FORM No. 7—MORTGAGE

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THIS INDENTURE, Made this ____ day of December, 19 69, between LEWIS J. FRANKENBERY and PATRICIA T. FRANKENBERY, husband and wife,

as mortgagor s, and DEAN HALL

as mortgagee,

WITNESSETH, That the said mortgagor s, for and in consideration of the sum of Twenty Four Thousand and No/100 Dollars ($24,000.00) to them paid by the said mortgagee, do hereby grant, bargain, sell and convey unto the said mortgagee and assigns those certain premises situated in the County of Klamath, and State of Oregon, and described as follows:

A portion of the SE 1/4 of NW 1/4 of Section 2, in Township 39 S., R. 9 E.W.M., described as follows: Beginning at a point on the South boundary line of said SE 1/4 of NW 1/4 of Section 2, 577 1/2 feet East of the Southwest corner of said SE 1/4 of NW 1/4 of Section 2; thence East along the South boundary line of said SE 1/4 of NW 1/4 of said Section 2, 82 1/2 feet; thence North and parallel to the West line of said SE 1/4 of NW 1/4 of said Section 2, 330 feet; thence West and parallel to the North line of said SE 1/4 of NW 1/4 of said Section 2, 82 1/2 feet; thence South and parallel to the West line of said SE 1/4 of NW 1/4 of said Section 2, 330 feet to the place of beginning; SAVING AND EXCEPTING THEREFROM, that portion deeded to the State of Oregon in Deed Volume 352 on page 308, records of Klamath County, Oregon, for the Dalles-California Highway.

SUBJECT TO: All future real property taxes and assessments; liens and assessments of Klamath Project and the Enterprise Irrigation District and regulations, contracts, easements and water and irrigation rights in connection therewith; rules, regulations and assessments of the South Suburban Sanitary District; access restrictions and slope easement, including the terms and conditions thereof, given by Dean Hall and Hazel V. Hall, husband and wife, to State of Oregon, dated April 10, 1964, recorded April 14, 1964, in Deed Volume 352 on page 308, Records of Klamath County, Oregon; reservations, restrictions, easements and rights of way of record and those apparent on the land.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, and assigns forever.

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THIS CONVEYANCE is intended as a Mortgage to secure the payment of the sum of Twenty Four Thousand and No/100 Dollars ($ 24,000.00) in accordance with the terms of that certain promissory note of which the following is substantially a copy, to-wit:

$24,000.00 Klamath Falls, Oregon, December [illegible] 1969

Each of the undersigned promises to pay to the order of DEAN HALL at First Federal Savings & Loan Association of Klamath Falls, Klamath Falls, Oregon, TWENTY FOUR THOUSAND AND NO/100, ($24,000.00), DOLLARS, with interest thereon at the rate of six (6) per cent per annum from January 1, 1970 until paid, payable as follows: The sum of $6,500.00 on January [illegible], 1970, and, the balance shall be payable at the rate of $200.00 per month, including interest, the first such payment to be paid on February 1, 1970, and a like payment on the 1st day of each month thereafter until the whole sum, principal and interest, is paid in full; if any of said installments is not so paid, the whole sum of both principal and interest shall become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, each of the undersigned promises and agrees to pay the reasonable collection costs of the holder hereof; and if suit or action is filed hereon, also promises to pay (1) holder's reasonable attorney fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney fees in the appellate court.

After January 1, 1971, the undersigned Obligors shall have the privilege of increasing any monthly payment or prepaying the entire balance at any time; PROVIDED, HOWEVER, Obligors shall in no manner prepay the foregoing note at any time prior thereto and in the event of Obligors default of this provision, the same being a material covenant, then and in such case, Obligors agree to pay to the holder of this note the sum of $5,000.00, said sum being liquidated and reasonable damages for said breach and deemed reasonable therefor, the actual damages being difficult to ascertain.

/s/ Lewis J. Frankenbery
Lewis J. Frankenbery

/s/ Patricia L. Frankenbery
Patricia L. Frankenbery

... will pay all taxes, assessments, and other charges of every nature which may be levied or assessed upon or against the said premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes which may be levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other incumbrances that might by operation of law or otherwise become a lien upon the mortgaged premises superior to the lien of this mortgage;

That they will keep all the improvements erected on said premises in good order and repair and will not commit or suffer any waste of the premises hereby mortgaged. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will 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 mortgagee.

That as long as this mortgage shall remain in force, THEY will keep the buildings now erected, or any which may hereafter be erected on said premises insured against loss or damage by fire, with [illegible]

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This indenture is further conditioned upon the faithful observance by the mortgagor s of the following covenants hereby expressly entered into by the mortgagor s, to wit:

That they are lawfully seized of said premises, and now have a valid and indefeasible fee simple title thereto, except as above set forth;

and that they will forever warrant and defend the same against the claims and demands of all persons whomsoever;

That they will pay the said promissory note and all installments of interest thereon promptly as the same become due, according to the tenor of said note ;

That so long as this mortgage shall remain in force they will pay all taxes, assessments and other charges of every nature which may be levied or assessed upon or against the said premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes which may be levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other incumbrances that might by operation of law or otherwise become a lien upon the mortgaged premises superior to the lien of this mortgage;

That they will keep all the improvements erected on said premises in good order and repair and will not commit or suffer any waste of the premises hereby mortgaged. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will 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 mortgagee.

That so long as this mortgage shall remain in force they will keep the buildings now erected, or any which may hereafter be erected on said premises insured against loss or damage by fire, with extended coverage, to the extent of $ insurable value in some company or companies acceptable to said mortgagee, and for the benefit of said mortgagee , and will deliver all the policies and renewals thereof to said mortgagee ;

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NOW, THEREFORE, if the said mortgagor s shall pay said promissory note , and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void; but otherwise to remain in full force and virtue as a mortgage to secure the payment of said promissory

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[illegible] insurable value [illegible] in such company or companies acceptable to said mortgagee and for the benefit of said mortgagee and will deliver all the policies and renewals thereof to said mortgagee.

NOW, THEREFORE, if the said mortgagor shall pay said promissory note and shall fully satisfy and comply with the covenants hereinabove set forth, then this conveyance shall be void, but otherwise to remain in full force and virtue as a mortgage to secure the payment of said promissory note in accordance with the terms thereof, and the performance of the covenants and agreements herein contained, it being agreed that any failure to make any of the payments provided for in said note or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on said note or unpaid thereon or on this mortgage, at once due and payable and this mortgage by reason thereof may be foreclosed at any time thereafter. And if the said mortgagor shall fail to pay any taxes or other charges or any lien or liens upon premises as herein provided to be done, the mortgagee shall have the option to pay the same and any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the rate of [illegible] per cent per annum without waiver, however, of any right arising from breach of any of the covenants herein.

In case a complaint is filed in a suit brought to foreclose this mortgage, the court shall, upon motion of the holder of the mortgage, without respect to the condition of the property herein described, appoint a receiver to collect the rents and profits arising out of said premises, and apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership.

In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all costs and disbursements allowed by law and such sum as the court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, together with the reasonable costs incurred by the mortgagee for title reports and title search, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Mortgagors shall have the right at any time to tear down and remove the existing buildings presently located upon said real property.

Mortgagors shall not be deemed to be in default in respect to the payments provided for in said note until ten (10) days have elapsed after the due date thereof.

IN WITNESS WHEREOF, the said mortgagor has hereunto set hand and seal the day and year first above written.

[illegible] (Seal)

[illegible] (Seal)

(Seal)

(Seal)

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STATE OF OREGON,

County of Klamath } ss

BE IT REMEMBERED, That on this 22nd day of December, 19 69, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named LEWIS J. FRANKENBERRY and PATRICIA I. FRANKENBERRY, husband and wife, 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.

[illegible]

Notary Public for Oregon

My Commission expires 8/13/73

MORTGAGE