

THIS MORTGAGE, Made and entered into this 2nd day of February, 1977, by and between JOHN RICHARDS, IV, and ELIZABETH M. RICHARDS, of San Jose, California, Mortgagors, and HERB A. SEARLES and DELOS E. ROBBINS, of Missoula, Montana, Mortgagees.

WITNESSETH: That the said Mortgagors, for and in consideration of the sum of TEN DOLLARS (\$10.00), in hand paid by the said Mortgagees, the receipt of which is hereby acknowledged, do hereby mortgage unto the said Mortgagees, their heirs, executors, administrators and assigns forever, the following described real estate situate in Klamath County, Oregon;

Real Property located in Township Forty, and Township 41, South, Range 14 East, W.M., as more particularly described in Exhibit "A" attached hereto.

SUBJECT TO:

Reservations, easements, and right-of-way of record and those apparent upon the premises;

AND SUBJECT TO:

A mortgage dated January 12, 1973, recorded January 17, 1973, in Book M-73, page 625, Microfilm Records of Klamath County, Oregon, in the face amount of \$420,000.00, executed by Frederick W. Hyde and Elizabeth H. Hyde, husband and wife, to the Federal Land Bank of Spokane, a corporation, which note and mortgage grantee expressly assumes and agrees to pay the same as it becomes due and owing.

AND FURTHER SUBJECT TO:

A mortgage dated on or about February 9, 1977, and recorded on or about that date in the Records of Klamath County, Oregon, in the face amount of \$625,000.00, executed by John Richards, IV, and Elizabeth M. Richards, husband and wife, to THE TRAVELERS INDEMNITY COMPANY.

Together with all and singular the tenements, hereditaments, appurtenances, easements, water and all other rights belonging, or in anywise appertaining thereto, and all plumbing, lighting, heating, cooking, ventilating, elevating, watering and irrigation apparatus and fixtures now on or hereafter belonging thereto, all of which are hereby deemed to be fixtures and a part and parcel of said real estate, together with the rents, issues and profits of the said premises, as security for the full performance of the terms, covenants and conditions hereinafter set forth.

And the said Mortgagor does hereby covenant with the said Mortgagees, and their heirs, executors, administrators and assigns that he will warrant and defend said premises against the lawful claims of all persons whomsoever, and the said Mortgagor hereby relinquishes all right of dower and all right of Homestead accruing or to accrue, in and to all of said premises, and the said Mortgagor hereby covenants with the said Mortgagees that he lawfully "seized" and in possession of said premises and the same are free from all encumbrances excepting only the Federal Land Bank mortgage and the mortgage to THE TRAVELERS described above.

Said Mortgagors do covenant and agree to pay all taxes and assessments against the property hereby mortgaged before the same become delinquent, to pay all prior liens and encumbrances and interest thereon when due.

This mortgage is given as security for the payment of Two Hundred Ninety-Seven Thousand, Two Hundred Seventy-Five and 99/100 Dollars (\$297,275.99) evidenced by a promissory note bearing date January 22, 1977. Said note bears interest at the rate of ten (10)

percent per annum, is payable in three (3) annual installments and contains provisions for payment of attorney's fees in case of default.

Mortgagors agree to pay the indebtedness as provided in such note.

The Mortgagors agree to keep the improvements on the property insured against loss by fire and related casualty in an amount not less than the mortgage balance remaining unpaid with an insurance company satisfactory to Mortgagees. The insurance policy shall contain a mortgage loss payable clause in favor of Mortgagees and the policy shall be delivered to and held by Mortgagees.

That in the event the Mortgagees pay any taxes or assessments on the mortgaged premises, or any insurance premiums for insurance on the improvements thereon, the amount of said payment or payments shall be added to the remaining principal amount unpaid and shall bear interest at the rate provided in the note. Such payments by Mortgagees shall not constitute a waiver of Mortgagor's obligation to pay such taxes, assessments or insurance premiums, or of Mortgagor's default in failing to make such payments.

The Mortgagors hereby assign to the Mortgagees any and all rents on the premises herein described and Mortgagor authorize Mortgagees, in the event of default, to rent the premises for account of Mortgagor, expenses and costs thereof to be first deducted from rents.

If any of said sums of money hereby secured be not promptly and fully paid as and when the same severally become due and payable and if each and all of the stipulations, conditions, agreements and covenants of the note secured hereby and of this mortgage, or either, are not duly performed, the said aggregate sum mentioned in said note and all other payments provided for herein to be made by the Mortgagors shall become due and payable forthwith, at the option of the Mortgagees, and this mortgage may be foreclosed according to the laws of the State of Montana.

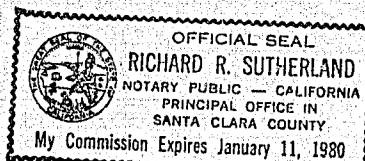
The covenants herein contained shall bind, and the benefits and advantages shall inure to the heirs, executors, administrators, successors and assigns of the parties hereto.

A release of this mortgage is to be made at the expense of the Mortgagor, on full payment of indebtedness secured thereby.

IN WITNESS WHEREOF, the Mortgagors have hereunto set their hands and the seals the day and year first above written.

John Richards (SEAL)  
Elizabeth M. Richards (SEAL)

STATE OF CALIFORNIA )  
 ) ss.  
 COUNTY OF SANTA CLARA )



On this 7th day of February, 1977, before me, the undersigned, a Notary Public for the State of California, personally appeared JOHN RICHARDS, IV, and ELIZABETH M. RICHARDS, his wife, known to me to be the persons whose names subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Richard R. Sutherland  
 RICHARD R. SUTHERLAND, NOTARY PUBLIC  
 In and For Said County and State  
 My commission expires: 1-11-80.

PARCEL 1

The following described real property in Klamath County, Oregon:

In Township 40 South, Range 14 East of the Willamette Meridian:

Section 17: The W 1/2 SW 1/4

Section 18: That portion of the E 1/2 SE 1/4 lying East of the County Road

Section 19: That portion of the E 1/2 E 1/2 lying East of the County Road

Section 20: That NW 1/4 and the S 1/2 EXCEPT that portion lying Westerly and Southwesterly of the County Road.

Section 28: The W 1/2 and the SW 1/4 SE 1/4 EXCEPT portion described in Deed Volume 275 at page 473.

Section 29: The N 1/2, the NE 1/4 SW 1/4 and the SE 1/4 EXCEPT portion described in Deed Volume 275 at page 473.

Section 32: The NE 1/4 EXCEPT portion described in Deed Volume 275 at page 473.

Section 33: The W 1/2 and the W 1/2 E 1/2 EXCEPT portion described in Deed Volume 275 at page 473.

In Township 41 South, Range 14 East of the Willamette Meridian:

Section 3: All EXCEPT Government Lot 1

Section 4: All EXCEPT that portion lying South of the County Road

Section 5: Government Lot 1, The SE 1/4 NE 1/4

Section 9: The N 1/2 NE 1/4 EXCEPT that portion lying South of the County Road

Section 10: The N 1/2 NW 1/4 EXCEPT that portion South of the County Road

PARCEL 2

In Township 40 South, Range 14 East of the Willamette Meridian:

Section 33: The E 1/2 SE 1/4

Section 34: The SW 1/4 SW 1/4

In Township 41 South, Range 14 East of the Willamette Meridian:

Section 3: Government Lot 1

STATE OF OREGON; COUNTY OF KLAMATH; ss.

and for record at request of TRANSAMERICA TITLE INS CO

this 18th day of FEBRUARY A. D. 19 77 at 4:21 o'clock P. M., in

Return: THA - Susan fully recorded in Vol. M 77, of MORTGAGES on Page 3001.

FEE \$ 9.00

Wm. D. MILNE, County Clerk

*Hazel Dwyer*