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This Indenture, made this 12th day of July, 1968, between  
Clifton E. Yates and Wanda L. Yates, husband and wife-----

-----herein-  
after called "Mortgagor", and THE FIRST NATIONAL BANK OF OREGON, PORTLAND, a national banking as-  
sociation, hereinafter called "Mortgagee";

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor has bargained and sold and  
does hereby grant, bargain, sell and convey unto the Mortgagee, all the following described property situate in  
Klamath County, Oregon, to wit:

That portion of the SW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 10, T 39 S, R 10 E, W.M.,  
Klamath County, Oregon more particularly described as follows:

Commencing at the  $\frac{1}{4}$  corner common to Sections 9 and 10, T 39 S, R 10  
E, W.M. Klamath County, Oregon; thence N 51° 22' 00" E, 1109.24 feet to a 5/8"  
iron pin marking the point of beginning for this description; thence WEST,  
741.62 feet to a 5/8" iron pin; thence NORTH, 339.65 feet to a 5/8" iron pin;  
thence EAST, 539.38 feet to a 5/8" iron pin; thence S 28° 22' 10" E, 122.99 feet  
to a 5/8" iron pin; thence S 36° 40' 25" E, 111.29 feet to a 5/8" iron pin; thence  
S 28° 32' 50" E, 161.82 feet to the point of beginning containing 5.00 acres more  
or less. Said bearings being based on recorded survey No. 245.

together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise  
appertaining; also all such apparatus, equipment and fixtures now or hereafter situate on said premises, as are ever  
furnished by landlords in letting unfurnished buildings similar to the one situated on the real property hereinabove  
described, including, but not exclusively, all fixtures and personal property used or intended for use for plumbing,  
lighting, heating, cooking, cooling, ventilating or irrigating, linoleum and other floor coverings attached to floors, and  
shelving, counters, and other store, office and trade fixtures; also the rents, issues and profits arising from or in con-  
nection with the said real and personal property or any part thereof.

**To Have and To Hold** the same unto the Mortgagee, its successors and assigns, forever.

And the Mortgagor does hereby covenant to and with the Mortgagee, that he is lawfully seized in fee simple  
of the said real property, that he is the absolute owner of the said personal property, that the said real and personal  
property is free from encumbrances of every kind and nature, and that he will warrant and forever defend the same  
against the lawful claims and demands of all persons whomsoever.

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This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained, to be by the Mortgagor kept and performed, and to secure the payment of the sum of \$22,400.00----

and interest thereon in accordance with the tenor of a certain promissory note executed by Clifton E. Yates and Wanda L. Yates, husband and wife-----

dated....., 19....., payable to the order of the Mortgagee in installments not less than \$ 165.54, each, including..... interest, on the...1st..... day of each month..... commencing October 1....., 1968, until August 1....., 1993, when the balance then remaining unpaid shall be paid.

The Mortgagor does hereby covenant and agree to and with the Mortgagee, its successors and assigns:

1. That he will pay, when due, the indebtedness hereby secured, with interest, and all liens and utility charges upon said premises or for services furnished thereto. In addition thereto, he will pay, at the time of payment of each installment of principal and interest, such amount as the Mortgagee shall estimate to be sufficient to produce, at least one month prior to the time when payment thereof shall become due, the amount of (a) taxes, assessments and other governmental rates and charges against said premises and (b) premiums upon insurance against loss or damage to said premises. If the sums so paid shall not suffice to produce the amount required for said purposes at least one month before payment thereof becomes due, he will also pay, upon demand, such amount as may be required therefor. The Mortgagee shall, upon the written direction of the Mortgagor, and may, without such direction, apply said funds to the purposes aforesaid, but the receipt of such funds shall not, in the absence of such direction, impose any duty upon the Mortgagee to disburse the same or relieve the Mortgagor from his covenants to pay the said obligations or to keep the premises insured.

2. That he will not commit or permit strip or waste of the said premises or any part thereof; that he will keep the real and personal property hereinabove described in good order and repair and in tenantable condition; that he will promptly comply with any and all municipal and governmental rules and regulations with reference thereto; that if any of the said property be damaged or destroyed by any cause, he will immediately reconstruct or repair the same so that, when completed, it shall be worth not less than the value thereof at the time of such loss or damage; provided, that if such loss or damage shall be caused by a hazard against which insurance is carried, the obligation of the Mortgagor to repair or reconstruct shall not arise unless the Mortgagee shall consent to the application of insurance proceeds to the expense of such reconstruction or repair.

3. That he will, at his own cost and expense, keep the building or buildings now or hereafter upon said premises, together with all personal property covered by the lien hereof, insured against loss by fire and against loss by such other hazards as the Mortgagee may from time to time require, in one or more insurance companies satisfactory to or designated by the Mortgagee in an aggregate amount not less than the amount of the indebtedness hereby secured (unless the full insurable value of such building or buildings is less than the amount hereby secured, in which event the Mortgagor shall insure to the amount of the full insurable value); that all policies of insurance upon said premises, including policies in excess of the amount hereinabove mentioned and policies against other hazards than those required, shall contain such provisions as the Mortgagee shall require and shall provide, in such form as the Mortgagee may prescribe, that loss shall be payable to the Mortgagee; that all such policies and receipts showing full payment of premiums therefor shall be delivered to and retained by the Mortgagee during the existence of this mortgage; that at least 5 days prior to the expiration of any policy or policies he will deliver to the Mortgagee satisfactory renewals thereof together with premium receipts in full; that if any policy or policies shall impose any condition upon the liability of the insurer or shall contain any "average clause" or other provision by which the insurer may be liable for less than the full amount of the loss sustained, he will, as often as the Mortgagee may require, provide the Mortgagee with all such evidence as it may request concerning the performance of such condition or the existence of any facts or the value of the property insured and, if it shall appear to the Mortgagee that the insurance is prejudiced by the acts or omissions of the Mortgagor or that the coverage is inadequate, the Mortgagor will do such acts and things and obtain such further insurance as the Mortgagee may require; that the Mortgagee may, at its option, require the proceeds of any insurance policies upon the said premises to be applied to the payment of the indebtedness hereby secured or to be used for the repair or reconstruction of the property damaged or destroyed.

4. That he will execute or procure such further assurance of his title to the said property as may be requested by the Mortgagee.

5. That in case the Mortgagor shall fail, neglect or refuse to do or perform any of the acts or things herein required to be done or performed, the Mortgagee may, at its option, but without any obligation on its part so to do, and without waiver of such default, procure any insurance, pay any taxes or liens or utility charges, make any repairs, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at 8% per annum and shall be secured hereby.

6. That, if any default be made in the payment of the principal or interest of the indebtedness hereby secured or in the performance of any of the covenants or agreements of this mortgage, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

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7. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum as the court may adjudge reasonable as attorney's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for extensions of abstracts or title searches or examination fees in connection therewith, whether or not final judgment or decree therein be entered and all such sums are secured hereby; that in any such suit, the court may, upon application of the plaintiff and without regard to the condition of the property or the adequacy of the security for this indebtedness hereby secured and without notice to the Mortgagor or any one else, appoint a receiver to take possession and care of all said mortgaged property and collect and receive any or all of the rents, issues and profits which had theretofore arisen or accrued or which may arise or accrue during the pendency of such suit; that any amount so received shall be applied toward the payment of the debt secured hereby, after first paying therefrom the charges and expenses of such receivership; but until a breach or default by the Mortgagor in one or more of his covenants or agreements herein contained, he may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

8. The word "Mortgagor", and the language of this instrument shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagor shall be binding upon his heirs, executors, administrators, successors and assigns and inure to the benefit of the successors and assigns of the Mortgagee. 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 any one 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 primary liability of the Mortgagor for the payment of the indebtedness hereby secured. No condition of this mortgage shall be deemed waived unless the same be expressly waived in writing by the Mortgagee. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, such notice, demand or request shall be sufficient if personally served on one or more of the persons who shall at the time hold record title to the property herein described or if enclosed in a postpaid envelope addressed to one or more of such persons or to the Mortgagor at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

In Witness Whereof, the Mortgagor, s. have hereunto set their hands and seals the day and year first hereinabove written.

x Clifton E. Yates (SEAL)  
Clifton E. Yates

x Wanda L. Yates (SEAL)  
Wanda L. Yates

(SEAL)

(SEAL)

STATE OF OREGON

County of Klamath

} ss.

July 12A. D. 1968Personally appeared the above-named Clifton E. Yates and Wanda L. Yates

and acknowledged the foregoing instrument to be their voluntary act and deed before me:

(Notary Seal)

Notary Public for Oregon.

My Commission Expires: My Commission Expires March 3, 1971

STATE OF OREGON; COUNTY OF KLAMATH;

Filed for record at request of Transamerica Insurance Co.this 16 day of July, A. D. 19 68 at 2:42 o'clock PM., andduly recorded in Vol. M-68, of Mortgages on Page 6146Fee 4.50

DOROTHY ROGERS, County Clerk

By Dorothy Rogers

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