

THIS TRUST DEED, made this THIRTY-FIRST day of AUGUST, 1998,  
between JOYCE M. MILLER, as Grantor,  
FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON, as Trustee, and  
ASSOCIATES FINANCIAL SERVICES COMPANY OF OREGON, INC.  
as Beneficiary,

WITNESSETH:

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

Beginning at the Northeasterly corner of Lot 1 in Block 3 of Pleasant View Tracts,  
according to the official plat thereof on file in the office of the County Clerk of Klamath  
County, Oregon; thence South along the East line of said lot 85 feet; thence West  
parallel to the North line of said lot a distance of 150 feet, more or less, to the West  
line of said lot; thence North along said West line 85 feet to the Northwest corner of  
said lot; thence East along North line of said lot 150 feet, more or less, to the point of  
beginning.

which real property is not currently used for agricultural, timber or grazing purposes, together with all and singular the tenements, hereditaments and  
appurtenances and all other rights thereunto belonging or in anywise now appertaining, and the rents, issues and profits thereof and all fixtures now  
attached to or used in connection with said real estate:

For the purpose of securing: (1) Payment of the indebtedness in the principal sum of \$ 39590.02 and all other lawful charges evidenced  
by a loan agreement of even date herewith, made by grantor, payable to the order of beneficiary at all times, in monthly payments, with the full debt, if  
not paid earlier, due and payable on 09/01/28 and any extensions thereof,  
(2) performance of each agreement of grantor herein contained; (3) payment of all sums expended or advanced by beneficiary under or pursuant to  
the terms hereof, together with interest at the note rate thereon.

To protect the security of this trust deed, grantor agrees:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good  
and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed  
and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to  
commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law, and do all other acts which from the  
character or use of said property may be reasonably necessary; the specific enumerations herein not excluding the general.
2. To provide, maintain and keep the improvements now existing or hereinafter erected on the premises insured against loss or damage by fire and  
other hazards and perils included within the scope of a standard extended coverage endorsement, and such other hazards as Beneficiary may require.  
in such amounts and for such periods as Beneficiary may require, and in an insurance company or insurance companies acceptable to Beneficiary. All  
insurance policies and renewals shall designate Beneficiary as mortgage loss payee and shall be in a form acceptable to Beneficiary. Grantor hereby  
confers full power on Beneficiary to settle and compromise all loss claims on all such policies; to demand, receive, and receipt for all proceeds  
becoming payable thereunder; and, at Beneficiary's option, to apply same toward either the restoration or repair of the premises or the payment of the  
note. Any application of such proceeds toward payment of the note shall not extend or postpone the due date of monthly installments due under the  
note.
3. To pay all costs, fees and expenses of this trust including the cost of title search as well as other costs and expenses of the trustee incurred in  
connection with or enforcing this obligation, and trustee's and attorney's fees actually incurred as permitted by law.
4. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of beneficiary or trustee; and to  
pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum as permitted by law, in any such action or  
proceeding in which beneficiary or trustee may appear.
5. To pay at least ten (10) days prior to delinquency all taxes or assessments affecting the property; to pay when due all encumbrances, charges  
and liens with interest on the property or any part thereof that at any time appear to be prior or superior hereto.
6. If Grantor fails to perform the covenants and agreements contained in this Trust Deed, including, without limitation, covenants to pay taxes,  
procure insurance, and protect against prior liens, Beneficiary may at its option, but shall not be required to, disburse such sums and take such actions  
necessary to pay such taxes, procure such insurance, or otherwise to protect Beneficiary's interest. Any amount disbursed by Beneficiary hereunder  
shall be an additional obligation of Beneficiary secured by this Trust Deed. Unless Grantor and Beneficiary agree otherwise, all such amounts shall be  
payable immediately by Grantor upon notice from Beneficiary to Grantor, and may bear interest from the date of disbursement by Beneficiary at the  
lesser of the rate stated in the note or the highest rate permissible by applicable law. Nothing contained in this paragraph shall require Beneficiary to  
incur any expense or take any action whatsoever.

It is mutually agreed that:

7. Any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and  
shall be paid to beneficiary who may apply or release such monies received by it in the same manner and with the same effect as above provided for  
disposition of proceeds of fire or other insurance.

Deliver to ASSOCIATES FINANCIAL SERVICES COMPANY OF OREGON, INC.  
259 BARNETT ROAD SUITE J MEDFORD, OR 97501  
(Address)

ORIGINAL (1)  
BORROWER COPY (1)  
RETENTION (1)

8. Upon any default by grantor or if all or any part of the property is sold or transferred by grantor without beneficiary's consent, the beneficiary may at any time, without notice, either in person or by agent, and without regard to the adequacy of any security for the indebtedness secured, enter upon and take possession of the property or any part of it, and that the entering upon and taking possession of the property shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice.

9. Upon default by grantor in payment of any indebtedness secured or in his performance of any agreement, the beneficiary may declare all sums secured immediately due and payable. In such event beneficiary at its election may proceed to foreclose this trust deed in equity in the manner provided by law for mortgage foreclosures or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall execute and cause to be recorded its written notice of default and its election to sell the said described real property to satisfy the obligations secured hereby and proceed to foreclose this trust deed in a manner provided by law.

10. If after default and prior to the time and date set by trustee for the trustee's sale, the grantor or other person pays the entire amount then due under the terms of the trust deed and the obligation secured thereby, the grantor or other person making such payment shall also pay to the beneficiary all the costs and expenses actually incurred in enforcing the terms of the obligations as permitted by law.

11. Upon any default by grantor hereunder, grantor shall pay beneficiary for any reasonable attorney fees incurred by beneficiary consequent to grantor's default. Grantor will pay these fees upon demand.

12. After a lawful lapse of time following the recordation of the notice of default and the giving of notice of sale the trustee shall sell the property as provided by law at public auction to the highest bidder for cash payable at the time of sale. Trustee shall deliver to the purchaser a deed without express or implied covenants or warranty. Any person excluding the trustee may purchase at the sale.

13. When the trustee sells pursuant to the powers provided, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the lawful fees of the trustee and the reasonable fees of the trustee's attorney, (2) the obligations secured by this trust deed, (3) to all persons having recorded liens subsequent to the interest of the beneficiary and the trust deed as their interest 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.

14. For any reason permitted by law, the 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.

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has valid, unencumbered title thereto and that he will warrant and forever defend the same against all persons whomsoever.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

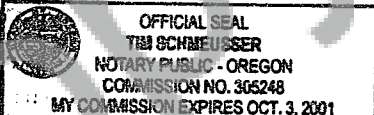
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgees, of the note secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, the grantor has hereunto set his hand and seal the day and year first above written.

Witness \_\_\_\_\_  
JOYCE M. MILLER Grantor

Witness \_\_\_\_\_

STATE OF OREGON )  
 ) SS.  
County of JACKSON )



Personally appeared the above named JOYCE M. MILLER and  
acknowledged the foregoing instrument to be HER voluntary act and deed.  
Before me: \_\_\_\_\_  
My commission expires: Oct. 3, 2001  
Notary Public

STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of First American Title the 4th day  
of September A.D., 19 98 at 11:28 o'clock A.M., and duly recorded in Vol. M98  
of Mortgages on Page 32599

FEE \$15.00  
By Bernetha G. Letsch, County Clerk  
Kathleen Rose

DATED: \_\_\_\_\_

Beneficiary

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.