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MORTGAGE

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	* * * * * Mortgagor
HENRY G. WOLFF and GERALD C. WOLFF *	Address
Star Poute, Chiloquin, Oregon 97624 *	Klamath Falls Branch
	Address
Juled States National Bunk of Clegarian Falls, Oregon 976	
the Hank has loaned	* * * DOLLARS est according to the terms of a promissory note dated the same as this

CONTRACTOR OF THE PROPERTY OF

\$125,000,00 which is repayable with interest according to the terms of a promissory note dated the same as this

To secure payment of the Indebtedness and performance of all obligations of Mortgagor under this mortgage, Mortgagor mortgages to the Bank on the terms set out below the following property in Klamath

All the following described real property situate in Klamath County; Oregon:

Parcel 1: Lots 3, 4, 5, 6, 11, 12, 13 and 14 in Section 17 and Lots 1, 2, 7, and 8 Section 18 all in Township 35 S., R. 7 E.W.M.

Parcel 2: Lots 20, 21, 28 and 29 Section 17 and Lots 17, 18, 21, and 22 Section 18; all in Township 35 South, Range 7 East, Willamette Meridian;

Lots 10 and 15 Section 17 Township 35 South, Range 7 East, Willamette Meridian. Parcel 3:

Lots 9, 10, 15, and 16 Section 18 Township 35 South, Range 7 East, Willamette Meridian. Parcel 4:

Lots 23 and 28 Section 18 Township 35 South, Range 7 East, Parcel 5: Willamette Meridian.

The Easterly 220 feet of Lots 4, 5 and 14 Section 20 Parcel 6: Township 35 S., R. 7 E.W.M.

All of Lots 26, 27, 24 and 25 in Section 18 Township 35 S., R. 7 E.W.M., lying East of the centerline of the old Dalles-California Highway, and that portion of said Lot 25 which is bounded on the South by a line parallel to and Parcel 7: 40 feet North of the South boundary line of said lot; on the West by Agency Lake; on the North by a line parallel to and 90 feet North of said boundary line of said lot, and on the East by the centerline of said old Dalles-California Highway.

Parcel 8: Lots 3, 6, and 12 Section 20 Township 35 South, Range 7
East, Willamette Meridian.

Lots 18, 19 and 23 Section 17 Township 35 South, Range 7 East, Willamette Meridian.

Lots 22, 27, and 30 Section 17 Township 35 South, Range 7 East, Willamette Meridian. Parcel 10:

SAVING AND EXCEPTING from the above described parcels any portion thereof lying within the following described parcel: Beginning at an iron pipe from which the Quarter-seggion corner common to Sections 17

an amount sufficient to comply with any co-insurance provision in any six months from the date of this mortgage and Mortgagor shall pay in policy. full all costs and expenses in connection with the work.

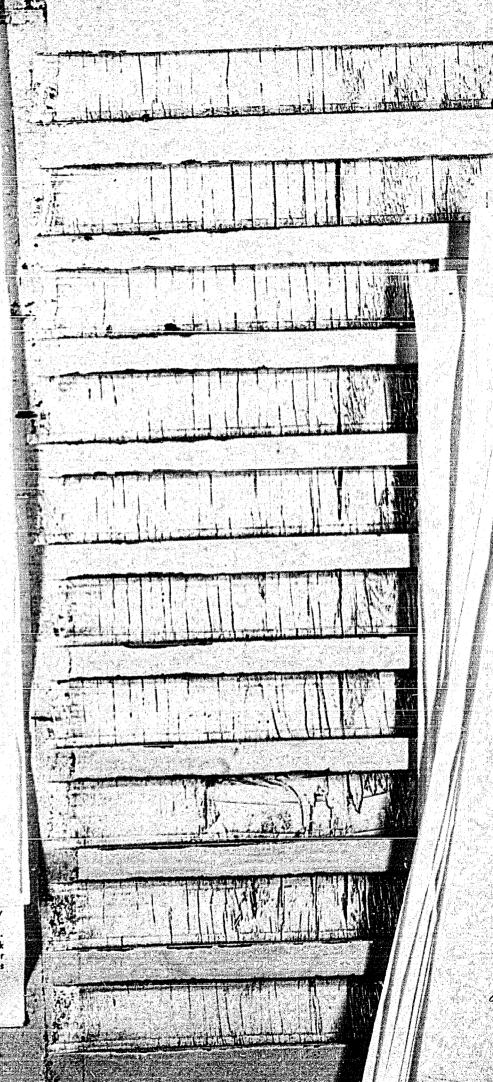
4.2 All policies of insurance on the Property shall bear an endorse-3. Taxes and Liens.

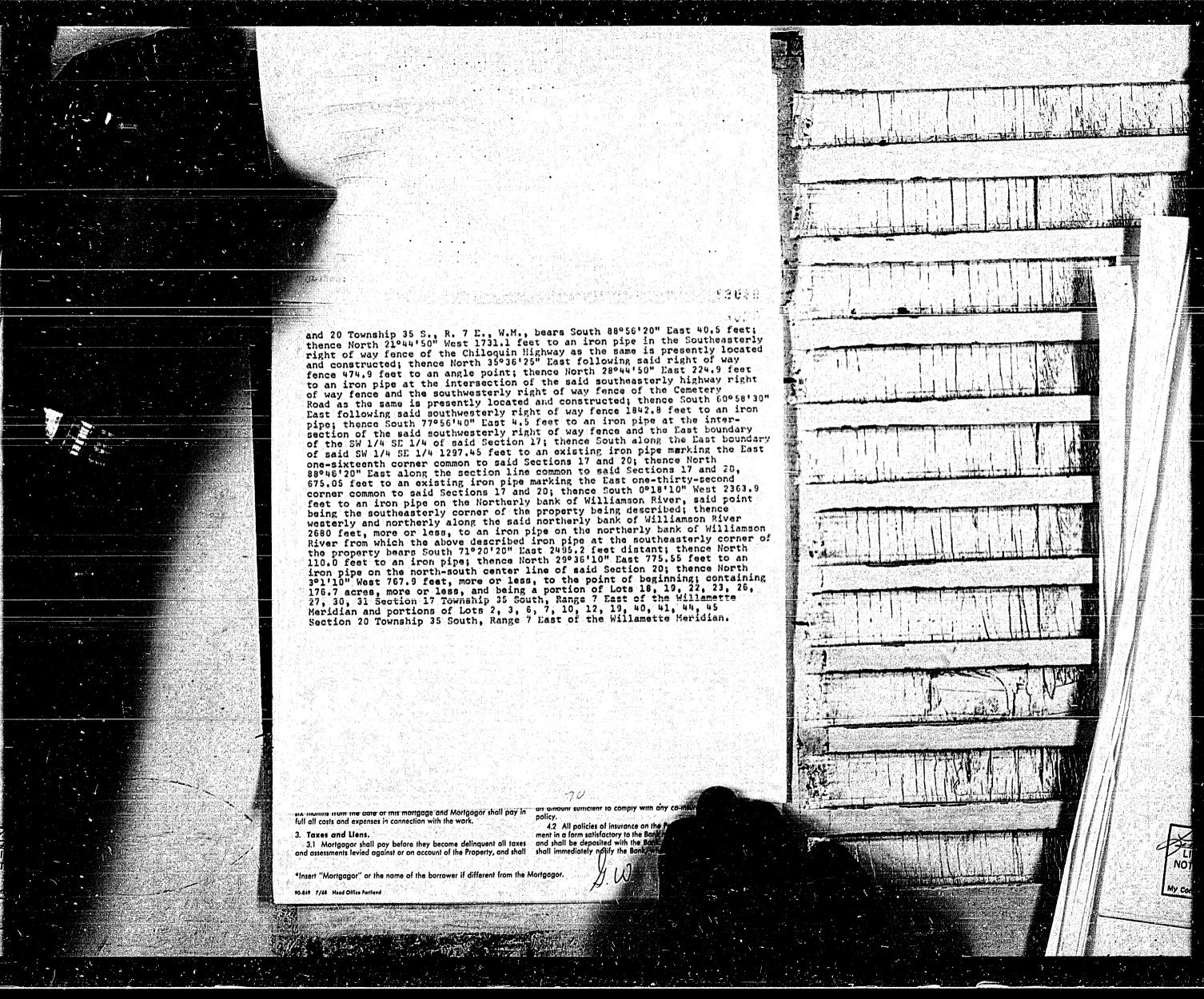
3.1 Mortgagor shall pay before they become delinquent all taxes and assessments levied against or an account of the Property, and shall immediately notify the Bank, who may make proof of loss if it is

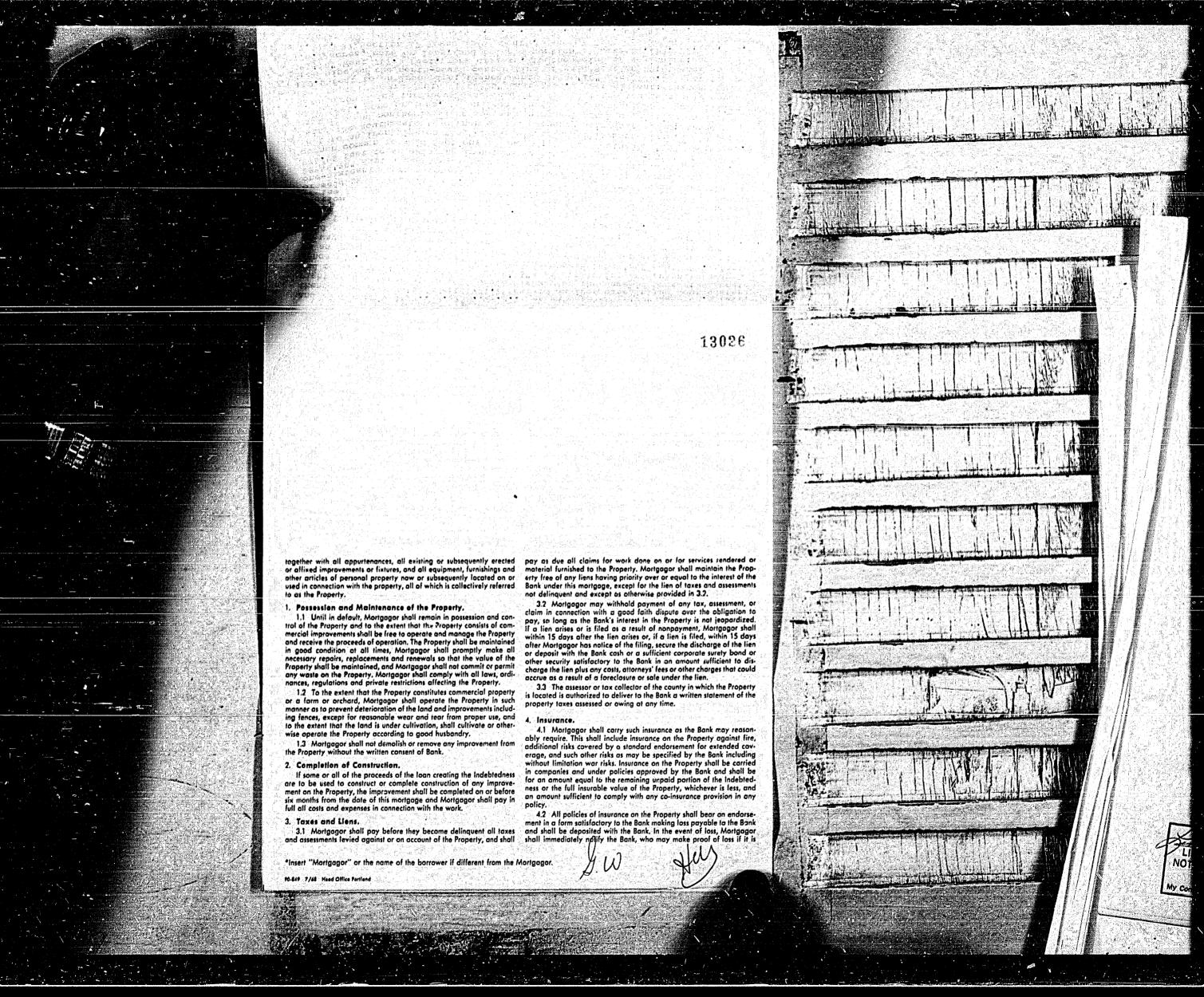
*Insert "Mortgagor" or the name of the borrower if different from the Mortgagor

Section Street









not made promptly by Mortgagor. Proceeds shall be paid directly to the Bank who may compromise with any insurance company and make a final settlement which shall be binding upon Mortgagor. The Bank may, at its election, apply the proceeds to the reduction of the Indebt-edness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Mortgagor.

5. Reserves; Mortgage Insurance Premiums.

5.1 The Bank may require Mortgagor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-governmental bodies) or premiums on insurance or both. The reserves shall be created by payment each month to the Bank of an amount determined by the Bank to be each month to produce, at least 30 days before they are due, amounts equal to or in excess of the taxes or insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums to be paid. or insurance premiums is insufficient, Mortgagor shall upon demand pay or insurance premiums is insurincent, mortgagor stati upon acrossis pay such additional sum as the Bank shall determine to be necessary to cover the required payment.

52 If the Bank carries insurance covering the repayment of all or any part of the Indebtedness, the premiums for such insurance shall be any part of the indepledness, the premium for such insurance finds be paid by Mortgagor, and the Bank may require Mortgagor to maintain a reserve for such purpose in the same manner as for taxes and insurance.

5.3 If Mortgagor desires to carry a package plan of insurance that includes coverage in addition to that required under this mortgage, the Bank may at its option establish and administer a reserve for that purpose. In such event the premium attributable to the required insurance coverage shall be quoted separately, and the Bank may permit Mortange to fundity a contract of the premium of the Bank may permit Mortange to fundity a contract of the Bank may permit Mortange to fundity a contract of the Bank may permit Mortange to fundity a contract of the Bank may permit Mortange to fundity and the Bank may permit Mortange to gagor to furnish a certificate of insurance rather than deposit the policy as required in 4.2. If at any time the Bank holds an insufficient amount in the insurance reserve to cover the premium for the entire package in the insurance reserve to cover a popular pay only that portion of the policy, the Bank may, at its discretion, pay only that portion of the premium attributable to the required insurance caverage. If the blanket policy does not permit such partial payment, the bank may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the parkage policy to lapte. The Bank may from time to time establish reasonable service charges for the collection and disbursement of premiums on package plan insurance.

6. Expenditures by the Bank.

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If Mortgagor shall fail to comply with any provision of this mortgage. If Mortgagor shall fail to comply with any portable take the required the Bank may, at its option, on Mortgagor's behalf take the required the Bank may, at its option, and mortgagor with the property in an admin shall be added to the Indebtedness. Amounts so added shall be payable on demand with interest of the rate of ten percent per annum from the date of expendiinterest of the rate of the Market Bank and the in addition to ture. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which the Bank may be entitled on account of the default, and the Bank shall not by taking the required action cure the default so as to bor it from any temedy that it otherwise would have had

7. Late Payment Penalty.

If any payment under the note is late by 15 days or more, the Bank may charge a penalty up to two cents for each dollar of payment so in arrears to cover the extra expense involved in handling delinquent payments. Collection of a late payment charge shall not constitute a waiver of or prejudice the Bank's right to pursue any other right or remedy available on account of the delinquency.

8. Warranty: Defense of Title.

B.1 Mortgagor warrants that he holds merchantable title to the Property in fee simple free of all encumbrances other than those enumerated in the litle policy, if any, issued for the benefit of the Bank in connection with this transaction and accepted by the Bank.

8.2 Subject to the exceptions in 8.1 above, Mortgagor warrants and will forever defend the title against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Mortgagor's title or the interest of the Bank under this mortgage, Borrower shall defend the action at his expense.

9. Condemnation.

9.1. If all or any part of the Property is condemned, the Bank may at its election require that all or any portion of the net proceeds of the award be applied on the Indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Mortgagor and the Bank in connection with the condemnation.

9.2 If any proceedings in condemnation are filed, Mortgagor shall promptly take such steps as may be necessary to defend the action and obtain the award.

10. Imposition of Tax by State.

10.1 The following shall constitute state taxes to which this para-(a) A specific tax upon mortgages or upon all or any part of

the Indebtedness secured by a mortgage.

(b) A specific tax on the owner of mortgaged property which the taxpayer is authorized or required to deduct from payments on the mortgage

(c) A tax on mortgaged premises chargeable against the mortgagee or the holder of the nate secured.

(d) A specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by a mortgagor.

10.2 If any state tax to which this paragraph applies is enacted subsequent to the date of this mortgage, this shall have the same effect as a default, and the Bank may exercise any or all of the remedies available to it in the event of a default unless the following conditions are

(a) Mortgagor may lawfully pay the tax or charge imposed by the state tax, and

(b) Mortgagor pays or offers to pay the tax or charge within 30 days after notice from the Bank that the tax law has been

Transfer by Mortgagor.

11.1 Mortgagor shall not, without the prior written consent of the Bank, transfer Mortgagor's interest in the Property, whether or not the transferee assumes or agrees to pay the Indebtedness. If Mortgagor or prospective transferee applies to the Bank for consent to such a transthe Book may require such information concerning the tros as would normally be required from a new loan applicant. The Bank shall not unreasonably withhold its consent.

11.2 As a condition of its consent to any transfer, the Bank may in its discretion impose a service charge not exceeding one percent of the original amount of the Indebtedness, any may increase the interest rate of the Indebtedness by not more than one percent per annum.

11.3 No transfer by Mortgagar shall relieve Martgagar of liability for payment of the Indebtedness following a transfer, the Bank may agree to any extension of time for payment or modification of the terms of this mortgage or the promissory note or waive any right or remedy under this mortgage or the promissory note without relieving Mortgagor from liability. Mortgagor waives notice, presentment and protest with respect to the Indebtedness.

12. Security Agreement; Financing Statements.

12.1 This instrument shall constitute a security agreement with respect to any personal property included within the description of the

172 Mortgager shall join with the Bank in executing one of 17.7 Mortgager shall join with the Bank in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Mortgagor's expense in all public offices where filing is required to perfect the security interest of the Bank in any personal property under the Uniform Commercial Code.

13. Release on Full Performance.

If Mortgagor pays all of the Indebtedness when due and otherwise performs all of its obligations under this mortgage and the note, the Bank shall execute and deliver to Mortgagor a suitable release and satisfaction of this mortgage and suitable statements of termination of any financing statements on file cridencing the Bank's security interest in arisonal property.

14 Default.

The following shall constitute events of default

14.1 Failure of Martgagor to pay any portion of the Indebtedness when it is due.

14.2 Failure of Mortgagor within the time required by this mortgage to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent liling of or discharge any lien.

14.3 Foilure of Mortgagar to perform any other obligation under this morrgage within 20 days after receipt of written notice from the Bank specifying the failure.

15. Rights and Remedies on Default.

15.1 Upon the occurrence of any event of default and at any time thereafter, the Bank may exercise any one or more of the following rights and remedies:

(a) The right at its option by notice to Borrower to declare the entire Indebtedness immediately due and payable.

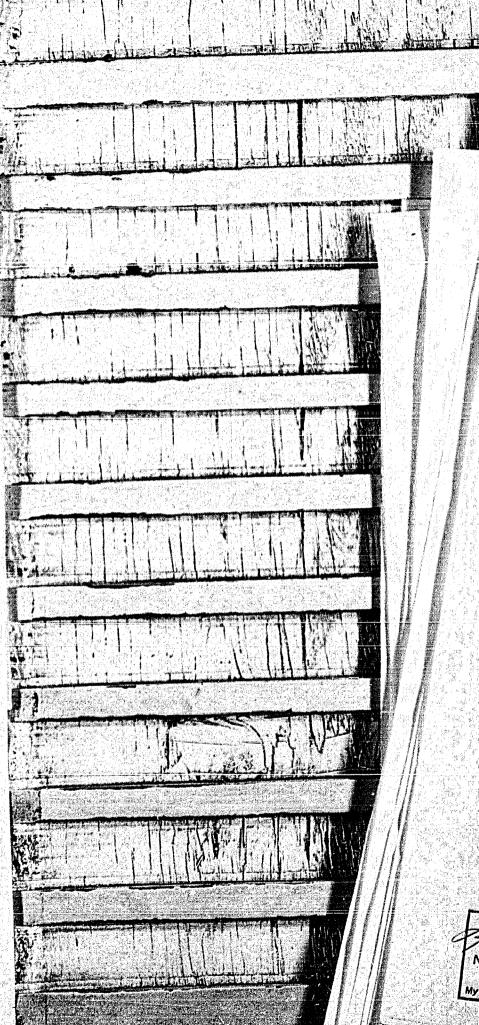
(b) With respect to all or any part of the Property that con-stitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

(c) With respect to all or any part of the Property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code.

(d) The right, without notice to Mortgagor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Bank's costs, against the Indebtedness. In furtherance of this right the Bank may require any tenant or other user to make payints of rent or use fees directly to the Bank, and payments by such tenant or user to the Bank in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(e) The right in connection with any legal proceedings to have a receiver appointed to take possession of any or all of the

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the Indebtedness secured by a mortgage. or not any proper grounds for the demand existed. (b) A specific tax on the owner of mortgaged property which the taxpayer is authorized or required to deduct from payments (e) The right in connection with any legal proceedings to a receiver appointed to take possession of any or all of the on the mortgage. 13028 to declare a default and exercise its remedies under this paragraph 15. to declare a default and exercise its remedies under this paragraph 13.

15.5 In the event suit or action is instituted to enforce any of the terms of this mortgage, the Bank shall be entitled to recover from Mortgagor such sum as the court may adjudge reasonable as Attorneys fees at trial and on any appeal. All reasonable expenses incurred by the Bank that are necessary at any time in the Bank's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyers reports attorneys opinions or title insurance, whether or not Property, with the power to protect and preserve the Property and Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by low. The Bank's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount. edness by a substantial amount. veyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the Indebtedness (1) Any other right or remedy provided in this mortgage or the promissory note evidencing the Indebtedness. 15.2 In exercising its rights and remedies, the Bank shall be free to sell all or any part of the Property together or separately or to sell certain partions of the Property and refrain from selling other partions. The Bank shall be entitled to bid at any public sale on all or any particle of the Property. payable on demand and shall bear interest at the rate of ten percent per annum from the date of expenditure until repaid. Any notice under this mortgage shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this mortgage. Either party may change the address for notices by written notice 16 Notice. 15.3 The Bank shall give Mortgagor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the property is to be made. Reasonable notice shall mean notice given at least tion of the Property. to the other party. ten days before the time of the sale or disposition. 17. Succession; Terms. 15.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other 17,1 Subject to the limitations stated in this mortgage on transfer of Marigagor's interest, this marigage shall be binding upon and inure to the benefit of the parties, their successors and assigns. omerwise to demand strict compliance with an appropriate provision. Election by the Bank to pursue any remedy shall not exclude 17.2 In construing this mortgage the term mortgage shall encompass the term security agreement when the instrument is being construed provision, Election by the pank to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Mortgagor under this mortgage after failure of Mortgagor to perform shall not affect the Bank's right with respect to any personal property. CORPORATE ACKNOWLEDGEMENT INDIVIDUAL ACKNOWLEDGEMENT STATE OF OREGON, County of STATE OF OREGON, County of Klamath December 13 Personally appeared the above-named who, being sworn, stated Henry C. Wolff and Gerald C. Wolff that he, the said. is a ______of Grantor corporation and that the seal affixed hereto is its seal and that this deed was voluntarily signed and sealed in behalf of the corporation by authority of its Board of Directors. ond he, the said and acknowledged the foregoing instrument to be their Before me: (SEAL) Notary Public for Oregon ublik loc Grégon nistión éxpires: ApxII 12, 1975 PARTNERSHIP ACKNOWLEDGEMENT ~UILLIG STATE OF OREGON ... County of THIS CERTIFIES that on this before me, the undersigned, a Notary Public in and for said County and State, the within named known to me to be the person__ named in and who executed the foregoing instrument and who acknowledged to me that _he_ executed said instrument freely and voluntarily for the purposes and use therein mentioned, on behalf of IN TESTIMONY WHEREOF, I have hereunto set my hand and notarial seal the day and year lost above written.

Notary Public in and for said County and State.

My commission expires

NO:

Nortgage

UNITED STATES NATIONAL BANK

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STATE OF ORECON

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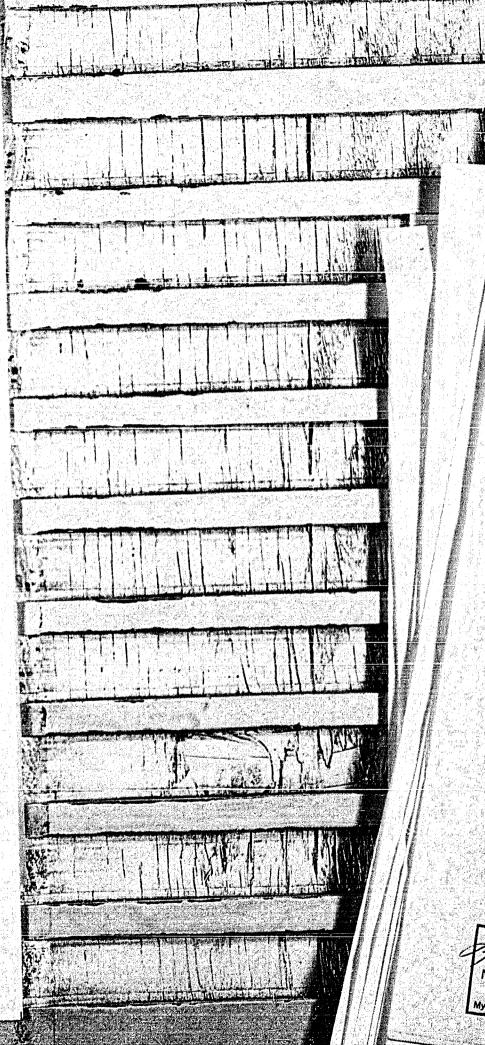
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