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MORTGAGE

THIS INDENTURE, made this 30th day of September, 19 77 between Robert T. Morris and Jacqueline M. Morris, husband and wife, herein called "Mortgagor", and WESTERN BANK, an Oregon banking corporation, herein called "Mortgagee",

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor does hereby grant, bargain, mortgage and convey unto the Mortgagee all the following described property situated in Klamath County, Oregon, to-wit:

SEE ATTACHED EXHIBIT "A"

together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining, including but not limited to roads and easements used in connection with the premises; also, all fixtures, buildings and parts of buildings situated upon said property, including but not limited to electric wiring and fixtures; furnace and heating system, water heaters, fuel storage receptacles; plumbing, ventilating, water and irrigating systems; screens, doors; window shades and blinds, shutters; cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, garbage disposals, air conditions, refrigerators, freezers, dishwashers; and all other fixtures now or hereafter installed in or on the premises; and any shrubbery, flora or timber now growing or hereafter planted or growing thereon; and any and all replacements of any one or more of the foregoing items, in whole or in part, all of which are hereby declared to be appurtenant to the land; and all the rents, issues and profits arising from the mortgaged property.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns forever.

The Mortgagor does hereby covenant to and with the Mortgagee that the Mortgagor is lawfully seized in fee simple of the said real property, that it is the absolute owner of all items of property described hereinabove, that the said property is free from encumbrances of every kind and nature, and that it will warrant and forever defend the same against the lawful claims and demands of all persons whomsoever.

This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained, to be by the Mortgagor kept and performed and to secure the payment of the sum of \$ 125,000.00 and interest thereon in accordance with the tenor of a certain promissory note executed by _____

accordance with the tenor of a certain promissory note executed by Robert T. Morris and Jacqueline M. Morris, husband and wife,
dated September 30, 19 77, payable to the order of the Mortgagee in installments of ~~not less than~~ \$ 125,000.00
~~plus~~ plus interest, on the 28th day of ~~each~~ January, 1978 commencing ~~on the 1st day of January, 1978~~
~~on the 1st day of January, 1978~~ when the balance then remaining unpaid shall be paid.

This Mortgage is also given as security for the payment of any and all other indebtednesses, obligations or liabilities of the Mortgagor to the Mortgagee now existing or hereafter arising, matured or to mature, absolute or contingent and wherever payable, including but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other paper discounted by the Mortgagee or held by the Mortgagee, or taken as security for any loans or advances of any kind, sort or description whatsoever.

The Mortgagor does hereby covenant and agree to and with the Mortgagee, its successors and assigns:

1. That Mortgagor will pay, when due, the indebtedness hereby secured, with interest as prescribed by said note, and will pay, when due, all other sums secured hereby, and all taxes, liens and utility charges upon said premises, or for services furnished thereto. In addition thereto, he will pay, at the time of payment of each installment of principal and interest, such amount as Mortgagee shall estimate to be sufficient to produce, at least one month prior to the time when payment thereof shall become due, the amount of (a) taxes, assessments and other governmental rates and charges against said premises (herein all called "taxes") and (b) premiums upon insurance against loss or damage to said premises (said amounts being referred to hereinafter as "loan trust funds"). If the sums so paid shall be less than sufficient for said purposes, Mortgagee will also pay, upon demand, such additional sum as Mortgagee shall deem necessary therefor. If Mortgagor desires a "package" plan of insurance which includes coverage in addition to that required under this mortgage, Mortgagee may, at its option, establish and administer a reserve for that purpose. If the package plan reserve is not sufficient to pay the renewal premium on a package plan policy, then Mortgagee may use such reserve to pay premiums on a policy covering only risks required to be insured against under this mortgage and allow the package plan policy to lapse. Mortgagee shall, upon the written direction of Mortgagor, and may, without such direction, apply sums paid by Mortgagor and held by Mortgagee to the purposes aforesaid; but the receipt of such sums shall not, in the absence of such direction, impose any duty upon Mortgagee to disburse the same or relieve Mortgagor from his covenants to pay said obligations or to keep the premises insured. Mortgagee may, from time to time, establish reasonable service charges for the collection and disbursement of premiums on package-type insurance policies. Mortgagee shall not, whether or not service charges are imposed, be subject to any liability for failure to transmit any premiums to any insurer or by reason of any loss growing out of any defect in any insurance policy. At Mortgagee's option, Mortgagee may apply all loan trust funds directly to the payment of the principal balance then unpaid on the indebtedness secured hereby; if Mortgagee elects so to do, Mortgagee is authorized to pay taxes, insurance premiums on the mortgaged property and all other charges which would otherwise be payable from the loan trust funds, when the same become due and payable, and Mortgagee may then add the amount of any such payment to the principal balance then unpaid on the indebtedness secured hereby, each such payment to bear interest as provided in the promissory note mentioned hereinabove.

2. That Mortgagor will not commit or permit strip or waste of the said premises, or any part thereof; that Mortgagor will keep the real and personal property hereinabove described in good order and repair and in tenantable condition; that Mortgagor will promptly comply with any and all municipal and governmental rules and regulations with reference thereto; that Mortgagor will not cut or permit the cutting or removal of any timber without the written consent of Mortgagee, that if any of the said property be damaged or destroyed by any cause, Mortgagor will immediately reconstruct or repair the same so that, when completed, it shall be worth not less than the value thereof at the time of such loss or damage; provided, that if such loss or damage shall be caused by a hazard covered by insurance payable to Mortgagee, the obligation of the Mortgagor to repair or reconstruct shall not arise unless the Mortgagee shall consent to the application of the insurance proceeds to the expense of such reconstruction or repair.

3. That he will, at his own cost and expense, keep the building or buildings now or hereafter upon said premises, together with all personal property covered by the lien hereof,

insured against loss by fire and against loss by such other hazards as the Mortgagee may from time to time require, in one or more insurance companies satisfactory to or designated by the Mortgagee in an aggregate amount not less than the amount of the indebtedness hereby secured (unless the full insurable value of such building or buildings is less than the amount hereby secured, in which event the Mortgagor shall insure to the amount of the full insurable value); that all policies of insurance upon said premises, including policies in excess of the amount hereinabove mentioned and policies against other hazards than those required, shall contain such provisions as the Mortgagee shall require and shall provide, in such form as the Mortgagee may prescribe, that loss shall be payable to the Mortgagee; that all such policies and receipts showing full payment of premiums therefor shall be delivered to and retained by the Mortgagee during the existence of this mortgage; that at least 5 days prior to the expiration of any policy or policies he will deliver to the Mortgagee satisfactory renewals thereof together with premium receipts in full; that if any policy or policies shall impose any condition upon the liability of the insurer or shall contain any "average clause" or other provision by which the insurer may be liable for less than the full amount of the loss sustained, he will, as often as the Mortgagee may require, provide the Mortgagee with all such evidence as it may request concerning the performance of such condition or the existence of any facts or the value of the property insured and, if it shall appear to the Mortgagee that the insurance is prejudiced by the acts or omissions of the Mortgagor or that the coverage is inadequate, the Mortgagor will do such acts and things and obtain such further insurance as the Mortgagee may require; that the Mortgagee may, at its option, require the proceeds of any insurance policies upon the said premises to be applied to the payment of the indebtedness hereby secured or to be used for the repair or reconstruction of the property damaged or destroyed.

4. That he will execute or procure such further assurance of his title to the said property as may be requested by the Mortgagee.

5. That in case the Mortgagor shall fail, neglect or refuse to do or perform any of the acts or things herein required to be done or performed, the Mortgagee may, at its option, but without any obligation on its part so to do, and without waiver of such default, procure any insurance, pay any taxes or liens or utility charges, make any repair, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at 8% per annum, or at the rate of interest set forth in the note mentioned above, whichever is greater, and shall be secured hereby.

6. That he will not, without the prior written consent of Mortgagee, transfer his interest in said premises or any part thereof, whether or not the transferee assumes or agrees to pay the indebtedness hereby secured. Upon any application for Mortgagee's consent to such a transfer, Mortgagee may require from the transferee such information as would normally be required if the transferee were a new loan applicant. Mortgagee shall not unreasonably withhold its consent. As a condition of its consent to any transfer, Mortgagee may, in its discretion, impose a service charge not exceeding one percent of the original amount of the indebtedness hereby secured and may increase the interest rate on the indebtedness hereby secured by not more than one percent per annum.

7. That, if any default be made in the payment of the principal or interest of the indebtedness hereby secured or in the performance of any of the covenants or agreements of this mortgage, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

8. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum as the trial court and any appellate court may adjudge reasonable as attorney's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for costs and disbursements in such suit or action, extensions of abstracts or title searches or examination fees in connection therewith, whether or not final judgment or decree therein be entered and all such sums are secured hereby and shall bear interest from the date paid or incurred by Mortgagee or from the date of judgment, whichever occurs first, at the rate set forth in the promissory note mentioned above; that in any such suit, the court may, upon application of the plaintiff and without regard to the condition of the property or the adequacy of the security for this indebtedness hereby secured and without notice to the Mortgagor or any one else, appoint a receiver to take possession and care of all said mortgaged property and collect and receive any or all of the rents, issues and profits which had theretofore arisen or accrued or which may arise or accrue during the pendency of such suit; that any amount so received shall be applied toward the payment of the debt secured hereby, after first paying therefrom the charges and expenses of such receivership; but until a breach or default by the Mortgagor in one or more of his covenants or agreements herein contained, he may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

ment shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns shall be binding upon his heirs, executors, administrators, successors and assigns and inure to the benefit of the successors and assigns of the Mortgagee. In the event of any transfer of the property herein described or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, the Mortgagee may, without notice to the Mortgagor or any one else, once or often, extend the time of payment or grant renewals of indebtedness hereby secured for any term, execute releases or partial releases from the lien of this mortgage or in any other respect modify the terms hereof without thereby affecting the personal primary liability of the Mortgagor for the payment of the indebtedness hereby secured. No condition of this mortgage shall be deemed waived unless the same be expressly waived in writing by the Mortgagee. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, such notice, demand or request shall be sufficient if personally served on one or more of the persons who shall at the time hold record title to the property herein described or if enclosed in a postpaid envelope addressed to one or more of such persons or to the Mortgagor at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

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8. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum as the trial court and any appellate court may adjudge reasonable as attorney's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for costs and disbursements in such suit or action, extensions of abstracts or title searches or examination fees in connection therewith, whether or not final judgment or decree therein be entered and all such sums are secured hereby and shall bear interest from the date paid or incurred by Mortgagee or from the date of judgment, whichever occurs first, at the rate set forth in the promissory note mentioned above; that in any such suit, the court may, upon application of the plaintiff and without regard to the condition of the property or the adequacy of the security for this indebtedness hereby secured and without notice to the Mortgagor or any one else, appoint a receiver to take possession and care of all said mortgaged property and collect and receive any or all of the rents, issues and profits which had theretofore arisen or accrued or which may arise or accrue during the pendency of such suit; that any amount so received shall be applied toward the payment of the debt secured hereby, after first paying therefrom the charges and expenses of such receivership; but until a breach or default by the Mortgagor in one or more of his covenants or agreements herein contained, he may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

9. The word "Mortgagor", and the language of this instrument shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagor shall be binding upon his heirs, executors, administrators, successors and assigns and inure to the benefit of the successors and assigns of the Mortgagee. In the event of any transfer of the property herein described or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, the Mortgagee may, without notice to the Mortgagor or any one else, once or often, extend the time of payment or grant renewals of indebtedness hereby secured for any term, execute releases or partial releases from the lien of this mortgage or in any other respect modify the terms hereof without thereby affecting the personal primary liability of the Mortgagor for the payment of the indebtedness hereby secured. No condition of this mortgage shall be deemed waived unless the same be expressly waived in writing by the Mortgagee. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, such notice, demand or request shall be sufficient if personally served on one or more of the persons who shall at the time hold record title to the property herein described or if enclosed in a postpaid envelope addressed to one or more of such persons or to the Mortgagor at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

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

[Signature] (SEAL)
[Signature] (SEAL)
 _____ (SEAL)
 _____ (SEAL)

STATE OF OREGON

County of Deschutes

September 30

A.D. 19 77

} ss.

Personally appeared the above-named _____

Robert T. Morris and Jacqueline M. Morris

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

(Notary Seal)

[Signature]
 Notary Public for Oregon

My Commission Expires: 5-24-81

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EXHIBIT "A"

The following described real property in Klamath County, Oregon:

PARCEL NO. 1:

Lots 3 and 4 of Section 35; S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, Lots 7 and 8 in Section 36; all in Township 38 South, Range 7 East of the Willamette Meridian.

PARCEL NO. 2:

NE $\frac{1}{4}$ SW $\frac{1}{4}$, Lots 2, 3, and 5 in Section 31, Township 38 South, Range 8 East of the Willamette Meridian;

EXCEPTING AND RESERVING THEREFROM part of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and of Lots 2 and 3 of said township, range and section, more particularly described as follows:

Beginning at the quarter corner on the West line of said Section 31; thence South along said West line a distance of 676.0 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 67° East, a distance of 1169.0 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 50° East, a distance of 969.0 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 27° East, a distance of 927.0 feet, more or less, to a point on the South line of said Section, which point is marked by a $\frac{1}{4}$ " iron pipe 30 inches long; thence East along said South line, a distance of 375.0 feet, more or less, to the South quarter corner of said Section 31; thence North along the North and South center line of said Section 31, a distance of 2640.0 feet, more or less, to the center of said Section; thence

West along the East and West center line of said Section, a distance of 2640.0 feet, more or less, to the point of beginning.

PARCEL NO. 4:

SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, Lots 1, 2, 3, 4, 5, 6, and 7 of Section 6; E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 15; all in Township 39 South, Range 8 East of the Willamette Meridian; EXCEPTING THEREFROM the following:

Parts of Lot 3 and the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 39 South, Range 8 East of the Willamette Meridian, more particularly described as: Beginning at the Southwest section corner of said Section 7; thence North along the West line of said Section, a distance of 1091.7 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 46°30' East, a distance of 425.0 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 73°30' East, a distance of 831.0 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence North 88° East, a distance of 691.7 feet to a $\frac{1}{4}$ " pipe 30 inches long; thence South 83°30' East, a distance of 367.2 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 8°30' East, a distance of 90.8 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence South 30°30' East, a distance of 67.7 feet to a $\frac{3}{4}$ " iron pipe 36 inches long; thence South 54°30' East, a distance of 140.0 feet to

a $\frac{1}{4}$ " iron pipe 30 inches long; thence North 81° East, a distance of 80.8 feet to a $\frac{3}{4}$ " iron pipe 40 inches long; thence South 72°30' East, a distance of 101.40 feet to a $\frac{1}{4}$ " iron pipe 30 inches long; thence North 77°30' East, a distance of 147.8 feet, more or less, to a $\frac{1}{4}$ " iron pipe 30 inches long, located at the East line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section, thence South along the East line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section, a distance of 365.0 feet, more or less, to the quarter corner on the South line of said Section 7; thence West along the South line of said Section, a distance of 2640.0 feet, more or less, to the point of beginning.

EXHIBIT "A"

PARCEL NO. 5:

Part of Lots 4 and 3 of Section 36, Township 38 South, Range 7 East of the Willamette Meridian, and more particularly described as follows:

Commencing at the East quarter corner of said Section 36; thence South along the East line of said Section, 676.0 feet to a 1½" iron pipe 30 inches long, which is the true point of beginning; thence South 75°32' West, a distance of 820.13 feet to a 1½" iron pipe 30 inches long; thence North 79°54' West, a distance of 647.74 feet to a 1½" iron pipe 30 inches long; thence North 64°25' West, a distance of 692.67 feet to a 1½" iron pipe 30 inches long; thence North 57°56' West, a distance of 530.90 feet to a 1½" iron pipe 30 inches long; thence North 77°24' West, a distance of 169.01 feet, more or less, to a point on the West line of Lot 3, said point being marked by a 1½" iron pipe 30 inches long; thence South along said West line, a distance of 284.04 feet, more or less, to an intersection with the meander line, said point being marked by a 1½" iron pipe 30 inches long; thence South 73°21' East, along said meander line, a distance of 2786.44 feet, more or less, to the meander corner on the East line of said Section 36; thence North along said East line, a distance of 555.66 feet, more or less, to the true point of beginning.

PARCEL NO. 6:

Parts of Lot 1 and 2 of Section 1, a part of the Fractional E½E½ of Section 2, and parts of Lots 3 and 1, a part of the NW¼NW¼ and a part of Lot 2 of Section 12, Township 39 South, Range 7 East of the Willamette Meridian, more particularly described as follows:

Beginning at the point of intersection of the East line of Lot 3 of said Section 12, with the meander line of Round Lake, from which point the meander corner on the East line of said Section 12

bears South 49°56'30" East, 1713.2 feet distant; thence Northerly along said meander line as follows:

- (1) North 59°35'30" West, 774.1 feet to a point;
- (2) North 47°48'00" West, 1313.8 feet to a point;
- (3) North 55°04'30" West, 986.6 feet to a point; said point being hereinafter referred to as "Point X";
- (4) North 17°35'00" West, 838.1 feet to the meander corner on the North line of said Section 12;
- (5) North 57°35'00" West, 987.1 feet to a point; said point being hereinafter referred to as "Point Y";
- (6) North 10°16'30" West, 2157.3 feet to a point;
- (7) North 5°13'00" West, 980.3 feet to a point;
- (8) North 20°56'00" West, 87.0 feet to the meander corner on the West line of said Section 1; and
- (9) North 23°22'30" West, 1701.9 feet to the meander corner on the North line of said Section 2; thence North 89°56'00" West, leaving said meander line, along said North section line, 32.7 feet, more or less, to the point of intersection of said North line with a line parallel to and 30 feet distant Westerly from, when measured at right angles to, the last herein described course of said meander line, said point of intersection being marked by an iron pipe 1½" in outside diameter, 30 inches long and driven into the ground, as are all angle points on, and the Southerly terminus of, the Westerly line of the real property hereby described so marked; thence Southerly parallel to and 30 feet distant Westerly from said meander line, as follows:

- (1) South 23°22'30" East, 1714.0 feet, more or less, to a point on the bisector of the re-entrant angle first on said meander line;
- (2) South 20°56'00" East, 82.4 feet, more or less, to a point on the bisector of the re-entrant angle next on said meander line;
- (3) South 5°13'00" East, 977.4 feet, more or less, to a point on the bisector of the salient angle next on said meander line; and

(4) South 10°16'30" East, 429.0 feet to a point; thence South 50°47'00" West, leaving said parallel line, 1553.4 feet to a point; thence South 63°53'00" East, 1710.6 feet, more or less, to a point which is South 8°16'30" West, 38.9 feet from Point Y; thence South 45°52'30" East, 921.3 feet to a point; thence South 31°19'30" East, 780.5 feet, more or less, to the point of intersection of the bisector of the salient angle at Point X and a line which is parallel to and 30 feet distant Westerly from, when measured at right angles to, said meander line; thence Southerly parallel to and 30 feet distant Westerly from said meander line, as follows:

(1) South 55°04'30" East, 994.8 feet, more or less, to a point on the bisector of the re-entrant angle next on said meander line; and

(2) South 47°48'00" East, 1215.0 feet, more or less, to a point on the bisector of the salient angle next on said meander line; thence South 49°35'00" East, leaving said parallel line, 899.8 feet, more or less, to a point on the East line of Lot 3 of said Section 12; said point being the Southerly terminus of said Westerly line and being the Northwest corner of a tract of land in Lot 4 of said Section 12, conveyed by Louis W. Soukup and wife, to Weyerhaeuser Timber Company by a deed dated October 7, 1953, recorded in Deed Volume 264 at page 617, Records of Klamath County, Oregon; thence North 00°07'00" East, along said East lot line, 216.00 feet, more or less, to the point of beginning.

PARCEL NO. 7:

Government Lots 5 and 6 in Section 36, Township 38 South, Range 7 East of the Willamette Meridian.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of WESTERN BANK BEND

this 3rd day of OCTOBER, A. D. 1977, at 2:43 o'clock P.M., and

truly recorded in Vol. M77, of MORTGAGES on Page...

FEE \$ 18.00

Wm D. MILNE, County Clerk

By Bernetha W. Letcher

*At Western Bank
Bend, Oregon*

*CP 15 in
3rd cell*