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TRUST DEED

SIERRA DEVELOPMENTS, LLC

Grantor's Name and Address

TERRY F. WERNER

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

CASCADE TITLE & ESCROW CO.

P.O. BOX 1476

Eugene, OR 97440

State of Oregon, County of Klamath
Recorded 03/03/2005 10:59 m
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Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

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THIS TRUST DEED, made on February 23, 2005 between
SIERRA DEVELOPMENTS, LLC, An Oregon Limited Liability Company
Cascade Title & Escrow Company as Grantor,
Terry F. Werner as Trustee, and
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 13, SIERRA HEIGHTS, TRACT 1383, according to the official
plat thereof on file in the office of the County Clerk of
Klamath County, Oregon.

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

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of ONE HUNDRED
SIXTY THOUSAND AND 00/100 ----- (\$160,000.00)
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, if not sooner paid, to be due and payable on March 1, 2006.

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 property, 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 matu-
rity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement does not constitute a
sale, conveyance or assignment.

1. 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 improvement thereon; and 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 there-
on, 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 ex-
ecuting such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require, and to pay for filing the 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 other haz-
ards, as the beneficiary may from time to time require, in an amount not less than \$ Full Amount written by one or more
companies acceptable to the beneficiary, with loss payable to the latter. All policies of insurance shall be delivered to the beneficiary as soon as issued. 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 insur-
ance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance pol-
icy 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 constitute a default or notice of default hereunder or invalid-
ate 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 becomes 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 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. For such payments, with interest as aforesaid, the prop-
erty hereinafter 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. 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 shall 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 con-
nection with or in enforcing this obligation, and trustee and attorney 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 pro-
ceeding 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 expenses, including evidence of title and the beneficiary's or trustee's attorney fees. The amount
of attorney fees mentioned in this paragraph 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 as 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, 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 in excess of the amount required to pay all reasonable
costs, expenses and attorney fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable
costs and expenses and attorney 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. 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.

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.
WARNING: 12 USC 1701j-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.

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Beneficiary