

MORTGAGE

Know All Men by These Presents, that

RONALD E. PHAIR and LORRAYNE PHAIR, husband and wife

hereinafter named the mortgagor (whether one or more) including the successors in interest of the mortgagor, in consideration of the sum of

THIRTY-SEVEN THOUSAND SEVEN HUNDRED SEVENTY-THREE AND 87/100 _____ Dollars,
the receipt whereof is hereby acknowledged, paid to the mortgagor by COMMONWEALTH, INC., an Oregon corporation, with its offices at
Portland, Oregon, hereinafter named the mortgagee, including its successors in interest, has granted, bargained, sold and conveyed and does by
these presents grant, bargain, sell and convey unto the mortgagee all of the following described real property lying and being in Klamath
County, State of Oregon, to-wit:

Lots 8, 11, 15, 16 and 17, Block 1, Lots 4, 5, 6, 8 and 13, Block 2, KELENE GARDENS, and
A tract of land situated in the N. 1/2 NE 1/4 NE 1/4 of Section 15, Township 39 S.,
Range 9 E. of the Willamette Meridian. Beginning at the S. W. corner of Lot 19, Block 1,
KELENE GARDENS, thence S. 88°39' E. 259.3'; thence N. 0°10' W. 119.4'; thence S. 88°49' E.
560'; thence S. 0°10' E. to the S. W. corner of Lot 13, Block 2; thence S. 88°39' E. 180'
thence S. 0°10' E. 30'; thence N. 88°39' W. 999.4'; thence N. 0°02' W. 30' to the point
of beginning. AND

A portion of the N. E. Quarter of the N. E. Quarter (NE 1/4 NE 1/4) of Section 15,
Township 39 S., Range 9 E. of the Willamette Meridian, more particularly described as
follows: Beginning at a point in the Westerly line of Summers Lane which lies N. 88°49'
W. 30', and S. 0°10' E. 610.4' from the N. E. corner of Section 15, Township 39 S. Range 9
E.W.M., running thence S. 0°10' E. 60'; thence N. 88°39' W. 275.4'; thence S. 0°10' E.
313.5'; thence N. 88°39' W. 1020.8', more or less to a point in the W. line of the
NE 1/4 NE 1/4 of said Section 15; thence N. 0°2' W. 533.5', thence S. 88°49' E. 1018',
thence S. 0°10' E. 160', thence S. 88°49' E. 275.4', more or less to the place of
beginning;

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including all buildings and improvements thereon, or that may hereafter be erected thereon; together with all and singular the tenements, here-
ditaments, appurtenances and all other rights thereunto belonging or in any wise now or hereafter appertaining, and the rents, issues and profits
thereof (provided, however, that the mortgagor shall be entitled to collect and retain the said rents, issues and profits until default hereunder),
and all fixtures now or hereafter attached to or used in connection with said real estate, whether or not the same have or would become part
of said real estate by attachment thereto, including without in any wise limiting the generality of the foregoing, all furnaces, heaters, stoves,
ranges, mantels, gas and electric light fixtures, refrigerating apparatus, floor coverings, elevators, screens, screen doors, awnings, blinds, gas and
oil tanks and equipment, pipes, wires and plumbing, all of which shall be considered as annexed to and forming a part of the freehold and be
subject to the lien of this mortgage.

TO HAVE AND TO HOLD, said property unto said mortgagee, its successors and assigns, forever.

And said mortgagor does hereby covenant to and with said mortgagee, its successors and assigns, that said mortgagor is lawfully seized
in fee simple of the property above described and every part thereof; there are no liens or encumbrances against or upon the same and none
superior to this mortgage will be created or suffered by the mortgagor during the life of this mortgage; and that said mortgagor will forever war-
rant and defend the same unto the said mortgagee, its successors and assigns forever against the lawful claims and demands of all person whom-
soever. No portion of said property shall be used for any unlawful purposes.

This conveyance is intended as a mortgage to secure the performance of the obligations and covenants herein required by the mortgagor
to be kept and performed, and to secure the payment of the aforesaid principal sum and the interest thereon from date, payable semi-
annually, and attorney's fees, according to the tenor of a certain promissory note of even date, executed by the mortgagor to the
mortgagee, providing for the payment of said principal sum in installments, the last installment maturing on December 27, 1967.
Said note provides that installments on principal and interest shall bear interest at the rate of Ten per centum (10%)
per annum after maturity and that default in the payment of any installment of principal or interest, at the option of the holder, will render the
whole amount of said note then unpaid due and collectible.

This mortgage shall also secure additional loans hereafter made by the then holder of this mortgage and the note secured by this mortgage
to the then owner of the real estate described herein, provided that no such additional loan shall be made if the making thereof would cause the
total principal indebtedness secured hereby to exceed the amount of the original principal indebtedness stated herein. Each such additional
loan shall be evidenced by a note or other evidence of indebtedness identifying such additional loan as part of the indebtedness secured hereby,
and shall mature not later than the then maturity date of the original indebtedness secured hereby. Nothing herein contained shall imply any
obligation on the part of any holder of said note to make any such additional loan.

NOW, THEREFORE, if the said mortgagor shall pay said mortgagee, its successors or assigns, the sum of THIRTY-SEVEN
THOUSAND SEVEN HUNDRED SEVENTY-THREE AND 87/100 _____ Dollars (\$7,773.87)
with interest thereon, according to the tenor and effect of said note, and of any renewal or renewals thereof or of any part thereof, and shall
repay any and all additional loans made as provided above in accordance with the terms of the note or notes evidencing such additional loans

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and renewal or renewals thereof, or of any part thereof, and shall keep and perform all and singular the covenants and agreements herein contained, for said mortgagor to keep and perform, then these presents shall cease and be void, but otherwise shall remain in full force and effect.

And said mortgagor hereby covenants and agrees with said mortgagee, its successors and assigns, as follows:

FIRST: that the mortgagor will pay the indebtedness hereby secured and if default be made in the payment of any installment of principal or interest or in performance of any of the covenants, stipulations or agreements herein contained, the mortgagee, its successors or assigns, at its option and without notice, shall have the right to declare the entire sum hereby secured due and to foreclose this mortgage in the manner provided by law, whether said note is due by lapse of time or not; and if any action or suit is brought for the foreclosure of this mortgage or the collection of said note, the mortgagor will pay such attorneys' fees as the court may adjudge reasonable in such suit or action.

SECOND: that so long as said note, or any other indebtedness secured hereby shall remain unpaid, in whole or in part, said mortgagor will pay all taxes, assessments and other charges that may be levied or assessed upon or against said property, this mortgage, and the debt secured hereby, before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to the mortgagee, and will comply with and be bound by all rules and regulations of any governmental authority affecting said property and of any governmental agency having an interest in the loan secured hereby.

THIRD: that said mortgagor will keep all the buildings now or hereafter erected on said premises and the grounds and shrubbery, if any, surrounding said buildings, together with all personal property, if any, covered by the lien hereof, in good order, repair and condition and will not do or permit waste of the property hereby mortgaged. Upon any failure of the mortgagor to maintain said improvements or otherwise perform the mortgagor's obligations, as set forth in this paragraph, the mortgagee may, at its option, cause reasonable maintenance work to be performed at the cost of the mortgagor, and any amounts so paid by the mortgagee, with interest thereon at the rate set forth in the note secured hereby, shall, if not repaid by the mortgagor upon demand, thereupon become a part of the indebtedness secured by this instrument without waiver of any rights arising from the breach of any of the covenants hereby; or, if the mortgagee shall so elect, the entire debt secured by this mortgage shall at once become due and payable, and all notice of such election is hereby waived.

FOURTH: that so long as said note, or any other indebtedness secured hereby, shall remain unpaid, in whole or in part, said mortgagor will keep the buildings now erected, or any which may hereafter be erected on said premises, together with all personal property, if any, covered by the lien hereof, insured against loss or damage by fire and such other hazards, including but not limited to, war risks, and in such manner as the mortgagee may require, to the extent of not less at any time than the aggregate principal indebtedness secured hereby at any time as to each such risk (provided, however, that if any of the policies of such insurance contain any conditions or provisions as to co-insurance, the property shall be kept insured for a sufficient amount also to comply with such co-insurance condition) in such company or companies acceptable to said mortgagee, or in such company or companies as said mortgagee may, at its election, specify, and for the benefit of said mortgagee, and will deliver the policies and renewals for all insurance on said property with suitable and satisfactory mortgage clauses endorsed thereon, to said mortgagee promptly after the issue thereof; and should the mortgagor fail to obtain such insurance or to deposit said policies as herein provided, or deposit renewals of said policies seven (7) days before any such policies expire, said mortgagee may procure said insurance, or renewals, at the expense of said mortgagor and any amounts paid therefor by the mortgagee, with interest thereon at the rate set forth in the note secured hereby, shall, if not repaid by the mortgagor upon demand, thereupon become a part of the indebtedness secured by this instrument. In the event of loss, the mortgagor will give immediate notice by mail to the mortgagee, and the mortgagee may make proof of loss if not made promptly by the mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the mortgagee instead of to the mortgagor and the mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of foreclosure of this mortgage, or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

FIFTH: that at any time during the life of this mortgage, if any law of the State of Oregon shall be enacted imposing or authorizing the imposition of any specific tax upon mortgages or upon principal or interest of moneys or notes secured by mortgages or by virtue of which the owner of the premises above described shall be authorized to pay any tax upon any such moneys, note or mortgage, or either of them, and deduct the amount of such tax from any such moneys, note or mortgage, or by virtue of which any tax or assessment upon the mortgaged premises shall be chargeable against the owner of said moneys, note or mortgage, or in the event the mortgage debt or the income derived therefrom becomes taxable under any law of the State of Oregon, then the principal sum hereby secured, with all accrued interest thereon, at the option of the mortgagee, at any time after the enactment of such law, shall become due and immediately payable, whether due by lapse of time or not; provided, however, that if notwithstanding any such law, the mortgagor may lawfully and shall pay or offer to pay to or for the mortgagee, its successors or assigns, any such tax, this mortgage shall remain the same as if such law or laws had not been passed.

And it is further expressly understood and agreed as follows:

1. Should said mortgagor fail to pay any installment of principal or interest, as the same becomes due, the entire debt secured by this mortgage shall at once become due and payable, if the mortgagee so elects, and all notice of such election is hereby waived.

2. Should said mortgagor fail to pay any taxes or any installment of any assessment for local improvements heretofore or hereafter made, which is or may be payable in installments and which is or may become a lien on said premises, within fifteen (15) days after the same shall become due, the entire debt secured by this mortgage shall at once become due and payable, if the mortgagee so elects, and all notice of such election is hereby waived.

3. The mortgagor agrees that if the mortgagee shall so require, the mortgagor will, in lieu of making payment of taxes, assessments and insurance premiums directly to the taxing authorities and insurance companies, pay to the mortgagee on each installment payment date such additional sum as shall in the aggregate provide the mortgagee with sufficient funds, as estimated by the mortgagee, to pay such taxes, assessments and insurance premiums when the same become due, and the mortgagee agrees to apply such funds for that purpose. In the event such additional funds shall be insufficient to meet such payments when they accrue, the mortgagor will, upon request of the mortgagee, immediately provide such further sum as may be necessary to meet the deficiency, and in the event that such additional money shall be in excess of the amount required, such excess shall be applied upon the next maturing payments of taxes, assessments and insurance premiums. Should the mortgagor fail to make payment of any taxes, assessments, insurance premiums or other charges payable by the mortgagor, either by direct payment or by providing the mortgagee with funds with which to make such payment, said mortgagee may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured by this mortgage, 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 mortgagor, shall be bound to the same extent that they are bound for the payment of the obligations herein described, and all such payments shall be immediately due and payable without notice, and the non-payment thereof shall, at the option of the mortgagee, render all sums secured by this mortgage immediately due and payable and constitute a breach of this mortgage.

4. Should said mortgagor permit any lien for labor or materials to be filed against said mortgaged premises or any part thereof, and remain unpaid for more than fifteen (15) days, the mortgagee shall have the right, at its option, to pay and satisfy said lien or liens, and add the amount so paid to the mortgage debt to be secured by this mortgage; provided, however, that if the mortgagor shall notify the mortgagee that the mortgagor is contesting any such lien and shall indemnify the mortgagee with respect to such lien in such manner as the mortgagee may require, the mortgagee shall not pay such specified lien, and the mortgagor's failure to pay the same shall not constitute a breach of this mortgage; or should said mortgagor fail to complete any and all buildings and improvements, now or hereafter in course of construction or repair on said mortgaged premises, within five (5) months of the date hereof, and should said mortgagor fail to pay all costs and expenses incident thereto, the mortgagee shall have the right, at its option, to complete the construction or repair of said buildings and improvements (the mortgagor hereby expressly appointing the mortgagee as agent for such purpose) and any sums of money so expended by the mortgagee for completing the construction or repair of said buildings and improvements and for the payment of any existing claims for labor or materials, or both, shall be included in and added to the mortgage debt, to be secured hereby; or the mortgagee, at its option, may declare all sums secured by this mortgage immediately due and payable. It is expressly understood and agreed that all claims paid by the mortgagee under this paragraph shall be conclusive upon the mortgagor as to the validity and amount of such claims.

5. In the event that any portion or all of said mortgaged property shall be taken under the right of eminent domain or condemnation, the mortgagee shall have the right, if it so elects, to require that all or any portion of the moneys payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by the mortgagor in such proceedings, shall be paid to the mortgagee and applied by it first upon any reasonable costs and expenses and attorneys' fees necessarily paid or incurred by the mortgagee in such proceedings, and the balance applied upon the indebtedness secured hereby; and the mortgagor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon the mortgagee's request.

6. Said mortgagor agrees to and will repay to said mortgagee all reasonable expenses paid or incurred by it in procuring satisfactory proof of mortgagor's title to said mortgaged property, or mortgagee's title insurance policy with respect thereto, or in procuring abstract of title and opinion of competent attorney thereon, or title reports, and any amounts so paid, if not repaid to said mortgagee upon demand, shall, with interest thereon from time of payment at the rate set forth in the note secured hereby, be deemed a part of the indebtedness secured by this mortgage. The mortgagor's covenants in this Paragraph 6 extend to and include all reasonable expenses incurred by the mortgagee in obtaining title reports or abstract of title covering the mortgaged property in the event the mortgagee commences a suit to foreclose this mortgage after default hereunder.

7. As an additional security and pledge for the payment of said indebtedness, and subject to the terms and provisions of this mortgage, said mortgagor hereby bargains, sells and assigns to said mortgagee all the rents, issues and profits of said property accruing after a default hereunder and if a default hereunder shall occur and continue for a period of thirty (30) days, and suit shall be filed to foreclose this mortgage, the court shall, on motion or application of said mortgagee, either at the time of filing such suit or thereafter, and without regard to the condition of such property at such time, appoint a receiver to collect the rents, issues and profits of said property during the pendency of such foreclosure and apply such rents, issues and profits to the payment, pro tanto, of the amounts due under this mortgage, first deducting all proper charges and expenses of such receivership, and paying all taxes or assessments levied or assessed against said property and then unpaid, and said mortgagor agrees forthwith to surrender possession of said property to any receiver so appointed.

8. In the event that the mortgaged property shall consist of real and personal property constituting an operating entity, such as an apartment house, industrial plant, hotel or furnished dwelling, it is agreed that all of said mortgaged property, both real and personal, whether such personal property be actually affixed to said real property or not, together with any and all additions thereto, may, at the option of the mortgagee, be sold upon foreclosure, either as a unit including both real and personal property subject to redemption as a unit, or separately; and in the event that such personal property shall be sold separately, such sale shall be in accordance with the procedure applicable to the sale of personal property upon the foreclosure of a chattel mortgage, with no right of redemption.

9. In the event of this mortgage being foreclosed or any proceeding being brought for that purpose, said mortgagor promises and agrees to pay such additional sum as the court may adjudge reasonable as attorneys' fees in such foreclosure or other proceeding, in addition to the costs and disbursements allowed by law, and such attorneys' fees and costs and disbursements shall be secured by the lien of this mortgage. If the mortgagee is made or becomes a party to any suit or action by reason of this mortgage or the indebtedness thereby secured, the mortgagor will pay all expenses incurred by the mortgagee therein, including a reasonable attorneys' fee, and such expenses, including a reasonable attorneys' fee, shall be secured by the lien of this mortgage.

10. In the event of any transfer of the property herein described or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, the mortgagee may, without notice to the mortgagor or anyone else, extend the time of payment, execute releases or partial releases from the lien of this mortgage or in any other respect modify the terms hereof without thereby affecting the personal liability of the mortgagor for the payment of the indebtedness hereby secured.

11. As additional security for the payment of said indebtedness, the mortgagor further agrees to assign to the mortgagee, upon request by the mortgagee, and in such manner as the mortgagee may require, any and all leases now or hereafter, during the period of the mortgage, entered into by the mortgagor with respect to the above described real property, or any portion thereof.

12. If the mortgagor shall assign or attempt to assign said rents, issues or profits or any part thereof without the written consent of the mortgagee, or in case of the actual or threatened demolition or removal of any building on or to be erected upon said property, at the option of the mortgagee, the debt hereby secured shall immediately become due.

13. It is expressly understood and agreed that time and the exact performance of all the conditions hereof are of the essence of this contract.

In the event that this mortgage is executed by two or more mortgagors, the liability of each mortgagor shall be joint and several; and the covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties thereto.

IN WITNESS WHEREOF, said mortgagor has properly executed this instrument this 27th day of June, 1966.

Ronald E. Phair
Ronald E. Phair

Lorraine Phair
Lorraine Phair

STATE OF OREGON

County of Klamath

On this 27th day of June, 1966, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named Ronald E. Phair and Lorraine Phair who are known to me to be the identical individual s described in and who executed the within instrument, and acknowledged to me that they executed the same freely and voluntarily.

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

James A. Little
Notary Public for Oregon.
My commission expires: Sept 17, 1969

STATE OF OREGON

County of Klamath

On this 27th day of June, 1966

personally known, who being du STATE OF OREGON; COUNTY OF KLAMATH; ss and he, the said

Secreta Filed for record at request of Oregon Title Insurance Co.

the within named corporation, this 28 day of June A.D. 1966, at 3:33 o'clock P. M., said instrument was signed and sealed in behalf

duly recorded in Vol. M-66, of Mortgages on Page 6560.

acknowledge said instrument to
IN TESTIMONY WHERE

Fee \$4.50

DOROTHY ROGERS, County Clerk

By James A. Little