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CPICE PROPERTY OF THE PROPERTY ory to connected P. O. (Box (3347)) Portland. Oregon 97208 வந்தில் நக்கமையில் நக்கும் கண்ணம் வ The Brink has loaned comment hour emore gagors endoach out the second to Address CICAL SIGNED THIRTY NINE THOUSAND STX HUNDRED AND NO / LOO SCORE MILL SECOND CONTRACTOR OF THE STATE OF THE S

393 600 000 and the process of a promissory note dated the same as this mortgage, under which this mortgage shall mean (a) the principal and interest according to the terms of a promissory note dated the same as this mortgage, under which the final payment of principal and interest according to the terms of a promissory note dated the same as this mortgage, under which this mortgage shall mean (a) the principal and interest payable under the note, (b) any tuture amounts together with the mortgage and (c) any sums paid or advanced by the Bank to interest from the Bank may in its discretion loan to Borrower or Mortgagor under this mortgage; and (c) any sums paid or advanced by the Bank to discharge obligations of Mortgagor as permitted under this mortgage.

periodoceratio of the true strot percent and reformance of all obligations of Mortgagor under this mortgage. Mortgagor mortgages to the Bank on the terms set out below the following property in 1982 to 1982 to 1982 and Komenics of Discours. Oregon. ike exceptions in 8.1 above. Notigagor worten?:

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required insurance coverage and a low the increase pullar to lapse reserve funds for the promum on a new seporal applicy providing the policy does not permit and position posment, the bank may use the promium attributable to the council occance case age. If the blanket notice, the Book moy, of its metation pay only libbl approach

logether with all appurtenances off existing or subsequent) erected or officiel in ements of fixture and all equipment furnings and other articles or social property work or subsequently it ted on or used in connection in the proper all of which is collective referred to as the Property of the country of the property of hat Possession and Maintenance of the Property 12 wife . On the 1400

It it. 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 necessory, repairs, replacements and renewals so that the value of the Property shall be maintained, and Morigagor shalling commit or permit any waste on the Property. Mortgagor, shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

on 12 : To the extent that the Property constitutes commercial property of a familiar archard, Marigagor shall apperate the Property in such manner, as to prevent deterioration of the land and improvements including fences; except for reasonable wear and rear from proper use; and to the extent that the land is under cultivation, shall cultivate or otherwise operate the Property occording to good husbandry of participations

ucli3 Morrgagor shall not demolish ar ramove any improvement from the Property without the Written content of Bank, Only

Cemple for the proceeds of the loan creating the indebtedness gre to be used to construct or complete construction of any improvement on the Property; the improvement shall be completed on or before spermonths from the data of this mortgage and Mortgager shall pay in full offices and expenses in connection with the work on the puging

1. Taxes and Liens. The program area workings on the good taxes and Liens. The program area was not transposed to the program and poxy before they become delinguent all taxes and assessments levied against or on account of the Property, and shall

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13. This talumes that continue a record consultation 17 Satuniy Agicamen) Libancing Stalemonis.

respect to the indebt coness.

pay as the all claims for work, done on or for services readered or material, unished to the Property Mortgagor shall maintain the Property free of one, tiens having priority over or equal to the interest of the Bank under this mortgage, except for the lien of taxes and assessments not a inquent and except as otherwise provided in 3.2.

Mortgagor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to any 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 Marigagor 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 dis-charge the lien plus any costs, attorneys fees or other charges that could as a result of a foreclosure or sale under the lien.

3.3 The assessor or lax 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 awing at any time.

Insurance.

4.1 Morigagor 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 policys, ar hadinguis or burgishing our received of a resulted

4.2. All policies of insurance on the Property shall bear an endorsement in a form satisfactory to the Bank making lass 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

one are always by Morigagar Proceeds shall be paid, directly to the Rank who may compromise with any insurance company and make a final settlement which shall be binding upon Morigagor. The Bank may jacks elections apply the proceeds to the reduction of the Indebtagas on the settlement. sectors size the restoration of repair of this Property (300cc strail per प्रकाद 31 AP least 30 days prior to the expiration of any policy, a satisfactor/Frenewal or substitute policy's hall be secured by Mongagor ...

Secured by Mortgage Insurance Premiums

5. Reserves Mortgage Insurance Premiums

5. The Bank may require Mortgage to maintain reserves for payment of axes (including special assessments and other charges against the Roperty by governmental or quasi-governmental bodies) or premiumscaceansurance: oc.boih; The reserves shall be created by payment jeach: months, to the Bank cofs an amount determined by the Bank to be sufficient to produce, an least 30 days before they are due, amounts equal ta:op in excess of the taxes of insurance premiums to be paid of at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient; Mortgagorishalkupon demand poy sweft additional sum as the Bank shall determine to be necessary to cover dbe required payment. The Bank may from time to time establish reason gible service charges for the collection and payment of taxes or insurauce beaumastor politicanents and renewals so that the value of the ய :523 | lf-dbe| Bank.carries (insurance) covering the repayment of all or any part of the Indebtedness; the premiums for such insurance shall be paid by Mortgagor; and the Bank may require Mortgagor to maintain a ceserve for such purpose in the same manner as for daxes and insurance.

5.3 16-Mortgogor desires 16 carry alpackage plantor insurance that includes accoverage in additional authoracy procedurates this mortgage, the Bank may at its option establish and administer a reserve for that pur-Bank may at its option establish and administer a reserve for that purpose this such event the premium attributable to the required insurance caverage shall be quoted separately and the Bank may permit Morrison to timish a certificate of insurance rather than deposit the policy as required in 127 if at any time the Bank holds an insufficient amount in the third reserve to cover the premium for the entire package. policy, the Bank may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. If the blanket policy does not permit such partial payment, the Bank may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the package policy to lopse.

6. Expenditures by the Bank

If Mortgagor shall fail to comply with any provision of this mortgage, the Bank may, at its option, on Mortgagor's behalf take the required action and any amount that it expands in so doing shall be added to the Indebtedness. Amounts so added shall be payable on demand with interest at the rate of ten percent per annum from the date of expenditure. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which the Bank may be entitled on account of the default, and the Bank shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise

Late Payment Penalty.

If any payment under the note is late by 15 days or more, the Bank may charge a penalty up to two cents for each dollar of payment so in arrears to cover the extra expense involved in handling delinquent payments. Collection of a late payment charge shall not constitute a waiver of a prejudice the Bank's right to pursue any other right or remedy available on account of the delinquency.

8. Warranty; Defense of Title.

8.1: Mortgagor warrants that he sholds merchantable title to the Property in the simple tree of all encumbrances other than those enumerated in the title policy, if any issued for the benefit of the Bank in connection with this transaction and accepted by the Bank is a last morpage within 20 days ofter receipt of written notice from the Bank specifying the failure.

and will forever defend the title against the lawful claims of all persons.

15. Rights and Remedies on Default.

Abortgogor's title or the interest of the Bank under this mortgage. Borthereafter, the Bank may exercise any one or more of the following 9 Condemnation, wax in its secretion foor to Borrower or Morroego.

the specific of the coperty is condemned the Bank may be up the entire indebtedness immediately due and payable.

The coperty is condemned the Bank may be up the entire indebtedness immediately due and payable.

The property is condemned the Bank may be up the entire indebtedness immediately due and payable. award be applied on the Indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs expenses and alternays (see necessarily paid on incurred by Morrgagor and the

Bank in connection with the condemnation are filled. Marigagor and the 1972 Ik any proceedings in condemnation are filled. Marigagor shall 37 ii promptly take such steps as may be recossary to defend the action and obtain the award

10. Imposition of Tax by State.

10.1. The following shall constitute state taxes to which this para-

(b) A specificiar of the awner of mortgaged property, which Ching not any proper grounds for the domand existed.

the taxpayer is being required to deduct from payments

(e) The right in connection with the payments

spen summaricing to the mortgaged premises chargeable against the mortgagee or the holder of the note secured.

∀ (d) A specific tax on all or any portion of the Indebtedness tions of payments of principal and interest made by a mertgagor.

gui.cu.10.2: If any state tax to which this paragraph applies is enocted subsequent (to) the date of this mortgage, this shall have the same effect as a default; and the Bank may exercise any or all of the remedies available southing the sevent of a default unless the following conditions are welsub himitation was resea or ma

Cost and (a) Mortgagor may lawfully pay the tax or charge imposed on by the state tax, and

social (b) Mortgagor pays or offers to pay the tax or charge within 30 days after notice from the Bank that the tax law has been

Transfer by Mortgagor.

11-1 Mortgagor shall not, without the prior written consent of the transfer Mortgagor's interest in the Property, whether or not the transferee assumes or agrees to pay the Indebtedness. If Mortgagor or a prospective transferee applies to the Bank for consent to such a transaction, the Bank may require such information concerning the transferee as would normally be required from a new Joan applicant. The Bank shall not unrea anably withhold its consent.

In its discretion impose a service charge not exceeding one percent of the original amount of the indebtedness, and may increase the interest rate of the indeptedness by not more than one percent per annum and adjust the monthly payment

13. No transfer by Mortgagor shall relieve Mortgagor of liability for payment of the Indebtedness. Following a transfer, the Bank may agree to any extension of time for payment or modification of the terms of this managed or the promissory note or waive any right or remedy under the mortgage or the promissory note without relieving Mortgagor from liability. Mortgagor waives notice, presentment and protest with

Security Agreement; Financing Statements.

12.1 This instrument shall constitute a security agreement with respect to any personal property included within the description of the

12:2 Mortgagor shall join with the Bank in executing one or more figuricing statements under the Uniform Commercial Code and shall file the statement at Mortgagor's expense in all public offices where filing is required to perfect the security interest of the Bank in any personal property under the Uniform Commercial Code.

13. Release on Full Performance.

If Mortgagor pays all of the Indebtedness when due and otherwise performs all of its obligations under this mortgage and the note, the Bank shall execute and deliver to Mortgagor a suitable release and satisfaction of this mortgage and suitable statements of termination of any financing statements on file evidencing the Bank's security interest

14. Default.

The following shall constitute events of default-

14.1. Failure of Mortgagor to pay any portion of the Indebtedness when it is due.

142 Failure of Mortgagor within the time required by this mortgage to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary

accordance with applicable law.

(c) With respect to all or any part of the Property that constitutes personally, the rights and remedies of a secured party under the Uniform Commercial Code.

goodd). The right, without notice to Mortgagor, to take possession NYME E BORINGHER AND BURNA BURNA BURNA the Property and collect all rents and profits, including those ast due and unpaid, and apply the net proceeds, over and above graph applies:

(a) A specific tax upon mortgages or upon all or any part of such lenant or user to the Bank in response to its demand shall shirtly the obligation for which the payments are made, whether the Bank's costs, against the indebtedness, in furtherance of this

(e) The right in connection with the proceedings to have a receiver appointed to take possession of any or all of the

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Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Bank's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount.

(f) Any other right or remedy provided in this mortgage or the promissory note evidencing the Indebtedness:

15.2 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.

15.3 The Bank shall give Mortgagor 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.

15.4 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 atherwise to demand strict compliance with that provision or any other provision. Electron 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.

My commission expires

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

15.5 In the event suit or action is instituted to enforce any of fine terms of this mortgage, the Bank shall be entitled to recover from Mortgagor such sum as the court may adjudge reasonable as Attorneys 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 or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reparts, attorneys opinions 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 or, if mailed, when deposited as registered or certified mail directed 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.

WM. D. MILNE, Coupty Clerk

Notary Public in and for said County and State.

Susan Scrimsher CORPORATE ACKNOWLEDGEMENT INDIVIDUAL ACKNOWLEDGEMENT STATE OF OREGON, County of) SS. STATE OF OREGON, County of . 19.78 March 22 Personally appeared the above-named Mark E. Scrimsher Personally appeared , who, being sworn, stated that he, the said and SusamScrimsher and he, the said of Mortgagor corporation and nd acknowledged the foregoing instrument to be the that the seal affixed hereto is its seal and that this Mortgage was voluntarily signed and sealed in behalf of the corporation by authority of its Board of Directors Before me: Notary Public for Oregon ary Public for 45 Nath Back - 1000 - 1 My commission expir PARTNERSHIP ACKNOWLEDGEMENT STATE OF CRESON STATE OF CREGON; COUNTY OF KLAMATH; 18 hereby certify that the within instrument was received and filed for record on the ____2259day of Merch A.D., 19 78 at 10:40 o'clock A M, and duly recorded in Vol X78 _on_Page___**5522**_

By Klenitha V Keloch