

UNTIL A CHANGE IS REQUESTED,  
ALL TAX STATEMENTS ARE TO BE  
SENT TO THE FOLLOWING ADDRESS:

State of Oregon, County of Klamath  
Recorded 03/14/2002 11:03 a m.  
Vol M02, Pg 15157-59  
Linda Smith, County Clerk  
Fee \$ 21.00 # of Pgs 3

CONSIDERATION: \$84,226.44

TRUSTEE'S DEED

TRUSTEE: MICHAEL C. AROLA, Successor Trustee

GRANTEE: WESTERN CALIFORNIA ST. TRUST, TRUST # 530-212038, TRUSTEE J. E. BATZER, AS TRUSTEE  
ONLY AND NOT PERSONALLY

RECITALS:

A. GARY A. SKELLHAM, Grantor, executed and delivered to PACIFIC CASCADES FINANCIAL, INC., Trustee for the benefit of KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, Beneficiary, a Trust Deed dated June 13, 1995 and recorded on June 19, 1995, in the Official Records of Klamath County, Oregon as Volume M95, Page 15997 (the Trust Deed). In the Trust Deed, the following described real property (the Real Property) was conveyed by the Grantor to the Trustee to secure the performance of certain obligations to the Beneficiary:

As described on the attached Exhibit A.

Thereafter the Grantor defaulted in performance of the obligations secured by the Trust Deed. The default still existed at the time of sale by the Trustee to the Grantee.

B. MICHAEL C. AROLA was appointed Successor Trustee of the Trust Deed. The appointment was recorded on September 17, 2001 in the Official Records of Klamath County, Oregon as Volume M01, Page 47173.

C. The Beneficiary declared the Grantor of the Trust Deed to be in default. The reasons for the declaration of default, the Beneficiary's election to declare all sums due to it immediately due and the Beneficiary's election to foreclose the Trust Deed by advertisement and sale to satisfy the Grantor's obligations was recorded on September 17, 2001 in the Official Records of Klamath County, Oregon as Volume M01, Page 47174. An amended notice was recorded in the Official Records of Klamath County, Oregon on October 26, 2001, as Volume M01, Page 55074.

D. After recording the Notice of Default and Election to Sell, the Trustee gave notice of the time and place set for sale of the Real Property. Notice of the sale was given:

1. To all persons entitled to receive such notice by mailing the notice to them at their last known addresses by both first class mail and certified mail, return receipt requested. The notice was mailed to them more than 120 days before the Trustee conducted the sale. An Affidavit of Mailing of such notice was recorded in the Official Records of Klamath County, Oregon as Volume M02, Page 6390, prior to the day the Trustee conducted the sale.

2. By publishing such notice in the Herald and News, a newspaper of general circulation in Klamath County, Oregon, once a week for four successive weeks. The last publication was more than 20 days prior to the day the Trustee conducted the sale. An Affidavit of Publication of such notice was recorded in the Official Records of Klamath County, Oregon as Volume M02, Page 6390, prior to the day the Trustee conducted the sale.

E. On the date of the Notice of Sale, the Trustee did not have actual notice of any person claiming an interest which was subsequent to the Trustee's interest in the Real Property, except for those persons named in the affidavits referred to in Recital D. of this deed. The property was not occupied at the time notice was given. An Affidavit of Nonoccupancy was recorded in the Official Records of Klamath County, Oregon as Volume M02, Page 6390, prior to the date the Trustee conducted the sale.

02 MAR 14 AM 11:03

31 A

F. On March 7, 2002, at 11:00 a.m. at the front of the Klamath County Courthouse, 316 Main Street, Klamath Falls, Oregon, the Trustee sold the Real Property in one parcel at public auction to the highest bidder for cash. The price bid was paid at the time of sale.

G. At no time during the period of time between the recording of the Notice of Default and Election to Sell and the date of the sale, was the real property described in and covered by the Trust Deed, or any interest therein owned by a person in the military service of the United States of America, a minor or an incapacitated person.

H. The true and actual consideration paid for this transfer is \$84,226.44.

I. In construing this instrument, whenever the context requires, the following shall apply:

1. References to a specific gender shall include the masculine, feminine and neuter genders.
2. Reference to the singular shall include the plural and vice versa.
3. References to the Trustee shall include any Successor Trustee.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

In consideration of the sum paid by the Grantee in cash, the receipt of which is hereby acknowledged, the Trustee hereby conveys to the Grantee all interest which the Grantor had or had the power to convey at the time of Grantor's execution of the Trust Deed in and to the Real Property described herein, together with any interest the Grantor or the Grantor's successors in interest acquired after the execution of the Trust Deed.

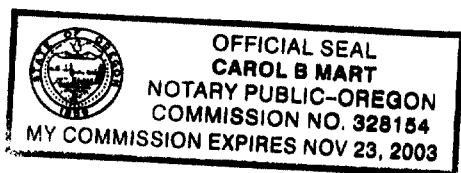
Dated: March 11, 2002.

*Michael C. Arola*

MICHAEL C. AROLA  
Successor Trustee

STATE OF OREGON                    )  
  ) ss.  
COUNTY OF LANE                )

The foregoing instrument was acknowledged before me on March 11, 2002, by MICHAEL C. AROLA, Successor Trustee.



*Carol B. Mart*

Notary Public for Oregon  
My Commission Expires: 11-23-03

A portion of lots 6 and 7, Block 121, BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath county, Oregon, more particularly described as follows:

Beginning at a point which is South 81 degrees 03' 50" West 25.00 feet from the Northwest corner of Lot 7 Block 121 BUENA VISTA ADDITION to the City of Klamath Falls, thence North 81 degrees 03' 50" East a distance of 75 feet to the Northeast corner of said Lot 7; thence South 8 degrees 56' 10" East (along the East line of said Lot 7) a distance of 150.72 feet to a point; thence in a Westerly direction to a point which is 137.22 feet South 8 degrees 56' 10" East from the point of beginning; thence North 8 degrees 56' 10" West 137.22 feet to the point of beginning.

EXHIBIT A