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REAL PROPERTY MORTGAGE

This Indenture, made this 31 day of August, 19 71, by and between

Roy W. Edwards and Lorraine R. Edwards, husband and wife

hereinafter called Mortgagor, and Small Business Administration, an Agency of the United States, created by an Act of Congress and having an Office for the transaction of business in the City of Portland, State of Oregon, hereinafter called Mortgagee:

Witnesseth:

That the Mortgagor, in consideration of the sum of FOUR THOUSAND AND NO/100 Dollars (\$ 4,000.00), paid by the Mortgagee, does hereby grant, bargain, sell and convey unto Mortgagee, its successors and assigns, all and singular, the real property located in the County of Klamath, State of Oregon, described as follows:

Beginning at a point in the SW 1/4 SE 1/4 of Section 13, Township 39 South, Range 9 E. W. M., which is on the North right of way line of the County Road known as Airway Avenue, and which is North 30 feet, and East 1130 feet from the quarter corner common to Sections 13 and 24 of said Township and Range, and which point of beginning is the Southeast corner of a parcel of land described in contract of sale from Burrell W. Short et ux to Alton A. Short, et ux, dated March 9, 1948; thence North 210 feet to a point; thence East 208.00 feet to a point; thence South 210 feet to a point on the North line of Airway Avenue; thence West 208.00 feet, more or less, along the North line of Airway Avenue to the point of beginning.

Together with all buildings, structures, and improvements now located or which may hereafter be located, created or placed upon said described property, and all tenements, hereditaments, appurtenances, rights, easements, powers, privileges and immunities belonging or in any way appertaining thereto, and used or acquired for use in connection with its business.

This Indenture is intended as a Mortgage, and it is given to secure the payment by the Mortgagor to the Mortgagee of the following amounts in lawful money of the United States:

(a) The sum of FOUR THOUSAND AND NO/100 Dollars (\$ 4,000.00) with interest thereon at six and one-half percent (6-1/2 %) per annum, according to the terms of the Mortgagor's Note dated August 31, 1971 payable to the Mortgagee on or before four years from date hereof with provisions (among others) for periodical payments of principal and interest, for acceleration of all sums then due in certain contingencies, and for attorneys' fees in the event of suit thereon, and for judgment for any deficiency remaining after foreclosure and sale;

(b) Any extensions or renewals of the whole or any part of such indebtedness which the Mortgagee may see fit to grant;

(c) All sums which the Mortgagee may advance for the account of the Mortgagor, and all expenditures hereafter incurred by the Mortgagee, in accordance with subsequent provisions hereof or in accordance with the terms of said Note; and

(d) Any and all other indebtedness of the Mortgagor to the Mortgagee, including principal, interest, and/or expenses, whether contingent, now due or hereafter to become due, and whether heretofore or contemporaneously herewith or hereafter contracted or whether arising by operation of law out of the same or different transactions between the parties hereto or between others.

Said Note and this Mortgage represent a loan made in response to the written Application of the Mortgagor. As an inducement to the making and disbursement of the loan by the Mortgagee, the Mortgagor has made certain representations and has entered into various covenants and agreements, all as contained in such Application, in said Note, and in certain other written documents executed and delivered by the Mortgagor prior to the disbursement of any part of the loan. All of

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such representations, covenants and agreements contained in all such other documents are by this reference thereto included in this Mortgage as fully as if set forth at length herein.

This Indenture is conditioned upon the faithful and punctual observance by the Mortgagor of each and every covenant and agreement contained in said Note and in the other documents mentioned in the immediately preceding paragraph, and upon the following covenants and agreements now entered into by the Mortgagor:

- (a) The Mortgagor will punctually pay the indebtedness represented by said Note, and all other sums, the payment of which is called for in this Mortgage and in all other written instruments, the provisions of which are incorporated herein by reference.
- (b) The Mortgagor is lawfully seized in fee simple of all the real property described herein free and clear of any and all liens, encumbrances, defects, exceptions, conditions, limitations and reservations, except those expressly mentioned herein. Save for these express exceptions, if any, the Mortgagor will forever warrant and defend all such property against the claims of all persons whomsoever.
- (c) The Mortgagor will pay, before delinquency, all taxes, assessments, and other charges levied or assessed against the mortgaged property or any part thereof, or against this Mortgage or the Note or debt hereby secured; and will also, in like manner, pay all other governmental levies, imposts, and charges, whether State, Federal, municipal or local, upon the net or gross income or profits, business or property of the Mortgagor, expressly including (but not limited to) excises, license fees, franchise taxes, and levies for Social Security, and Workmen's Compensation; and will also promptly pay and satisfy any labor, materialmen's or mechanics' liens or other encumbrances that might, by operation of law or otherwise, become a lien upon or against the mortgaged property superior to, or on a parity with, the lien of this Mortgage. With respect to the foregoing, the Mortgagor will, within thirty (30) days after any tax or charge against the mortgaged property becomes due and payable, submit to the Mortgagee satisfactory evidence of payment of the same.
- (d) The Mortgagor will keep all improvements erected on the mortgaged property in good order and repair, and will not commit or suffer any waste of the premises hereby mortgaged.
- (e) The Mortgagor will fully comply with all statutes, ordinances and regulations, whether Federal, State, municipal or local having application to the mortgaged property.
- (f) The Mortgagor will provide and continuously maintain such insurance (in companies approved by, and in form satisfactory to, the Mortgagee) against all risks to the property of the Mortgagor as the Mortgagee may require (expressly including, but not limited to, adequate fire insurance upon all the improvements now located or hereafter placed on the mortgaged property, such fire insurance to be allocated to and between all the property covered in such manner as the Mortgagee may require) and the Mortgagor will pay the premiums (including renewals) on such insurance, and will cause all policies of fire insurance pertaining to the collateral for the loan, and all other policies when so required, to be delivered to the Mortgagee, all such policies to be payable to the Mortgagee as its interest may appear.
- (g) Without prior written consent of the Mortgagee, the Mortgagor shall not and will not sell or otherwise dispose of any of the above-mentioned real property.

Should the Mortgagor fail (a) to pay any taxes, assessments, or other governmental charges or levies, as hereinabove defined; or (b) to provide the insurance above called for, or to pay the premiums thereon; or (c) to discharge any liens or encumbrances in the manner above stated; or (d) to perform any one or more of the covenants and/or agreements herein contained which may require the payment of money; or (e) to make arrangements for the care, preservation, protection or maintenance of the mortgaged property, then the Mortgagee may, without waiving any right or remedy herein given for any such breach, at its sole option provide any such insurance and pay any such premiums, liens, taxes, expenses, or other items for the account and benefit of the Mortgagor, and all such expenditures shall be immediately repaid by the Mortgagor, will be secured hereby, and will draw interest from the date or dates of advancement at the rate specified in the above-mentioned Note with respect to the principal amount thereof.

Now, Therefore, if the Mortgagor pays all sums of money hereby secured as and when due, and fully performs each and all of the covenants and agreements set forth in this indenture, in said Note, or in any one or more of the other written instruments hereinabove mentioned and made a part hereof (it being expressly declared that time of payment or performance, wherever mentioned, is strictly of the essence hereof), then this conveyance will become void, but otherwise it will remain in full force and effect as a Mortgage to secure the payment, as and when due, of all sums herein agreed to be paid by the Mortgagor, and to secure the performance of the covenants and agreements herein contained or made a part hereof.

But if default be made in the payment of any sum hereby secured, as and when called for in said Note, in this indenture, or in any of such other written instruments; or in the event of a breach by the Mortgagor of any covenant or condition expressed in this Mortgage, in said Note, or in such other written instruments; or if the business of the Mortgagor be not continued as a going concern; or in the event any of the property hereby mortgaged be seized or levied upon under

any mesne, ancillary, or final process had against the Mortgagor; or if the Mortgagor, without the prior written consent of the Mortgagee, merge or consolidate the above-described business with that of any third person, firm or corporation; or if the Mortgagee at any time or for any reason deems itself or its security unsafe; then and in any of such events, all of the indebtedness hereby secured shall at the option of the Mortgagee forthwith become due and payable, and the Mortgagee will be entitled to the immediate possession of such property, and may at any time thereafter, at its election, foreclose this Mortgage in any manner prescribed by law; provided however, if any proceeding to declare the Mortgagor bankrupt, or for the reorganization of the Mortgagor's business, or for any arrangement with the Mortgagor's creditors (secured or unsecured) be begun by or against the Mortgagor pursuant to the National Bankruptcy Act (including any and all of the chapters and provisions thereof); or if any voluntary or involuntary proceedings for the appointment of a receiver affecting the business, property or assets of the Mortgagor be begun in any court; or if any assignment for the benefit of Mortgagor's creditors be made or attempted; or if the business or property of the Mortgagor, or any portion thereof, be surrendered to or come under the control of creditors or any committee or representative of creditors; or if the Mortgagor at any time becomes insolvent (as that term is understood under either State Law or the National Bankruptcy Act), then and in any of such events, all of the indebtedness hereby secured shall immediately become due and payable, without notice or demand, and the Mortgagee will be entitled to the immediate possession of such property, and may at any time thereafter at its election foreclose this Mortgage in any manner prescribed by law.

But until any such default occur, the Mortgagor may retain and continue in the quiet possession of all of the mortgaged property and in the full use thereof.

The waiver by the Mortgagee of the breach of any covenant may not be construed as waiving the breach of any other covenant, or a subsequent breach of the same covenant.

All rights herein conferred upon the Mortgagee are intended to be cumulative merely, and are not exclusive of any other rights or remedies which the Mortgagee may have.

Should any action or proceeding for the foreclosure of this Mortgage be begun, the Mortgagee will be entitled to recover, in addition to all other sums otherwise recoverable and costs of suit, the following items: (a) a reasonable attorney's fee; (b) all costs and expenses incurred in taking possession of, preserving, protecting, assembling, recovering, or marshaling any or all of the mortgaged property; (c) all costs of real estate reports preliminary to foreclosure, and (d) all other costs and expenses reasonably incurred in preserving or enforcing the rights hereby granted to the Mortgagee. In any such action or proceeding, Mortgagor expressly consents to a deficiency judgment, or to the recovery of any deficiency remaining after the foreclosure sale.

As an additional security and pledge for the payment of the indebtedness secured by this Mortgage, and subject to the terms and provisions of this Mortgage, said Mortgagor does hereby bargain, sell and assign to said Mortgagee all the rents, issues and profits of the mortgaged premises accruing after a default hereunder, and if a default hereunder shall occur and continue for a period of thirty (30) days and a bill of complaint shall be filed to foreclose this Mortgage, the Court shall, on motion or application of said Mortgagee, either at the time of filing such bill of complaint or thereafter, and without regard to the condition of said property at such time, appoint a receiver to collect the rents and profits of said premises 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 after paying all taxes or assessments levied or assessed against said property and then unpaid, and said Mortgagor waives notice of application for the appointment of a receiver after default, and agrees to forthwith surrender possession of said premises and property to any receiver so appointed.

Mortgagor herein covenants and agrees to promptly fulfill and perform all of the terms and conditions of any agreements or understandings constituting and granting a prior lien against any of the property mortgaged hereby, and further covenants and agrees to fulfill and perform all of the terms and conditions of any agreement relating to the purchase by Mortgagor of any of the property which is encumbered by this Mortgage. Failure of the Mortgagor to so fulfill and perform such covenants and conditions shall, at the option of the Mortgagee, constitute a default under the terms of this Mortgage. Mortgagee is hereby further authorized to cure any such default on behalf of and for the account of the Mortgagor. Expenditures or obligations made or incurred by the Mortgagee in connection with curing such defaults shall be added to, and become a part of, the indebtedness under the Note, payment of which is secured hereby.

Words of broad or general meaning shall in no wise be limited because of their use in connection with words of more restricted significance. The plural includes the singular, and vice versa, unless a contrary meaning obviously is intended. Where this indenture is executed by more than one Mortgagor, each is jointly and severally bound.

In Witness Whereof, the Mortgagor has caused this instrument to be executed the day and year hereinabove written.

Roy W. Edwards

Roy W. Edwards

Edward C. Shox

(Corporate Name)

Lorraine R. Edwards

Lorraine R. Edwards, his wife

(SEAL)

By:

President

Attest:

Secretary

State Of Oregon

SS.

(Corporate Acknowledgment)

County Of _____

On this day, there personally appeared before me _____

and _____

to me known to be the President and Secretary, respectively, of the Corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the Corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the corporate seal of the Corporation.

In Witness Whereof, I hereunto set my hand and official seal this _____ day of _____, 19 _____.

(SEAL)

Notary Public in and for the State of _____

Residing at _____

My Commission Expires: _____

State Of Oregon

SS.

(Individual Acknowledgment)

County Of Klamath

On this day there personally appeared before me _____

a Notary Public for State

John

Roy W. Edwards and Lorraine R. Edwards, husband and wife

to me known to be the individual s described in, and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

In Witness Whereof, I hereunto set my hand and official seal this _____ day of August, 19 71.

Beth P. Anderson

Notary Public in and for the State of Oregon,

Residing at 537 High, Klamath Falls, Aug

My Commission Expires: 4-11-75

(SEAL)

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Small Business Admr.

this 21st day of September A. D. 1971 at 2:44 o'clock P. M., and

duly recorded in Vol. M71, of Mtgs. on Page 10054

W. B. MILNE, County Clerk

By Cynthia A. [Signature]

Fee \$6.00

RETURN TO:
Small Business Administration
700 Jackson Street
S.E. S. W. Washington St.
Portland, Oregon 97205

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