notice* below).

(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 trust deed, it is understood that the grantor, trustee and/or beneficiary may each 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.

Lee A. Van Winkle
Lee A. Van Winkle
Elizabeth A. Van Winkle
ELIZABETH A. VAN WINKLE

***IMPORTANT NOTICE:** Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary **MUST** comply with the Act and Regulation Z by making required disclosures; for this purpose use Stavans-Nass Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

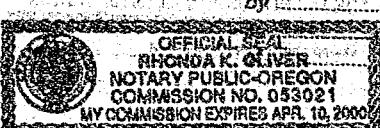
STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on January 21, 1998,

by Lee A. Van Winkle and Elizabeth A. Van Winkle.

This instrument was acknowledged before me on

by



Notary Public for Oregon. My commission expires 4/10/2000

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 mail 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

EXHIBIT "A"

PARCEL 1:

A tract of land situated in the NE 1/4 SE 1/4 of Section 12, Township 39 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southwest corner of Lot 20 of Tract 1283, a duly recorded subdivision, from which the C-E 1/16 corner of said Section 12 bears North 43 degrees 58' 06" West 1293.09 feet; thence along the South line of said Tract 1283, South 89 degrees 24' 23" East 225.01 feet and South 87 degrees 54' 27" East 245.01 feet to the West of Stewart, a duly recorded subdivision; thence South 00 degrees 52' 27" East, along the said West line, 197.92 feet to the Northerly right of way line of State Highway 66; thence along the said right of way line, South 00 degrees 52' 27" East 10.43 feet and South 72 degrees 39' 23" West 633.27 feet, more or less, to its intersection with the South line of the said NE 1/4 SE 1/4 of Section 12; thence North 89 degrees 17' 51" West, along the said South line, 703.39 feet, more or less, to the Easterly right of way line of Orindale Road; thence along the said right of way line, North 35 degrees 01' 33" West 75.62 feet and North 00 degrees 28' 18" East 346.91 feet to its intersection with the South line of said Tract 1283 extended; thence South 89 degrees 24' 23" East 875.38 feet to the point of beginning, with bearings based on the plat of Tract 1283.

EXHIBIT "A" CONTINUED

PARCEL 2:

AND a tract of land situated in the NE 1/4 SE 1/4 of Section 12, Township 39 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Northeast corner of Lot 1 of Tract 1283, a duly recorded subdivision, said point also on the West line of Stewart, a duly recorded subdivision, from which the C-E 1/16 corner of said Section 12 bears North 78 degrees 07' 06" West 1387.66 feet; thence along the boundary of said Tract 1283, South 72 degrees 47' 33" West 189.39 feet, South 68 degrees 25' 43" West 80.51 feet, South 54 degrees 05' 35" West 87.78 feet, South 38 degrees 48' 27" West 87.78 feet South 23 degrees 31' 19" West 87.78 feet and South 09 degrees 30' 40" West 75.31 feet; thence North 89 degrees 24' 23" West 903.86 feet to the Easterly right of way line of Grindale Road; thence North 00 degrees 28' 18" East, along the said right of way line, 104.21 feet to a point on the South line of that tract of land described in Deed Volume M-92, Page 20,434 of the Klamath County Deed Records; thence along said Deed Volume, North 89 degrees 10' 27" East 353.86 feet and North 00 degrees 28' 18" East 112.70 feet to the Southeast corner of that tract of land described in Deed Volume M-92, Page 20,842 of the Klamath County Deed Records; thence along said Deed Volume, North 00 degrees 28' 18" East 122.69 feet and South 89 degrees 10' 27" West 353.86 feet to its intersection with the Easterly right of way line of Orindale Road; thence North 00 degrees 28' 18" East, along the said right of way line, 142.91 feet to the Southwest corner of that tract of land described in Deed Volume M-79, Page 11,866 of the Klamath County Deed Records; thence along said Deed Volume, North 89 degrees 10' 27" East 353.86 feet and North 00 degrees 28' 18" East 117.52 feet to the Southerly right of way line of Balsam Drive; thence South 89 degrees 46' 36" East, along the said right of way line, 732.08 feet to the Northwest corner of that tract of land described in Deed Volume 327, Page 475 of the Klamath County Deed Records; thence along said Deed Volume, South 00 degrees 49' 55" East 178.70 feet and South 89 degrees 46' 36" East 238.70 feet to a point on the said West line of Stewart; thence South 09 degrees 49' 55" East 71.76 feet to the point of beginning, with bearings based on the plat of Tract 1283.

CODE 7 MAP 3908-12DA TL 200

STATE OF OREGON: COUNTY OF Klamath: ss.

Filed for record at request of Aspen Title & Escrow the 26th day of January A.D. 19 98 at 2:49 o'clock P. M., and duly recorded in Vol. M98 on Page 2406

FEE \$25.00

By Bernetha G. Letsch, County Clerk
Deborah Millandore