

MORTGAGE

September 16, 1977

J. Claude Bowden and Thelma M. Bowden
 527 Main, Klamath Falls, Or 97601
 South Valley State Bank
 5210 S. 6th St., Klamath Falls, Or 97601
 The Bank has loaned Claude Bowden and Thelma M. Bowden

Mortgagor ~~South Valley State Bank~~

Address

Branch

Address

* (Borrower)

\$ 30,000.00

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 September 15, 1980 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.

3131 Shasta Way, Lot 8, Block 3, Sunny Land Addition.

1700 McClellan Dr., Lot 15, Winema Gardens, Less S.E. 5 ft.

4451 Memorie Ln., Lot 6, Block 3, NWLY 75 ft., Tonatee Homes, 1st Addition.

531 Main St. WLY 13 ft. of SLY 104 ft., Lot 1; ELY 9 ft. of SLY 104 ft., Lot 2, Blk. 16 orig. town of Klamath Falls.

A tract of land in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, described as follows:

Beginning at a point on the Westerly line of the right of way of The Dalles-California Highway, which point bears North 89° 49' West a distance of 629.8 feet, and North 6° 02' East a distance of 107.2 feet from the Southeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 7, said point also being at the Southeast corner of the tract herein described; thence North 6° 02' East along said Westerly right of way line a distance of 180 feet; thence North 89° 49' West a distance of 486.54 feet; thence South 6° 02' West 180 feet; thence South 89° 49' East 486.54 feet to the place of beginning. ALSO

A tract of land in the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, described as follows:

Beginning at a point which lies North 89° 49' West a distance of 976.04 feet and South 6° 02' West a distance of 1050.3 feet from the iron pin which marks the center of Section 7, Township 38 South, Range 9 East of the Willamette Meridian, and running thence: continuing South 6° 02' West a distance of 180 feet to a point; thence North 89° 49' West a distance of 486.54 feet to a point; thence North 6° 02' East a distance of 180 feet to a point; thence South 89° 49' East a distance of 486.54 feet more or less to the point of beginning, EXCEPTING that portion of the above tract ceded to the State of Oregon for highway purposes.

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.

3. 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.

Until a
 Depo
 122
 Sale