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TRUST DEED

PACIFIC SERVICE CORPORATION,
 1 PAULINE BROWNING
 HC15, Box 495C
 Hanover, NH 88041

JOHN B. GARDNER
 6001 Lawhill Drive
 Memphis, TN 38135-2315

PACIFIC SERVICE CORPORATION,
 c/o ASPEN TITLE AND ESCROW CO.
 525 MAIN
 Klamath Falls, OR 97601

SPACE RESERVED
 FOR
 RECORDER'S USE

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument
 was received for record on the _____ day
 of _____, 19____, at
 _____ o'clock _____ M., and recorded in
 book/reel/volume No. _____ on page
 _____ and/or as fee/file/instru-
 ment/microfilm/reception No. _____,
 Record of _____ of said County.

Witness my hand and seal of County
 affixed.

By _____, Deputy.

THIS TRUST DEED, made this 15 day of JUNE, 1999, between

PACIFIC SERVICE CORPORATION, A NEVADA CORPORATION, as Grantor,

ASPEN TITLE AND ESCROW CO., as Trustee, and

JOHN B. GARDNER, 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:

LOT 44, BLOCK 37, KLAMATH FALLS FOREST ESTATES, HIGHWAY 66, PLAT 2

KLAMATH COUNTY, OREGON

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now
 or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with
 the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum

of *** ONE THOUSAND SEVEN HUNDRED AND 00/100 DOLLARS ***

(\$1700.00). Dollars, with interest thereon according to the terms of a promissory
 note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if
 not sooner paid, to be due and payable JUNE 15, 2002

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note
 becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the prop-
 erty or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the
 beneficiary's option*, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall be-
 come immediately due and payable. The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or
 assignment.

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

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or im-
 provement thereon; not to commit or permit any waste of the property.

2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed,
 damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary
 so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and
 to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching
 agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or
 damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$_____,
 written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the ben-
 efiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary
 at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may pro-
 cure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon
 any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected,
 or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default here-
 under or invalidate any act done pursuant to such notice.

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

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

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee;
 and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed
 or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and ex-
 penses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this para-
 graph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor
 further agrees to pay such sum at the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal.
 It is mutually agreed that:

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, ben-
 efiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking,

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company
 or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real
 property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.525.

*WARNING: 12 USC 1701-3 regulates and may prohibit exercise of this option.

**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.