

MEMORANDUM OF TRUST DEED

Grantor:

Daniel Tworek
Michael Tworek
4646 Denver, Ave.
Klamath Falls OR 97603

State of Oregon, County of Klamath
Recorded 09/13/04 9:07 a. m
Vol M04 Pg 60729-36
Linda Smith, County Clerk
Fee \$ 56.00 # of Pgs 8

Trustee:

Douglas M. Fellows

Beneficiary:

State of Oregon
Estate Administration Unit
P.O. Box 14021
Salem OR 97309

After recording return to:

State of Oregon
Estate Administration Unit
P.O. Box 14021
Salem OR 97309

RV

MEMORANDUM OF TRUST DEED

This Memorandum of Trust Deed is made this 20th day of August, 2004, between Daniel Tworek and Michael Tworek as "GRANTOR", Douglas M. Fellows, as "TRUSTEE", and State of Oregon, Estate Administration Unit as "BENEFICIARY".

GRANTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grant, and convey to TRUSTEE, in trust, with power of sale, the following described property located in Klamath County, Oregon, described as:

See attached Legal Description

The true and actual consideration for this conveyance is \$ 25,000.00.

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 ANY INTEREST IN OR TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

56'

IN WITNESS WHEREOF, the parties have caused this memorandum to be executed as of the day and year first above written.

Grantor:

Daniel Tworek
DANIEL TWOREK

Michael Tworek
MICHAEL TWOREK

STATE OF OREGON)
) ss:
County of Klamath)

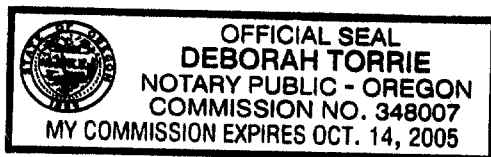
Personally appeared the above named Daniel Tworek and acknowledged the foregoing instrument to be their voluntary act and deed.



Deborah Torrie
Signature of notarial officer
My commission expires: Oct. 14, 2005

STATE OF OREGON)
) ss:
County of Klamath)

Personally appeared the above named Michael Tworek and acknowledged the foregoing instrument to be their voluntary act and deed.



Deborah Torrie
Signature of notarial officer
My commission expires: Oct. 14, 2005

60731

EXHIBIT A - LEGAL DESCRIPTION

TWP 39 RANGE 9, BLOCK SEC 11, TRACT FOR N2SE4NW4, ACRES 0.47, MH X# 20025,
County of Klamath, State of Oregon.

PROMISSORY NOTE

\$25,000.00

Portland, Oregon

August 20th 2004

FOR VALUE RECEIVED, DANIEL TWOREK AND MICHAEL TWOREK ("MAKER"), does hereby promise to pay to the order of STATE OF OREGON, ESTATE ADMINISTRATION UNIT ("NOTEHOLDER") such place as NOTEHOLDER may designate in writing, the principal sum of TWENTY FIVE THOUSAND and NO/ DOLLARS (\$25,000.00) in lawful money of the United States of America, together with interest as provided below from the date hereof until paid in full, and in accordance with the terms and conditions set forth herein.

ARTICLE I PRINCIPAL

1.1 The principal amount owed under this Note is TWENTY FIVE THOUSAND AND NO/ONE HUNDREDTHS DOLLARS (\$25,000.00) ("Principal").

ARTICLE II INTEREST

2.1 The unpaid balance of the Principal amount stated above shall bear simple interest ("Interest") at the rate of Nine (9%) per annum from the date that the property or sold or the last of Daniel Tworek and Michael Tworek passes away, which ever is sooner, until fully paid.

ARTICLE III PAYMENT

3.1 No payments are due until the property is sold or when Daniel Tworek and Michael Tworek passes away, which ever is sooner. Upon the sale of the property or the death of the last surviving Maker the entire balance is due and payable.

ARTICLE IV MATURITY

4.1 The entire unpaid Principal balance and Interest thereon, together with any other sums due to NOTEHOLDER under the provisions of this Note and of any security instrument securing this Note, shall be paid as set forth in Article III above.

ARTICLE V PREPAYMENT

5.1 This Note may be prepaid, in whole or in part, at any time without penalty, by MAKER making payments to be applied to the reduction of accrued Interest and Principal or by paying the entire balance of accrued Interest and Principal, and any other sums due NOTEHOLDER under the provisions of this Note and the security instrument securing this Note.

ARTICLE VI SECURITY

6.1 The indebtedness evidenced by this Note is secured by a Second Trust Deed ("Trust

Deed") of even date herewith, encumbering the real property described as follows:

See attached legal description

More commonly known as: 4646 Denver Ave. Klamath Falls, OR 97603

ARTICLE VII ACCELERATION - DEFAULT

7.1 Time is of the essence of this Note. If any payment due under this Note is not paid when due, or in the event of any default under the terms of this Note or the Trust Deed securing this Note, and MAKER does not cure within ten (10) days from receipt of notice from NOTEHOLDER, then the entire Principal balance and accrued Interest, and all other sums due under this Note and the Trust Deed, shall at once and without any further notice become due and payable at the option of the NOTEHOLDER. The NOTEHOLDER may exercise this option to accelerate during any default by MAKER not cured, regardless of any prior forbearance.

7.2 In the event of the sale, exchange or transfer of the Property or any portion thereof held under the Trust Deed given as security for this Note without the prior written consent or approval of the NOTEHOLDER, then the entire Principal balance and accrued Interest, and all other sums due under this Note and the terms of the Trust Deed securing this Note, shall at once and without notice become due and payable at the option of the NOTEHOLDER.

ARTICLE VIII ATTORNEY'S FEES

8.1 In case default is made in the payment of this Note, or the performance of any obligations pursuant to this Note and the Trust Deed, and this Note is placed in the hands of an attorney for collection, MAKER promises and agrees to pay the reasonable attorney's fees and collection costs of the NOTEHOLDER, and if suit or other action is filed hereon, MAKER also promises to pay (a) the NOTEHOLDER'S reasonable attorney's fees to be fixed by the trial court and (b) if any appeal is taken from any decision of the court, such further sum as may be fixed by the appellate court, as the NOTEHOLDER'S reasonable attorney's fees in appellate court, in addition to all costs and expenses otherwise provided by law. Any amount owing under this Paragraph shall be deemed to be indebtedness evidenced by this Note.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Any Interest rate provided hereunder which exceeds the maximum rate provided by applicable law shall instead be deemed to be such maximum rate and any Interest in excess of such maximum rate paid to NOTEHOLDER shall be applied to reduce the Principal balance of this Note so that in no event shall NOTEHOLDER receive or be entitled to receive interests in excess of the amount allowed by applicable law.

9.2 All acknowledgments, notices, approvals, responses, waivers and demands of any kind, which either party hereto may be required, or desires, to serve upon the other party under the terms hereof shall be in writing and shall be served on the other party by mailing a copy thereof, postage pre-paid, by first class/regular mail, addressed as follows:

MAKER:

Daniel Tworek
Michael Tworek
4646 Denver Ave.
Klamath Falls, OR 97603

NOTEHOLDER:

State of Oregon
Estate Administration Unit
P.O. Box 14021
Salem OR 97309

Notice shall be deemed received on the third business day following the date of mailing. The above addresses may be changed from time to time by notice served, as hereinabove provided, by the party desiring a change of address to the other party.

9.3 The provisions and covenants contained herein shall inure to and be binding upon the successors, transferees, heirs and assigns of the parties hereto. MAKER covenants he will not, directly or indirectly, voluntarily or involuntarily, further encumber, sell, assign or otherwise transfer her interest in the Property held under the Trust Deed and given as security for this Note or any interest therein without the prior written approval of the NOTEHOLDER; and at the option of the NOTEHOLDER, without prior notice, the entire balance owing under the terms of this Note and the Trust Deed securing this Note shall become due and payable immediately upon any violation of this covenant.

9.4 Whenever possible, each provision of this Note and any other related document, shall be interpreted in such a manner as to be valid under applicable laws. If any provision of this Note and any other related document is deemed in any judicial proceeding to be illegal or otherwise void, invalid or unenforceable, such provision shall be disregarded and the remainder of this Note without such provision shall not be affected and shall remain in full force and effect.

9.5 Time is of the essence as to the performance of each and every obligation of MAKER pursuant to this Note.

9.6 This Note and all related documents are to be governed by and construed in accordance with the laws of the State of Oregon. Any legal action/proceeding initiated concerning this Note/Trust Deed/Property shall be filed in the county where the Property is situated.

9.7 MAKER agrees to execute such further documents, and take such further actions as may reasonably be required to carry out the provisions of this Note or any agreement or document relating hereto or entered into in connection herewith.

9.8 The headings used in this Note are solely for convenience of reference and are not to be considered in construing or interpreting this Note.

ARTICLE X LIABILITY

10.1 MAKER shall be solely liable to NOTEHOLDER for complying with the provisions of this Note and the Trust Deed securing this Note and any breach thereof.


DANIEL TWOREK


MICHAEL TWOREK

EXHIBIT A - LEGAL DESCRIPTION

TWP 39 RANGE 9, BLOCK SEC 11, TRACT FOR N2SE4NW4, ACRES 0.47, MH X# 20025,
County of Klamath, State of Oregon.