M 38-15313

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U.S. Creditcorp

MORTGAGE

Date: July 14, 1978
Klamath Falls, Oregon

Mortgagor ("Owner"): Kipco, Inc., a Nevada corporation

Owner's Address: 4100 South Sixth
Klamath Falls, Oregon 97601

Mortgagee ("Lender"):
U. S. Creditcorp
Address: 9340 SW Beaverton Hwy. Suite 5
Beaverton, Oregon 97005

1. Owner mortgages to Lender, on the terms set out below, the following "Property" in Klamath County, State of Oregon, including all improvements now and hereafter erected thereon:

SEE ATTACHED EXHIBIT "A"

Exhibit "A"

Attachment for a Mortgage for a Note dated July 14, 1978.

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BORROWER(S):

KIPCO, INC.
by: C. W. Davis

PARCEL 1

Beginning at the Southeasterly corner of Lot 1, Block 8, Terraces Addition to the City of Klamath Falls, in the County of Klamath, State of Oregon; thence North 89° 29' West, along the Southerly line of said Lot 1, a distance of 129.20 feet to the Southwesterly corner of said Lot 1; thence North 21° 14' West, along the Northeasterly right of way line of Laguna Street, a distance of 74.00 feet; thence North 54° 13' 49" East a distance of 87.50 feet to a point on the Northeasterly line of Lot 3, Block 7, of said Terraces Addition, said point also being on the Southwesterly right of way line of Loma Linda Drive; thence Southeasterly, along the Southwesterly right of way line of Loma Linda Drive, to the point of beginning.

PARCEL 2

A tract of land situated in the NW¼SW¼ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the brass plug marking the West quarter corner of said Section 2; thence South 0° 13' East along the Westerly line of said Section 2 a distance of 53 feet; thence North 89° 47' East a distance of 30.00 feet to an iron pin on the Easterly right of way line of Summe Lane and the true point of beginning; thence continuing North 89° 47' East to the Westerly right of way line of the U.S.B.R. "A" Canal; thenc Southeast along the Westerly right of way line of said canal to the Northeast corner of that certain tract conveyed to Smith & Westvold by deed recorded January 28, 1964 in Book 350 at page 590; thence South 89° 47' West 82.38 feet to the Westerly right of way line of Summers Lane; thence North 0° 13' West along the right of way line 159 feet; more or less, to the point of beginning.

EXCEPTING THEREFROM that portion conveyed to State of Oregon by and through its State Highway Commission by deed recorded May 6, 1964 in Book 352 at page 573, Deed Records of Klamath County, Oregon.

KIPCO, INC.

by [signature] President
C. W. Davis

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2. This Mortgage secures the repayment of all amounts owed on a loan evidenced by a promissory note ("Note") signed by Kipco, Inc., a Nevada corporation ("Borrower") which is payable to Lender. The Note is dated July 14, 1978, and the original Loan Amount is $ 40,000.00. The interest rate charged on the Note is:

[X] a. 15.0 % per year on the unpaid part of the Loan Amount.

[ ] b. ______ % per year on the unpaid part of the Loan Amount that is not over $300,

______ % per year on the unpaid part of the Loan Amount that is over $300 but not over $1,000,

and ______ % per year on the unpaid part of the Loan Amount that is over $1,000 but not over $5,000.

The scheduled payments on the Note are: 180 payments of at least $ 559.83 each month until the entire Loan Amount, with interest, is paid; the first payment is due on August 19, 1978 and the final payment of the entire unpaid Loan Amount, with interest, is due on the maturity date, which is July 19, 1993; or ______

Lender may without notice renew or extend the Note, and this Mortgage shall secure all such extensions and renewals whether or not the extensions and renewals are longer than the original period of the Note.

3. Owner agrees to perform all acts necessary to insure and preserve the value of the Property and Lender's interest in it, including but not limited to the following acts:

3.1 Owner will keep the Property in good condition and repair. Unless Lender expressly waives the requirement in writing, Owner will insure the Property, by policies payable to Lender under Lender's loss payable endorsement, for fire and extended coverage, and also against all other risks that Lender may require. The amount of insurance must be enough to pay 100% of any loss, up to the balance owed on the loan, despite the effect of any co-insurance clause. Owner will provide Lender with proof of such insurance satisfactory to Lender. Lender may inspect the Property at any time.

3.2 Owner will not sell or otherwise transfer any interest in the Property, or offer to do so, without Lender's written consent.

3.3 Owner will pay all taxes, assessments, liens and other encumbrances on the Property which might take priority over this Mortgage when they are due.

4. If Owner fails to perform any of the agreements made in Section 3, Lender may pay for the performance of the agreements and add the cost to the Loan Amount, on which interest is calculated. Owner will pay Lender the costs immediately or in increased payments, whichever Lender demands.

5. The following are events of default under this Mortgage:

5.1 The promised payment amounts on the Note are not paid by the promised payment dates, or there is a failure to perform any agreement in the Note.

5.2 Owner fails to perform any of the agreements made in Section 3, whether or not Lender has paid for the performance of the agreement.

5.3 There is a default under any other agreement that secures the Note.

5.4 Any signer of this mortgage or any signer of the Note misrepresented or falsified any material fact in regard to either the Property, the financial condition of any signer of the Note or any guarantor or surety for the Note, or the application for the loan evidenced by the Note.

5.5 The property is damaged, destroyed, sold, levied upon, seized, attached, or is the subject of any foreclosure action.

5.6 Any signer of this Mortgage, any signer of the Note, or any guarantor or surety for the Note, dies, becomes insolvent, makes an assignment for creditors or is the subject of any bankruptcy or receivership proceeding.

5.7 Any partnership or corporation that has signed the Note or this mortgage, or is a guarantor or surety for the Note, dissolves or terminates its existence.

6. After default, Lender may take one or more of the following actions at Lender's option, without notice to Owner:

6.1 Lender may continue to charge interest on the unpaid part of the Loan Amount at the rate of interest specified in section 2 above.

6.2 Lender may declare the entire unpaid amount owed on the loan, including interest, to be due and payable immediately.

6.3 Lender may, with respect to all or any portion of the Property, exercise the right to foreclose

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this Mortgage by judicial foreclosure in accordance with applicable law.

6.4 Lender may, by agent or by court-appointed receiver, enter upon, take possession of and manage the Property, and collect the rents from the Property, provided the Property is not then the farm lands or homestead of Owner. Lender shall be entitled to appointment of a receiver, whether or not the apparent value of the Property exceeds the amount that is owed on the Note and this Mortgage. The receiver shall serve without bond, if the law permits it.

6.5 Owner will be liable for all costs and disbursements Lender may be entitled to by law in connection with any action, suit, or proceeding to collect any amount Owner owes, or to foreclose upon the Property.

6.6 If Lender refers the Note or this Mortgage to a lawyer who is not Lender's salaried employee, Owner will pay Lender reasonable fees that Lender actually pays the lawyer, including any for appeals;

7. The rights of Lender under this Mortgage are in addition to Lender's rights under any other agreements or under the law; Lender may use any combination of those rights.

8. Lender is not required to give Owner any notice, except notices that are required by law and cannot be given up by Owner. Any notice Lender must give to Owner will be considered given when mailed to Owner at the address shown as "Owner's address" on front. Except in situations for which a longer notice period is specifically provided by law, Owner agrees that 10 days notice is reasonable notice.

9. Lender may require Owner to perform all agreements precisely and on time, even if Lender may at other times have given Owner extra time or may not have required precise performance.

10. Lender will satisfy this Mortgage when the entire amount owed has been paid in full. However, Owner will pay the fee for filing the satisfaction.

11. If all or any part of the Property is condemned, Lender may at its election require that all or any portion of the net proceeds of the award be applied on the Note. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Owner and Lender in connection with the condemnation. If any proceedings in condemnation are filed, Owner shall promptly take such steps as may be necessary to defend the action and obtain the award.

12. Special provisions (if any):

Kipco, Inc.

X [signature]

President

INDIVIDUAL ACKNOWLEDGMENT
STATE OF OREGON)
County of ____________) ss

____________, 19____

Personally appeared the above-named ____________ and acknowledged the foregoing instrument to be ____________ voluntary act.

Before me:

____
Notary Public for Oregon
My commission expires:

CORPORATE ACKNOWLEDGMENT
STATE OF OREGON)
County of Klamath) ss

July 14 1978

Personally appeared C. W. Davis who, being sworn, stated that he, the said president, and he, the said ____________ is an officer ____________ is a ____________ of Mortgagor corporation and 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:

[signature]
Notary Public for Oregon
My commission expires: 12/12/80

Return To: U.S. Credit Corp
9340 SW Beaverton Hwy-Suite 5
Beaverton, OR 97005

PARTNERSHIP ACKNOWLEDGMENT
STATE OF OREGON)
) ss

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 14th day of July A.D., 1978 at 3:56 o'clock P.M., and duly recorded in Vol. M78 of Mortgages on Page 15196.

FEE $9.00

WM. D. MILNE, County Clerk
By [signature] Deputy