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MORTGAGE

THIS INDENTURE, made this 8th day of February, 19 78 between

JOSEPH W. GREEN and SARITA B. GREEN, husband and wife,

herein called "Mortgagor," and WESTERN BANK, an Oregon banking corporation, herein called "Mortgagee",

WITNESSETH

that the Mortgagor does hereby grant, bargain, mortgage and convey

unto the Mortgagee all the following described property situated in Klamath County, Oregon, to-wit:

PARCEL 1: A tract of land situated in the SE 1/4 NW 1/4 of Section 2, Township 39 South, Range 9

East of the Willamette Meridian.

Beginning at a point on the North right of way line of that portion of the Klamath Falls-

Lakeview Highway known as South Sixth Street, which is North 0° 35' West 40 feet from the

Southwest corner of the SE 1/4 NW 1/4; thence North 88° 57' East along the North right of way line

of said Highway 35 feet, and the true point of beginning; thence continuing North 88° 57'

East along said Highway 100 feet; thence North parallel to the West line of the SE 1/4 NW 1/4, 111.2

feet to the Southeast corner of that property described in Deed recorded May 28, 1965, in

Volume 362, page 101, Deed Records of Klamath County, Oregon; thence South 88° 57' West 100

feet; thence South parallel to the West line of the SE 1/4 NW 1/4 111.2 feet to the point of

beginning.

PARCEL 2: Beginning at a point which is North 0° 35' West, 30.0 feet, and North 88° 57'

East, 135.0 feet, and North 0° 35' West 111.22 feet from the Southwest corner of the South-

east quarter of the Northwest quarter of Section 2, Township 39 South, Range 9 East of the

Willamette Meridian; thence continuing North 0° 35' West, a distance of 50.0 feet; thence

South 88° 57' West a distance of 100 feet; thence South 0° 35' East a distance of 50.0 feet;

thence North 88° 57' East, a distance of 100.0 feet, more or less, to the point of beginning,

being a portion of the West one-half of the West one-half of the Southeast quarter of the

Northwest quarter of Section 2, Township 39 South, Range 9 East of the Willamette Meridian.

PARCEL 3: Beginning at a point North 0° 35' West 191.2 feet from the Southwest corner of the

SE 1/4 NW 1/4 of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, and thence

continuing North 0° 35' West a distance of 100 feet; thence North 88° 57' East a distance of

135 feet; thence South 0° 35' East 100 feet; thence South 88° 57' West a distance of 135 feet

to the point of beginning, being a portion of said SE 1/4 NW 1/4 of Section 2, Township 39 South,

Range 9 East of the Willamette Meridian.

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 covenant 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 \$ 220,000.00 and interest thereon in

accordance with the tenor of a certain promissory note executed by

Joseph W. Green and Sarita B. Green, husband and wife,

dated February 8, 1978, payable to the order of the Mortgagee in installments of not less than \$ 2,365.00

each including interest, on the 1st day of each month commencing August 1,

1978, until July 1, 1993, 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 or of

description whatsoever.

IN WITNESS WHEREOF, the Mortgagor has hereunto set their hand and seal of office, this 8th day of February, 1978.

WESTERN BANK, an Oregon banking corporation, herein called "Mortgagee",

by its duly authorized officers, has hereunto set their hand and seal of office, this 8th day of February, 1978.

JOSEPH W. GREEN and SARITA B. GREEN, husband and wife,

by their duly authorized officers, have hereunto set their hand and seal of office, this 8th day of February, 1978.

RECEIVED AT THE OFFICE OF THE CLERK OF THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

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

That Mortgagor will pay, when due, the indebtedness 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, Mortgagor 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 Mortgagor 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 Mortgagor to disburse the same or relieve Mortgagor from his covenants to pay said obligations or to keep the premises insured. Mortgagor 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 Mortgagor'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, 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 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 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.

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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 instru-

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 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 Mortgagor g ha ve hereunto set their hand s and seal s the day and year first hereinabove written.

Return
Western Bank
421 So. 7th
Klamath Falls OK

Joseph W. Green (SEAL)
Sarita B. Green (SEAL)
(SEAL)
(SEAL)

STATE OF OREGON

County of Lane

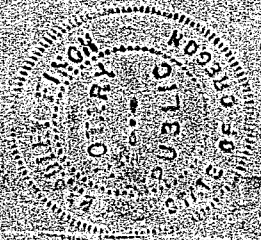
Feb 10th A.D. 19 78 } ss.

Personally appeared the above-named

Joseph W. Green & Sarita B. Green

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

(Notary Seal)



[Signature]
Notary Public for Oregon.

My Commission Expires: 1-2-82

STATE OF OREGON, COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 13th day of March A.D., 19 78 at 10:53 o'clock A M., and duly recorded in Vol 478 of Mortgages on Page 4680.

FEE \$9.00

WM. D. MILNE, County Clerk

By Bernetha D. Helock Deputy