

MORTGAGE

31852

April 22

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Southern Oregon State Bank
P O Box 1171
Grants Pass
Grants Pass, Oregon 97526

Mortgagee

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Address

Branch

Address

The Bank has loaned to Cliff L. Peery and Mary H. Peery as tenants by the entirety as to an undivided one-half interest and Lloyd M. Jensen and Hazel W. Jensen as tenants by the entirety as to an undivided one-half interest AS TENANTS IN COMMON. \$* * * 176,100.00 * * * * *, which is repayable with interest according to the terms of a promissory note dated the same as this mortgage, under which the final payment of principal and interest is due on or before years from date. The term "Indebtedness" as used in this mortgage shall mean (a) the principal and interest payable under the note, (b) any future amounts that the Bank may in its discretion loan to Borrower or Mortgagor, and (c) any sums paid or advanced by the Bank to discharge obligations of Mortgagor as permitted under this mortgage.

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 County, Oregon

The following described real property situate in Klamath County, Oregon:

PARCEL 1:

Beginning at a point on the West line of Section 29, Township 39 South, Range 10 E.W.M., which bears South along said line a distance of 2170.8 feet from the Northwest corner of said Section 29, said point being the Southwest corner of parcel conveyed by Chas. E. Drew, et ux., to Wm. B. Decker et ux., by deed recorded October 12, 1954, in Volume 269, page 616; thence N. 89°40' E. along the South line of last mentioned parcel a distance of 954.2 feet to the Southeast corner thereof; thence Northerly along the Easterly line of said parcel to the Northeast corner thereof; thence N. 89°40' E. a distance of 2048 feet, more or less, to an intersection with a survey line marking the Westerly right of way of the Lost River Diversion Reservoir; thence Southerly along said right of way line to a point which bears due East from a point on the West line of Section 29 which is South 2716.8 feet from the Northwest corner thereof; thence West a distance of 2724 feet, more or less, to said point; thence North along the West line of said Section 29 a distance of 546 feet, more or less to the point of beginning, said tract contains 62.5 acres, more or less.

PARCEL 2:

Beginning at a point on the West line of Section 29, Township 39 South, Range 10 E.W.M., which bears South along said line a distance of 2716.8 feet from the Northwest corner of said Section 29; thence due East a distance of 2724 feet, more or less, to an intersection with a survey line marking the Westerly right of way of the Lost River Diversion Reservoir; thence Southerly along said right of way line to a point which bears due East from a point on the West line of said Section 29 which is South 3866.8 feet from the Northwest

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corner thereof; thence West a distance of 2133.74 feet, more or less, to said point; thence North along the West line of Section 29, a distance of 1150.0 feet to the point of beginning. LESS AND EXCEPTING right of way of the U.S.R.S. No. 17 Drain. The above described parcel contains 62.86 acres, more or less.

PARCEL 3:

A tract of land in the SW $\frac{1}{4}$ of Section 29, Township 39 South, Range 10 E.W.M., described as follows: Beginning at a point on the West line of said Section 29 which bears South along said line a distance of 3866.8 feet from the Northwest corner of said Section 29; thence due East a distance of 2133.74 feet, more or less, to an intersection with a survey line marking the Westerly right of way of the Lost River Diversion Reservoir; thence Southerly and Westerly along said right of way and along the Northerly right of way of the Lost River Diversion Channel to its intersection with the West line of Section 29; thence North along said line a distance of 996.5 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING THEREFROM the following situated in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 29, Township 39 South, Range 10 E.W.M., being land lying West and North of the U.S.R.S. Diversion Reservoir and Channel; Beginning at a point on the West line of Section 29, Township 39 South, Range 10 E.W.M., which point is the intersection of said section

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2716.8 feet from the Northwest corner thereof; thence West a distance of 2724 feet, more or less, to said point; thence North along the West line of said Section 29 a distance of 546 feet, more or less to the point of beginning, said tract contains 62.5 acres, more or less.

PARCEL 2:

Beginning at a point on the West line of Section 29, Township 39 South, Range 10 E.W.M., which bears South along said line a distance of 2716.8 feet from the Northwest corner of said Section 29; thence due East a distance of 2724 feet, more or less, to an intersection with a survey line marking the Westerly right of way of the Lost River Diversion Reservoir; thence Southerly along said right of way line to a point which bears due East from a point on the West line of said Section 29 which is South 3866.8 feet from the Northwest

11617

corner thereof; thence West a distance of 2133.74 feet, more or less, to said point; thence North along the West line of Section 29, a distance of 1150.0 feet to the point of beginning. LESS AND EXCEPTING right of way of the U.S.R.S. No. 17 Drain. The above described parcel contains 62.86 acres, more or less.

PARCEL 3:

A tract of land in the SW $\frac{1}{4}$ of Section 29, Township 39 South, Range 10 E.W.M., described as follows: Beginning at a point on the West line of said Section 29 which bears South along said line a distance of 3866.8 feet from the Northwest corner of said Section 29; thence due East a distance of 2133.74 feet, more or less, to an intersection with a survey line marking the Westerly right of way of the Lost River Diversion Reservoir; thence Southerly and Westerly along said right of way and along the Northerly right of way of the Lost River Diversion Channel to its intersection with the West line of Section 29; thence North along said line a distance of 996.5 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING THEREFROM the following situated in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 29, Township 39 South, Range 10 E.W.M., being land lying West and North of the U.S.R.S. Diversion Reservoir and Channel; Beginning at a point on the West line of Section 29, Township 39 South, Range 10 E.W.M., which point is the intersection of said section line with the Northerly right of way line of the U.S.R.S., Lost River Diversion Channel, and which is 416.7 feet, more or less, North of the Southwest corner of said Section 29; thence North, along said section line, a distance of 400 feet, more or less, to a point in line with a fence running Northeasterly therefrom along and near the Northerly right of way line of the U.S.R.S. drainage ditch known as No. 17 Drain; thence N. 63°02' E., along said fence line, a distance of 677.5 feet; thence S. 33°28' E., a distance of 655 feet, more or less, to the Northerly right of way line of said Lost River Diversion Channel; thence Southwesterly, along said diversion channel right of way line to the point of beginning; being a portion of Lot 5, Section 29, Township 39 South, Range 10 E.W.M., containing 8.78 acres, more or less.

ALSO EXCEPTING the right of way of the U.S.R.S. No. 17 Drain. The above described parcel contains 25.92 acres, more or less.

SEE ATTACHED

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together with all appurtenances, all existing or subsequently erected or affixed improvements or fixtures, and all equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property, all of which is collectively referred to as the Property.

1. Possession and Maintenance of the Property.

1.1 Until in default, Mortgagor shall remain in possession and control of the Property and to the extent that the Property consists of commercial improvements shall be free to operate and manage the Property and receive the proceeds of operation. The Property shall be maintained in good condition at all times, Mortgagor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Mortgagor shall not commit or permit any waste on the Property. Mortgagor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property or a farm or orchard, Mortgagor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use, and to the extent that the land is under cultivation, shall cultivate or otherwise operate the Property according to good husbandry.

1.3 Mortgagor shall not demolish or remove any improvement from the Property without the written consent of Bank.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the indebtedness are to be used to construct or complete construction of any improvement on the Property, the improvement shall be completed on or before six months from the date of this mortgage and Mortgagor shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Mortgagor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall

pay as due all claims for work done on or for services rendered or material furnished to the Property. Mortgagor shall maintain the Property free of any liens having priority over or equal to the interest of the Bank under this mortgage, except for the lien of taxes and assessments not delinquent and except as otherwise provided in 3.2.

3.2 Mortgagor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Bank's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Mortgagor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Mortgagor has notice of the filing, secure the discharge of the lien or deposit with the Bank cash or a sufficient corporate surety bond or other security satisfactory to the Bank in an amount sufficient to discharge the lien plus any costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Bank a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Mortgagor shall carry such insurance as the Bank may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Bank including without limitation war risks. Insurance on the Property shall be carried in companies and under policies approved by the Bank and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear an endorsement in a form satisfactory to the Bank making loss payable to the Bank and shall be deposited with the Bank. In the event of loss, Mortgagor 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.

Property, with the power to protect and preserve the Property and to operate the Property, provided funds are available and apply the proceeds from the sale of the Property against the indebtedness. The Bank shall not be bound if permitted by law. The Bank shall not be responsible for the value of the Property or the indebtedness by a subsequent payment.

151. Any remedy or remedy provided in this mortgage or the promissory note, including the indebtedness.

152. 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 portions of the Property and refrain from selling other portions. The Bank shall be entitled to bid at any public sale on all or any portion of the Property.

153. The Bank shall give Mortgagee 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 ten days before the time of the sale or disposition.

154. 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 provision. Election by the Bank 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

to declare a default and exercise its remedies under the paragraph 15.

155. In the event of a default by the Bank, the Bank shall be entitled to recover from Mortgagor such sum as the court may order, it is not liable as Attorney 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 in the Property, including the cost of preparing, filing, and recording the report, but not limitation, the cost of recording, obtaining the report, notary reports, attorney's expenses, or title insurance, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the rate of ten percent per annum from the date of expenditure until repaid.

16. Notice.

Any notice under this mortgage shall be in writing and shall be effective when actually delivered to the party, when deposited in registered or certified mail directly to the address stated in this mortgage. Either party may change the address for notices by written notice to the other party.

17. Succession; Terms.

17.1. Subject to the limitations stated in this mortgage on transfer of Mortgagor's interest, this mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns.

17.2. In construing this mortgage the term mortgage shall encompass the term security agreement when the instrument is being construed with respect to any personal property.

Cliff L. Peery
Cliff L. Peery
Mary H. Peery
Mary H. Peery
Lloyd M. Jensen
Lloyd M. Jensen
Hazel W. Jensen
Hazel W. Jensen

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF OREGON, County of Klamath

) ss.

June 30, 1977

Personally appeared the above-named Cliff L. Peery & Mary H. Peery husband and wife and Lloyd M. Jensen & Hazel W. Jensen husband and wife

and acknowledged the foregoing instrument to be their voluntary act.

Before me:

Janet L. Mueller
Notary Public for Oregon

My commission expires: *1/24/81*

(SEAL)

CORPORATE ACKNOWLEDGEMENT

STATE OF OREGON, County of

) ss.

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Personally appeared

and who, being sworn, stated is a

that he, the said and 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.

Before me:

Notary Public for Oregon
My commission expires:

(SEAL)

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 1st day of JULY A.D., 19 77 at 8:30 o'clock A M., and duly recorded in Vol. E77 of MORTGAGES on Page 11616.

FEE \$ 15.00

WM. D. MILNE, County Clerk.

By *Hazel W. Jensen* Deputy

said partnership.

IN TESTIMONY WHEREOF, I have hereunto set my hand and notarial seal the day and year last above written.

My commission expires:

Notary Public in and for said County and State.

Ref So the Bank
08/13/77 - Bank Pays the