

CURTIS O. BANEY and MYRTLE BANEY, husband and wife; MELVIN W. McCOLLUM AND EDNA MAY McCOLLUM, husband and wife; and MELVIN W. McCOLLUM, Guardian of Julie Ellen McCollum and Scott M. McCollum minors

hereinafter designated as Mortgagor, whether singular or plural, (and which term shall also include the successors in interest of the Mortgagor) hereby mortgages to \_\_\_\_\_

SHERWOOD & ROBERTS, an Oregon Corporation

\_\_\_\_\_, herein designated as Mortgagee, the property consisting of the real estate herein described, together with all improvements thereon and appurtenances thereto, including all elevators and elevator machinery, wall beds and other beds affixed to or used in connection with the building, shades, screens, boilers, water heaters, furnaces, oil burners, stokers, thermostats, controls and ventilating, plumbing, lighting, heating, cooking, cooling, watering, irrigating and refrigerating equipment and appliances now or hereafter installed or placed in, located upon or used in connection with said premises by the Mortgagor or any successor to Mortgagor's interest in said premises, and including party walls, waters and water rights and easements, if any, on any side of said premises, and the agreements and rights of the Mortgagor in respect of such party walls, easements, rights and agreements, all of which shall be deemed a part of the real estate, together with all interest and estate in such property that the Mortgagor may hereafter acquire and all the rents, issues and profits of said property commonly described as the following property in the county of \_\_\_\_\_ Klamath \_\_\_\_\_ State of Oregon.

PARCEL 1:

Lots 1, 2, 3, 11, 16 and the West half of Lot 15 of the Resubdivision of Block 1 of Canal Addition to the City of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon, saving and excepting therefrom that portion of said Lot 3 described as follows: Beginning at the corner common to Lots 3, 4, and 5; thence Southeasterly on the line extended between Lots 4 and 5 a distance of 32.93 feet to street; thence Southwesterly along Northwest line of street 12.42 feet to the Southerly corner of Lot 3; thence Northwesterly along line between Lots 3 and 5 a distance of 16.69 feet; thence North 20.42 feet to the point of beginning.

Also Lot 11 in Block 10 of Railroad Addition to the City of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon, saving and excepting therefrom a strip of land one foot wide off the East side of said Lot 11.

PARCEL 2:

Lot 12 of the Resubdivision of Block 1 of Canal Addition to the City of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon.

PARCEL 3:

Lot 13 of the Resubdivision of Block 1 of Canal Addition to the City Of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon.

PARCEL 4:

Lot 14 of the Resubdivision of Block 1 of Canal Addition to the City of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon.

PARCEL 5:

The East half of Lot 15 of the Resubdivision of Block 1 of Canal Addition to the City of Klamath Falls, according to the official plat thereof on file in the records of Klamath County, Oregon.

It is understood that this mortgage is subject to a prior mortgage given to Sherwood & Roberts-Oregon, Inc., dated June 23, 1965, recorded June 29, 1965, in Volume 231 of Mortgages, page 196, records of Klamath County, Oregon, to secure the payment of \$220,000.00. Said mortgage corrected by Mortgage dated June 23, 1965, recorded July 22, 1965, in Microfilm records as document 99096 M65 page 205, records of Klamath County, Oregon.

This mortgage is given to secure the payment, with exchange on the City of New York, of the sum of  
- - - - THIRTY THOUSAND and NO/100ths - - - - - Dollars

principal, with interest thereon from date hereof at the rate and payable at the time and place and in the manner and amount set forth in the promissory note of the Mortgagor of even date herewith payable to the order of Mortgagee.

Mortgagor covenants: That Mortgagor is the owner of the mortgaged property in fee simple; that the same is unencumbered; that each mortgagor has good right, power and authority to convey and mortgage the same and will forever warrant and defend the lien and priority of this mortgage against the lawful claims of all persons; that each mortgagor will pay all sums secured hereby when for any cause the same shall become due; that mortgagor will not suffer or permit the mortgaged property to be maintained or used in violation of any laws, municipal ordinances or regulations; that the mortgaged property will not become subject to any lien or encumbrance which threatens the validity or priority of this mortgage; that during the continuance of this mortgage Mortgagor will neither cause nor suffer waste of any part of the mortgaged property; that Mortgagor will keep the improvements upon such property constantly insured for the benefit of the Mortgagee against fire and all other hazards and risks, including war risk, required by Mortgagee in such manner and amounts and in such companies and under policies in form approved by Mortgagee and cause all policies and renewals thereof, together with receipts showing payment of the premium therefor, to be deposited with the holder of this mortgage at least ten days prior to the expiration of any existing insurance; that Mortgagor will pay all taxes and assessments now or hereafter levied upon or charged against the mortgaged property or on account thereof and against this mortgage and the debt hereby secured and the interest thereon and exhibit to the holder of this mortgage official receipts showing payment thereof ten days before the delinquency of such taxes and assessments; and that if any such taxes, assessments or insurance premiums be not so paid or the property be wasted or threatened with waste, or if the mortgaged property becomes subject to any such lien or encumbrance, or if the validity or priority of this mortgage be threatened Mortgagee at its option may advance the cost of paying or avoiding the same for the account of the Mortgagor without waiver or of any other right of Mortgagee by reason of such default of Mortgagor and the amount so advanced, together with interest thereon at the highest rate allowed by law, shall be added to and become a part of the debt hereby secured and be immediately due and payable. Mortgagee shall be the sole judge of the legality and validity of any tax, lien or charge and official receipts therefor shall be conclusive evidence of the payment, amount and validity thereof unless Mortgagor in good faith is diligently contesting the same and shall have indemnified the Mortgagee therefor to its satisfaction.

Mortgagor further covenants: To pay to Mortgagee at the time of and in addition to the regular installments of principal and interest payable under the terms of said note a pro rata portion of the taxes and insurance premiums estimated by the Mortgagee next to become due so that thirty days before the delinquency thereof Mortgagee will have on hand an amount sufficient to pay the next maturing taxes and insurance premiums. The amount of the additional payment to be made on account of taxes, assessments and insurance premiums shall be adjusted annually or more frequently as Mortgagee deems necessary and any deficit shall be immediately paid by Mortgagor upon request and any surplus shall be credited on the mortgage account. Subsequent payments on account of taxes, assessments and insurance premiums shall be made in accordance with the next estimate by the Mortgagee of annual requirements. Moneys paid to Mortgagee on account of taxes, assessments or insurance premiums shall not bear interest and, in the event of default of the Mortgagor, Mortgagee at its option may apply any moneys in this account to any part of the debt secured hereby.

At the option of the Mortgagee, the proceeds of a loss under any policy, whether endorsed payable to the Mortgagee or not, may be applied in payment of the principal, interest or any other sums secured by this instrument, whether due or not, or to the restoration or replacement of any building on such premises, without in any way affecting the lien of this instrument or the obligation of the Mortgagors or any other person for payment of the indebtedness hereby secured, whether such Mortgagors be the then owners of said premises or not.

All covenants hereof shall run with the land and shall not be extinguished by any foreclosure. Upon payment of the mortgage debt in full and complete performance hereof by Mortgagor, Mortgagee shall execute and deliver to Mortgagor or the payer a proper satisfaction of this mortgage for record at the latter's expense.

An event of default on the part of Mortgagor within the meaning of this mortgage shall be deemed to exist in the event of any default in the payment of interest or any installment of principal or if there be any breach in the performance or observance of the Mortgagor's covenants hereunder or if any court of competent jurisdiction renders a decision that this mortgage is not a first lien upon the whole of the mortgaged property or if Mortgagor shall assign the rents or any part of the rents of the mortgaged property without the prior written consent of Mortgagee or if there be an actual or threatened demolition or removal of any building erected or to be erected upon said premises or any waste of the mortgaged property. If an event of default shall exist as herein defined, it shall be optional with the Mortgagee to accelerate the maturity of said note and to declare the entire mortgage indebtedness immediately due and payable without notice and to foreclose this mortgage and without waiving any other remedy or right, Mortgagee shall also at its option be entitled, either prior to, upon, or subsequent to, the commencement of foreclosure proceedings, to enter into possession of the mortgaged property, cause the same to be operated and to receive and collect all rents, issues, income and profits therefrom, applying the same to the cost of operation, upkeep and maintenance of the property, taxes, assessments, insurance and the payment of the mortgage indebtedness, and in addition, without waiving any other remedy or right, Mortgagee shall also be entitled without notice to apply for and secure the appointment of a receiver of the mortgaged property to operate the same and to collect all the rents, income, issues and profits thereof and apply the same to the cost of the receivership, expenses of operation, upkeep and maintenance of the property, taxes, assessments and insurance, and to apply the balance upon the mortgage indebtedness. Any installment of principal or interest not paid when due shall bear interest at the highest rate allowed by law from date of default until paid.

In the event of the passage hereafter of any law of the State of Oregon deducting from the value of land for the purpose of taxation any lien thereon, or providing for the taxation of mortgages or debts secured by mortgage, or changing the manner of the collection of taxes, so as to affect the interest of the Mortgagee, the holder of this mortgage or of the debt which it secures, shall have the right upon thirty days written notice to the last known owner of the mortgaged property to accelerate the maturity of the entire mortgage indebtedness and require immediate payment thereof.

Mortgagor further covenants to pay to Mortgagee a reasonable sum as attorneys' fees and the reasonable cost of searching records and abstracting title and all other costs and expense which Mortgagee may reasonably incur in any negotiation or suit which the Mortgagee brings or is made a party to for the purpose of collecting the debt secured hereby or any part thereof or to foreclose this mortgage or to enforce, defend or protect the prior lien and security hereof, all of which sums shall be a part of the indebtedness secured by this mortgage. Acceleration of maturity once claimed hereunder by Mortgagee may, at the Mortgagee's option, be set aside.

Mortgagor further agrees, without expense to the mortgagee, to furnish an annual audit of the motel operation, showing total rents received from each tenant and total expenses together with annual balance sheets and profit and loss statements prepared by a Certified Public Accountant, within 120 days after the close of each fiscal year; and such interim balance sheets and profit and loss statements as may be required by the mortgagee.

1955

DATED at Portland, Oregon, this 2nd day of September, 1965

Curtis O. Baney (Seal)  
Curtis O. Baney  
Myrtle Baney (Seal)  
Myrtle Baney  
Melvin W. McCollum (Seal)  
Melvin W. McCollum  
Edna May McCollum (Seal)  
Edna May McCollum  
Melvin W. McCollum (Seal)  
Melvin W. McCollum, Guardian of Julie  
Ellen McCollum and Scott M. McCollum, Minors

INDIVIDUAL

STATE OF OREGON

County of Klamath } ss.

I, the undersigned Notary Public for the State of Oregon, do hereby certify that on this 15<sup>th</sup> day of September, 1965, personally appeared before me, Curtis O. Baney, Myrtle Baney, Melvin W. McCollum and Edna May McCollum, and Melvin W. McCollum, Guardian of Julie Ellen McCollum and Scott M. McCollum, Minors to me known to be the person s. described in and who executed the foregoing mortgage, and each acknowledged to me that he signed and sealed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

Curtis W. Hooley  
Notary Public for the State of Oregon

My Commission expires 6-2-66

CORPORATE

STATE OF OREGON

County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, a Notary Public for the State of Oregon, personally came \_\_\_\_\_ and \_\_\_\_\_ to me known to be the \_\_\_\_\_, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath each stated that he was authorized to execute said instrument, and that the seal affixed thereto is the corporate seal of said corporation.

\_\_\_\_\_  
Notary Public for the State of Oregon

My Commission expires \_\_\_\_\_

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 24th day of September, A.D. 1965 at 10:20 o'clock A.M., and

duly recorded in Vol. M-65, of Mortgages on File 1953.

DONALD H. ROGERS, County Clerk

Fee 4.50

By Laura M. Hamilton