THIS MORTGAGE, Made this ... 19...75 , between TWIN CITY BUILDERS, INC. , a Corporation, duly organized and existing under the laws of the State of Oregon Mortgagor, and C. P. PEYTON and DORIS A. PEYTON Oregon hereinalter called the Mortgagee, 9334 sell and convey unto said mortgagee, his heirs, executors, administrators, successors and/or assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows: (See Exhibits A, B and C attached hereto and by this reference made a part hereof.) 5 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. theref To Have and to Hold the said premises with the appurtenances unto the said mortgagee, his heirs, time d executors, administrators, successors and/or assigns forever. This mortgage is intended to secure the payment of promissory note execut following is a substantial copy: \$35,000.00 follow North Bend, Oregon \$35,0 On the dates hereafter set forth, each of the undersigned promises to pay to the order of C. P. PEYTON and DORIS A. PEYTON at Klamath Falls, Oregon, THIRTY FIVE THOUSAND AND NO/100 DOLLARS, which sum is due after January 1, 1976, but no later than December 31, 1976, with interest thereon at the rate of nine percent per annum from July 1, 1975 to pay Oregoi Janua until paid; interest to be paid monthly. If this note is placed in the hands of an attorney for collection, each of the undersigned promises and thered uitii agrees to pay the reasonable collection costs of the holder hereof; and hands if suit or action is filed hereon, also promises to pay (1) holder's reaagrees sonable attorney's fees to be fixed by the trial court and (2) if any if sui appeal is taken from any decision of the trial court, such further sum as sonabl may be fixed by the appellate court, as the holder's reasonable attorappeal ney fees in the appellate court. may be TWIN CITY BUILDERS, INC. ney fee By: /s/ Stephen B. Graves Stephen B. Graves /s/ Frank W. Graves Frank W. Graves, individually And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators, successors and/or assigns, that it is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto and will warrant and forever defend the same against all persons; that it will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid it will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note above described, when due and payable and before the same may become delinquent; that it will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that it will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damege by fire and such other hazards as the mortgagee may from time to time require, in an amount not less than the original principal sum of the note or obligation secured by this mortgage, as companies acceptable to the mortgage, with loss payable first to the mortgagee and then to the mortgage as soon as insured. Now, if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies to the mortgagee at least lifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgage may procure the same at mortgagor's expense; that it will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. At the request of the mortgagee, the mortgage 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. now on or thazards as t rtgagee n

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Now, therefore, if said mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note; it being agreed that upon a failure to perform any covenant herein, or if proceeding of any kind be taken to foreclose any hen on said premises or any part thereof, the mortgage shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgage shall fail to pay any takes or chair, or any lien, encumbrance or insurance premium as above provided for, the mortgage may at his option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same tate as said note without waiver, however, of any right arising to the mortgage for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgage at any time while the mortgage may be foreclosed for principal, interest and all sums paid by the mortgage at any time while the mortgage may be foreclosed for principal, interest and all sums paid by the mortgage and title search, all statutory costs and disbursements and such further sum as the trial 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 in such suit or action and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators,

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Each and all of the covenants and agreements nerein contained snail apply to and bind the neits, executors, administrators, successors and/or assigns of said mortgager and of said mortgager respectively.

In case suit or action is commenced to foreclose this mortgage, the Court, may, upon motion of the mortgage, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

of said trust.

In construing this mortgage, it is understood that the mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

This mortgage is second to and subject to first mortgage executed by mortgagor herein to Western Bank, an Oregon banking corporation, on the subject premises. Any default under said first mortgage shall be a default under this mortgage. This is a first mortgage on Exhibit C

IN WITNESS WHEREOF, TWIN CITY BUILDERS, INC. resolution of its Board of Directors, duly and legally adopted, has caused these presents to be signed by its President and Secretary
June , and its corporate seal to be hereunto affixed this // TWIN CITY BUILDERS, INC.

President

MORTGAGE

STATE OF OREGON, County of

June

, 19 75

Stephen B. Graves Personally appeared

who being duly sworn (or affirmed) did say that he

TWIN CITY BUILDERS, INC.

- FRANK W. GRAVES

and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

Before me: Bille At all

(OFFICIAL SEAL)

Notary Public for Oregon.

My commission expires 10-15-1975

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The following described real property in Klamath County, Oregon:

A tract of land 320 feet wide North and South, in ENTERPRISE TRACTS NO. 38A and No. 41B, and lying North of the North line of the country road known as the extension of Eberlein Avenue and bounded on the North by the Northerly line of Wantland Avenue of Darrow Addition to the City of Klamath Falls, Oregon, extended East to the right of way of the U.S.R.S. Canal; also, such fragment of Enterprise Tracts No. 30 lying South of the U.S.R.S. Canal, as may remain after conveyance heretofore made by Enterprise Land and Investment Company to the U.S.R.S. for right of way, and to Klamath County, Oregon, for road purposes, together with vacated portions of Allandale and Applewood Streets described as Parcels 1 & 2 in Volume 70 page 4511, Klamath County, recorded June 5, 1970, in the SW2 Section 34, Township 38 South, Range 9 East of the Willamette Meridian,

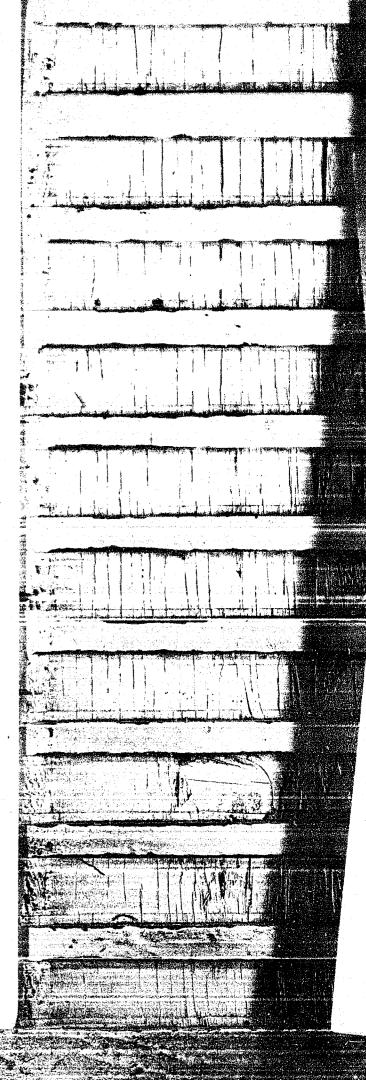
EXCEPTING, HOWEVER, those certain parcels heretofore conveyed to the United States of America for right of way of the main canal and "B" Lateral of the United States of America Irrigation System, and to Klamath County, Oregon, for rights of way of roads known as the extension of Eberlein Avenue and Washburn Way.

EXCEPTING ALSO that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to Geo. H. Merryman and Mabel C. Merryman, husband and wife, and George H. Merryman, Jr. and Elizabeth F. Merryman, husband and wife, recorded May 2, 1941 in Book 137 at page 359, Deed Records of Klamath County, Oregon.

EXCEPTING ALSO that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to Klamath County, Oregon, recorded May 11, 1941 in Book 137 at page 542, Deed Records of Klamath County, Oregon, BUT INCLUDING ALSO the rights and privileges reserved in said deed to Alfred D. Collier and Ethel F. Collier, said land being deeded to Klamath County, Oregon, for the use as a county road as therein set forth.

EXCEPT that portion lying West of the East line of vacated Applewood Street.

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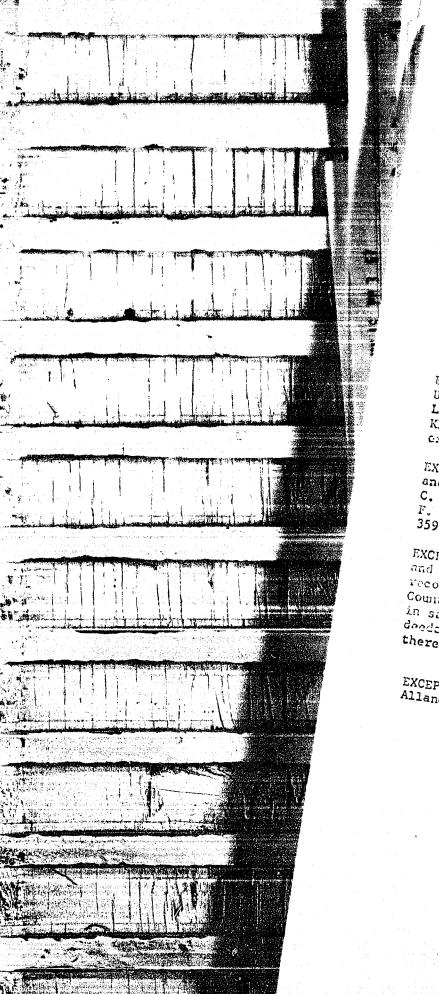
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EXCEPT the portion lying East of vacated Applewood Street and West of the centerline of vacated Allandale Street.

EXHIBIT B



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