

===== T R U S T D E E D =====

DANNY R. ALLEN and CYNTHIA L. ALLEN 200 MAR - 1 11:21
 6064 BRANT DRIVE
 BONANZA, OR 97623
 Grantor

GERALD R. CANNON AND GLORIA A. CANNON, TRUSTEES OF THE CANNON LOVING TRUST
 5110 STURDIVANT AVENUE
 KLAMATH FALLS, OR 97603
 Beneficiary

After recording return to: ESCROW NO. MT50400-MS
 AMERITITLE
 222 S. 6TH STREET
 KLAMATH FALLS, OR 97601

MTC 50400-MS

===== TRUST DEED =====

THIS TRUST DEED, made on FEBRUARY 23, 2000, between
 DANNY R. ALLEN and CYNTHIA L. ALLEN, husband and wife, as Grantor,
 AMERITITLE, an Oregon Corporation, as Trustee, and
 GERALD R. CANNON AND GLORIA A. CANNON, TRUSTEES OF THE CANNON LOVING TRUST DATED
 MAY 30, 1991, 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:
 SEE EXHIBIT A WHICH IS MADE A PART HEREOF BY THIS REFERENCE

SEE ALSO ASSIGNMENT OF RENTS ATTACHED HERETO AND MADE A PART HEREOF

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
****TWO HUNDRED THOUSAND** Dollars, with interest thereon**

according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made payable by grantor, the
 final payment of principal and interest hereof, if not sooner paid, to be due and payable March 01 2015.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note
 becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be
 sold, conveyed, assigned, or alienated by the grantor without first having obtained 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 become immediately due and payable.

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

1. To protect, preserve and maintain said 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 said property.

2. To complete or restore promptly and in good workmanlike manner 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 said premises 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 the full insurable value,
 written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the
 beneficiary as soon as insured; if grantor shall fail for any reason to procure any such insurance and to deliver said policies to the
 beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the
 beneficiary may procure 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 hereunder or invalidate any act done pursuant to such notice.

5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or
 assessed upon or against said 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 payment, 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 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 payable and constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust deed 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,
 to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees; the amount of attorney's
 fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgement or
 decrees of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's
 or trustee's attorney's fees on such appeal.

It is mutually agreed that:

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

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 696.585.

Alo

in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any such 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 hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's 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 reconveyances, 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 plat of said 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 or facts 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 said property or any part thereof, in its own name sue 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 said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or 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 his 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 at his election may 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 his written notice of default and his election to sell the said described real 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 said sale may be postponed as provided by law. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed 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 matters 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 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 his 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 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 the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible 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 [NOTICE: Line out the warranty that does not apply]
(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 mortgage, it is understood that the mortgagor or mortgagee may 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.

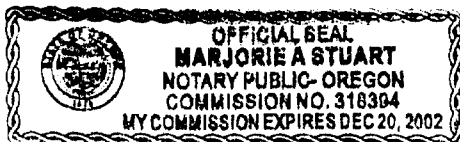
IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

DANNY R. ALLEN

CYNTHIA L. ALLEN

State of Oregon
County of KLAMATH

This instrument was acknowledged before me on February 29, 2000 by DANNY R. ALLEN AND CYNTHIA L. ALLEN.



Marjorie A. Stuart
(Notary Public for Oregon)

My commission expires 12-20-02

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: _____, _____

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.

_____ Beneficiary

CONDITIONAL ASSIGNMENT OF RENTALS

THIS AGREEMENT, Entered into this 23rd day of February, 2000, between DANNY R. ALLEN and CYNTHIA L. ALLEN, husband and wife, herein referred to as Owner, and GERALD R. CANNON and GLORIA A. CANNON, TRUSTEES OF THE CANNON LOVING TRUST, hereinafter referred to as Beneficiary.

WITNESSETH:

WHEREAS, Owner is the present owner in fee simple of property described as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

in Klamath County, State of Oregon, and the Beneficiary is owner and holder of a first Trust Deed covering said premises, which said Trust Deed is in the original amount of \$200,000.00, made by owner to beneficiary under the date of February 23, 2000; and

WHEREAS, Beneficiary, as a condition of to making said loan and accepting said Trust deed has required the execution of this assignment of the rentals of the Trust Deed premises by owner.

NOW, THEREFORE, in order further to secure the payment of the indebtedness of the owner to beneficiary and in consideration of the accepting of the aforesaid Trust Deed and the note secured thereby, and in further consideration of the sum of One Dollar paid by Beneficiary to owner, receipt of which is hereby acknowledged, the said owner does hereby sell, assign, transfer and set over unto beneficiary all of the rents, issues and profits of the aforesaid mortgaged premises, this assignment to become operative upon any default being made by the owner (grantor) under the terms of the aforesaid trust deed and note secured thereby, and to remain in full force and effect so long as any default continues to exist in in the matter of the making of any of the payments or the performance of any of the convents set forth in the aforesaid trust deed or the notes secured thereby.

1. In furtherance of the foregoing assignment, the owner hereby authorizes the beneficiary, its employees or agents, at its option, after the occurrence of a default as aforesaid to enter upon the mortgaged premises and to collect, in the name of the owner, or in their own name as assignee, the rents accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accruing and becoming payable during the period of the continuance of the said or any other default; and to this end, the owners further agree they will facilitate in all reasonable ways the beneficiary's collection of said rents and will upon request by beneficiary, execute a written notice to the tenant directing the tenant to pay rent to said beneficiary.

2. The owner also hereby authorizes the beneficiary upon such entry, at its option, to take over and assume the management, operation and maintenance of the said mortgaged premises and to perform all acts necessary and proper and to expend such sums out of the income of the mortgaged premises as may be needful in connection therewith, in the same manner and to the same extent as the owner theretofore might do, including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases, to make concessions to tenants, the owner hereby releasing all claims against beneficiary arising out of such management, operation and maintenance excepting the liability of the beneficiary to account as hereinafter set forth.

3. The beneficiary shall, after payment of all proper charges and expenses, including reasonable compensation to such Managing Agent as it shall select and employ and after the accumulation of a reserve to meet taxes, assessments, water rents and fire and liability insurance in requisite amounts, credit the net amount of income received by it from the mortgaged premises by virtue of this assignment, to any amounts due and owing to it by the owners under the terms of the trust deed and the note secured thereby but the manner of the application of such net income and what

4. In the event, however, that the owner shall reinstate the trust deed completely in good standing, having complied with all the terms, covenants and conditions of the said trust deed and the note secured thereby, then the beneficiary within one month after demand in writing shall re-deliver possession of the mortgaged premises to owner, who shall remain in possession unless and until another default occurs, at which time the beneficiary may, at its option, again take possession of the mortgaged premises under authority of this instrument.

5. The owner hereby covenants and warrants to the beneficiary that neither it, nor any previous owner have executed any prior assignments of pledge of the renatts of the mortgaged premises, nor any prior assignment or pledge of its landlords' interest in any lease of the whole or part of the mortgaged premises. The owner also hereby covenants and agrees not to collect the rents of the said mortgaged premises in advance, other than as required to be paid in advance by the terms of any rental agreement, and further agrees not to do any other act which would destroy or impair the benefits to the beneficiary of this assignment.

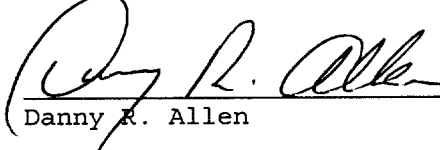
6. It is not the intention of the parties hereto that an entry by the beneficiary upon the mortgaged premises under the terms of the instrument shall constitute the said beneficiary a "beneficiary in possession" in contemplation of law, except at the option of the beneficiary.

7. This assignment shall remain in full force and effect as long as the mortgage debt to the beneficiary remains unpaid in whole or in part.

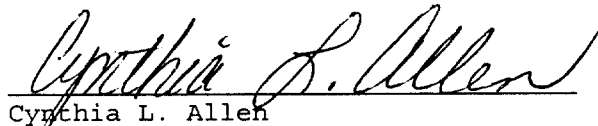
8. The provisions of this instrument shall be binding upon the owner, its successors or assigns, and upon the beneficiary and its successors or assigns. The word "Owner" shall be construed to mean any one or more persons or parties who are holders of the legal title or equity of redemption to or in the aforesaid mortgaged premises. The word "Note" shall be construed to mean the instrument, whether note or bond, given to evidence the indebtedness held by the beneficiary against the mortgaged premises; and the word "Trust Deed" shall be construed to mean, the instrument securing said indebtedness owned and held by the beneficiary, whether such instrument be Trust Deed, loan deed, vendor's lien or otherwise.

It is understood and agreed that a full and complete release of the aforesaid trust deed shall operate as a full and complete release of all the beneficiary's rights and interests hereunder, and that after said trust deed has been fully released, this instrument shall be void and of no further effect.

Dated at Klamath Falls, Oregon, this 29th day of February, 19 2000



Danny R. Allen



Cynthia L. Allen

STATE OF Oregon

COUNTY OF Klamath

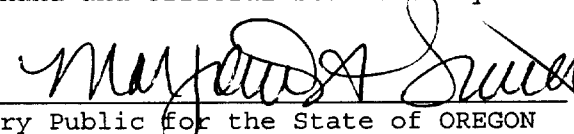
THIS CERTIFIES, that on this 29th day of February, 2000, before me, the undersigned, a Notary Public for said state, appeared the within named

DANNY R. ALLEN AND CYNTHIA L. ALLEN

to me known to be the identical persons described in and who executed the within instrument and acknowledged to me that he/she/they executed the same freely and voluntarily for the purpose therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.





Notary Public for the State of OREGON
My Commission expires 12-20-02

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1

Beginning at a point on the Northerly right of way line of the Dalles-California Highway, which lies North 0 degrees 55' West a distance of 30 feet and North 89 degrees 21' East 329.7 feet from an iron pin in the pavement marking the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon; thence North 89 degrees 21' East along the Northerly line of the highway 72.9 feet; thence North 0 degrees 59' West a distance of 189.4 feet; thence South 89 degrees 21' West 72.9 feet; thence South 0 degrees 59' East a distance of 189.4 feet to the point of beginning and situate in the SW1/4 of the NE1/4 of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

SAVING AND EXCEPTING THEREFROM that portion in deed from Charles H. DuFour and Thora DuFour, husband and wife to the State Highway Commission, dated June 1964, recorded June 23, 1964 in Book 354, at page 66, Deed Records of Klamath County, Oregon.

PARCEL 2

Beginning at a point on the Northerly right of way line of the Dalles-California Highway, which lies North 0 degrees 55' West a distance of 30 feet and North 89 degrees 31' East 256.6 feet from an iron pin in the pavement marking the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon, which said point is the Southeast corner of a tract of land hereto conveyed to Wade E. Pitcher and wife, by deed recorded in Book 117 at Page 440, Deed Records of Klamath County, Oregon; thence North 2 degrees 53' West along the Easterly line of the Pitcher Tract 190 feet, more or less, to the Northeast corner of said Pitcher Tract; thence North 89 degrees 21' East 82.9 feet; thence South 0 degrees 59' East a distance of 189.4 feet, more or less, to the Northerly right of way line of the Dalles-California Highway; thence South 89 degrees 21' West along the Northerly right of way line of the highway 73.1 feet to the point of beginning, and situate in the SW1/4 of NE1/4, Section 2, Township 39 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon.

SAVING AND EXCEPTING THEREFROM that portion in deed from Charles H. DuFour and Thora DuFour, husband and wife to the State Highway Commission, dated June 1964, recorded June 23, 1964 in Book 354, at page 66, Deed Records of Klamath County, Oregon.

PARCEL 3

The Southerly 125 feet of Lots 98 and 99 of PLEASANT HOME TRACTS, NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 3/01/00, at 11:21 a.m.
In Vol. M00 Page 6470
Linda Smith,
County Clerk Fee \$ 46.00