

THIS MORTGAGE, Made this 1st day of November, 1977,  
by William A. Reeves and Virginia L. Reeves, husband and wife  
to Fred W. Koehler, Jr., General Partner in Skunk Butte Ranch Mortgagee,

WITNESSETH, That said mortgagor, in consideration of Thirty-Six Thousand and No/100ths Dollars, to him paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

The NE 1/4 of Section 20, Township 35 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Subject, however, to the following:

1. Rights of the public in and to any portion of the herein described property lying within the limits of roads and highways.
2. An easement created by instrument, including the terms and provisions thereof,

Recorded : April 24, 1959 Book: 312 Page: 47

Re-recorded : July 28, 1961 Book: 331 Page: 275

In favor of : The California Oregon Power Company, a

California Corporation

For : Electric transmission

3. An easement created by instrument, including the terms and provisions thereof,

Dated : September 20, 1970

Recorded : September 29, 1977 Book: M-77 Page: 18317

In favor of : Fred W. Koehler, Jr. and Charlotte Koehler,

husband and wife or their successors.

For : 60 foot wide easement for joint user roadway.

4. A judgment in the amount of \$92,195.53

(for continuation of this mortgage see attached Exhibit "A")

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.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of a promissory note, of which the following is a substantial copy:

\$ 36,000.00 Klamath Falls, Ore. November 1, 1977  
I (or if more than one maker) we, jointly and severally, promise to pay to the order of Fred W. Koehler, Jr., General Partner in Skunk Butte Ranch at C/O Western Bank - Klamath Falls, Oregon  
Thirty-Six Thousand and No/100ths DOLLARS,  
with interest thereon at the rate of 8% percent per annum from November 1, 1977 until paid, payable in annual installments, at the dates and in amounts as follows: Commencing December 1, 1978, annual installments of not less than \$4,205.88 in any one payment, and a like payment being due and payable on the 1st day of December of each year thereafter until the whole of the balance of the purchase price is fully paid;

balloon payments, if any, will not be refinanced; interest shall be paid annually and is included in the payments above required, which shall continue until this note, principal and interest, is fully paid; if any of said installments is not so paid, all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, also promise to pay (1) holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.

~~Prepayment penalty for a period of 4 years unless there is an agreement between the parties to the contrary.~~ s/William A. Reeves  
s/Virginia L. Reeves

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit: November 1, 1987.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he 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 he will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid he 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 he 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 he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage 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. In a company or companies acceptable to the mortgagee, with loss payable first to the mortgagee and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the mortgagee 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 fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; that he 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 mortgagor shall join with the mortgagee 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.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:  
 (a) primarily for mortgagor's personal, family, household or agricultural purposes (see Important Notice below),  
 (b) for an organization or for a mortgagor who is a natural person and for the purpose of commercial or agricultural purposes.

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 a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee 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 mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, the mortgagee 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 rate as said note without waiver, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all reasonable costs incurred by the mortgagee for title reports 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 on such appeal, all sums to be secured by the lien of this mortgage 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 and assigns of said mortgagor and of said mortgagee respectively.

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

In construing this mortgage, it is understood that the mortgagor or 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.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

*William A. Reeves*  
 William A. Reeves  
*Virginia L. Reeves*  
 Virginia L. Reeves

\*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent.

# MORTGAGE

(FORM NO. 106A)

TO

STATE OF OREGON,

County of

I certify that the within instrument was received for record on the day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in book \_\_\_\_\_ on page \_\_\_\_\_ or as file number \_\_\_\_\_ of said County. Witness my hand and seal of \_\_\_\_\_ County affixed.

Title.

By

Deputy.

STEVENS-NESS LAW P.B. CO., PORTLAND, ORE.

Return to T.H.

STATE OF OREGON, CALIFORNIA

County of

Klamath

BE IT REMEMBERED, That on this \_\_\_\_\_ day of \_\_\_\_\_, 1977, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named \_\_\_\_\_, William A. Reeves and Virginia L. Reeves, husband and wife, known to me to be the identical individual \_\_\_\_\_ described in and who executed the within instrument and acknowledged to me that they \_\_\_\_\_ executed the same freely and voluntarily.

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

Notary Public

My Commission expires

My Commission Expires

Entered : September 20, 1977 Book: 32  
 Register No : 76-18E Page: 92 Line: 1  
 Against : Clifford J. Emmich and Winifred L. Emmich  
 In favor of : Mike Deely and Jo Deely, husband and wife,  
 which Mortgagees herein agree to hold Mortgagors harmless therefrom.  
 5. A judgment in the amount of \$94,700.72  
 Entered : September 20, 1977 Book: 32  
 Register No : 77-17E Page: 92 Line: 2  
 Against : Clifford J. Emmich and Winifred L. Emmich  
 In favor of : Mike Deely and Jo Deely, husband and wife,  
 which Mortgagees herein agree to hold Mortgagors harmless therefrom.  
 6. A judgment in the amount of \$69,085.74  
 Entered : January 27, 1977 Book: 29  
 Register No : 76-265E  
 Against : Anchor Hotel Corporation and Clifford J. Emmich  
 In favor of : Pacific West Mortgage, which Mortgagees herein  
 agree to hold Mortgagors harmless therefrom.

It is understood by and between the parties hereto that the E<sub>4</sub> of the NE<sub>4</sub> only is presently involved in a lawsuit entitled "Suit in Equity to Foreclose Mortgage, Case No. 76-18E in the Circuit Court of the State of Oregon for the County of Klamath and in the event the Mortgagee is not able to clear the judgments mentioned in this Mortgage, that Mortgagors shall have the following options available to them. First, Mortgagors shall have the option to apply the proceeds paid on the Mortgage to the W<sub>4</sub> and shall be given credit therefor. Second, Mortgagors shall have the option of having their money refunded to them and shall give Mortgagee a Quitclaim Deed to the property. ~~Third, Mortgagors shall have the option to apply the money they have paid on this Mortgage to apply on that certain Mortgage dated November 1, 1977 between William A. Reeves and Virginia L. Reeves, husband and wife, Mortgagors, to Raymond E. Colfax, M.D., Fred W. Kochler, Jr., Charlotte Kochler, husband and wife, and Kelsey C. Petersen, Jr., M.D., Mortgagees.~~ It is further hereby agreed by and between the parties hereto that in the event the judgments are cleared from the property that none of the options shall be available to Mortgagors.

It is further understood and agreed by and between the parties hereto that there will be a 3% prepayment penalty for payment of more than 29% of the balance in any one year for a period of 4 years from the date of this Mortgage unless there is an agreement to the contrary between Mortgagors and Mortgagee.

It is further hereby agreed by and between the parties hereto that Mortgagee cannot assign this Mortgage without first obtaining the written consent of Mortgagors.

Also no timber will be cut without prior written permission of the Mortgagee

## EXHIBIT 'A'

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 28th day of NOVEMBER A.D., 1977 at 10:53 o'clock A.M., and duly recorded in Vol. M77 of MORTGAGES on Page 22957.

FEE \$ 9.00

WM. D. MILNE, County Clerk

By Bernetha D. Letch Deputy