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MORTGAGE

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July 10

1978

UNITED STATES NATIONAL BANK OF OREGON, Mortgage Lender
 140 West Street, P. O. Box 184, Astoria, Oregon 97101
 The Lender has loaned ALFRED DAVID BRADSHAW
ALFRED DAVID BRADSHAW
 184 1/2 1st St., Astoria, Oregon 97101
 Address: ALFRED DAVID BRADSHAW
 Address: ALFRED DAVID BRADSHAW
 (Borrower)

which is payable with interest according to the terms of a promissory note dated the same as this mortgage, under which the first payment of principal and interest is due on or before 10-01-1978. The term of this mortgage is 10 years. This used to this mortgage shall mean (a) the principal and interest payable under the note and under any extensions and amendments of the note, (b) any future amounts, together with interest, that the Lender may in its discretion loan to Borrower or Mortgagee under this mortgage and any extensions and amendments, and (c) any sums paid or advanced by the Lender to discharge obligations of Mortgagee as permitted under this mortgage, with interest.

To secure payment of the indebtedness and performance of all obligations of Mortgagee under this mortgage, Mortgagee mortgages to the Lender on the terms set out below the following property in Clatsop County State of Oregon
LOT 16 BLOCK 9, MILLARD.

together with all easements, all existing or subsequently created or titled improvements or fixtures, and, unless this mortgage is being given to secure an extension of consumer credit requiring disclosures under the Federal Truth-in-Lending Act, Mortgagee hereby grants to Lender a certain Commercial Use security interest in all equipment, fixtures and other articles of personal property now or subsequently located on or used in connection with the property, all of the foregoing is collectively referred to as the Property.

1. Preservation and Maintenance of the Property.

1.1 Until in default, Mortgagee shall remain in possession and control of the Property and to the extent that this Property consists of commercial improvements shall be free to operate and manage the Property and make the property of operation. The Property shall be maintained in good condition at all times. Mortgagee shall promptly make all necessary repairs, replacements and renovations so that the value of the Property shall be maintained, and Mortgagee shall not commit or permit any waste of the Property. Mortgagee shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property or a farm or orchard, Mortgagee shall operate the Property in such manner as to prevent deterioration of the land and improvements including forests, except for reasonable wear and tear from proper use, and to the extent that the land is under cultivation, shall cultivate or otherwise operate the Property according to good husbandry.

1.3 Mortgagee shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the indebtedness are to be used to complete or complete construction of any improvement on the Property, the improvement shall be completed on or before from the date of this mortgage and Mortgagee shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Mortgagee shall pay before they become delinquent all taxes and assessments levied against or assessed on the Property, and shall pay as due all taxes and assessments on or for services rendered or material furnished to the Property. Special assessments shall be paid currently without delay. Lender under this mortgage is authorized to the holder of Lender under this mortgage or Lender giving to prior written consent to the delinquent Mortgagee shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this mortgage, except to "Permitted Encumbrances" as defined in 3.2. The lien of taxes and assessments and delinquency is excepted as otherwise provided in 3.2.

3.2 Mortgagee may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Lender's interest in the Property is not jeopardized. Mortgagee or the name of the Borrower if different from the Mortgagee.

arized. If a lien arises or is filed as a result of nonpayment, Mortgagee shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Mortgagee has notice of the filing, secure the discharge of the lien or deposit with the Lender cash or a sufficient corporate surety bond or other security satisfactory to the Lender in an amount sufficient to discharge the lien plus any costs, attorney's fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Mortgagee shall carry such insurance as the Lender may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement and for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risk. Insurance on the Property shall be carried in companies and under policies approved by the Lender and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full market value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear or be endorsed in a form satisfactory to the Lender making loss payable to the Lender and shall be deposited with the Lender. In the event of loss, Mortgagee shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Mortgagee. Proceeds shall be paid directly to the Lender who may compromise with any insurance company and make a final settlement, which shall be binding upon Mortgagee. The Lender may, at its election, apply the proceeds to the reduction of the indebtedness or to the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Mortgagee.

5. Reserve; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Mortgagee and Lender do not otherwise expressly agree in writing, Lender may require Mortgagee to maintain reserves for payment of taxes (including special assessments and other charges against the Property by government or governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to the Lender of an amount determined by the Lender to be sufficient to pay the date they are due amounts equal to the amount of taxes and insurance premiums to be paid. If at the time that such amounts are to be made the reserve for either taxes or insurance premiums is insufficient, Mortgagee shall upon demand pay such additional sum as the Lender shall determine to be necessary to cover the required payment.

5.2 If the Lender carries mortgage (default) insurance covering the repayment of all or any part of the indebtedness, the Lender for such insurance shall be paid by the Mortgagee, and if required by law, the Lender may require Mortgagee to maintain a reserve for

with purposes in the same manner as real estate and property interests, and subject to the same agreements.

5.3 If Mortgagor desires to carry a package plan of insurance that includes coverage in addition to that required under this mortgage, the Lender, at its option, may, if it is so established and administered a reserve for that purpose, in such event the premium attributable to the required insurance coverage shall be funded separately, and the Lender may permit Mortgagor to furnish a portion of insurance rather than require the policy as required in 5.2. If at any time the Lender holds a reserve in connection with the insurance reserve to cover the premium for the entire package policy, the Lender may, or by agreement with the holder of the premium attributable to the required insurance coverage. If the package policy does not permit such partial payment, the Lender may use the reserve funds for the premium for a new, separate policy providing the required insurance coverage and allow the package policy to lapse.

5.4 Lender shall not charge a service charge for collecting, analyzing and paying taxes and insurance premiums. The reserves shall not constitute a trust. Mortgagor agrees that Lender may commingle reserve funds with other funds of Lender, and need not invest them for the benefit of Mortgagor. Mortgagor agrees that Lender need not pay Mortgagor's interest on reserves, unless applicable statutes require payment of interest notwithstanding any contrary agreement.

6. Expenses of the Bank.

If Mortgagor shall fail to comply with any provision of this mortgage, the Lender may, at its option, on Mortgagor's behalf institute required action and any amount that it pays to so doing shall be added to the indebtedness. Amounts so added shall be payable on demand with interest at the same rate as provided in the note from the date of expenditure. This right is provided for in this paragraph shall be in addition to any other remedies to which the Lender may be entitled on account of the default, and the Lender shall not be taking the required action on the default so as to bar it from any remedy that it otherwise would have had.

7. Late Payment Charges.

To cover the extra expense involved in handling delinquent payments, Lender may charge a late charge on any scheduled payment which Lender does not receive within 15 days after the due date, or by the next business day if the 15-day period ends on a Saturday, Sunday or legal holiday. The amount of the late charge shall be as specified in the note or, if the note specifies no late charge, the late charge shall be the greater of (a) the percentage of the payment of principal and interest, or portion of such payment, which Lender does not receive within the 15-day period; or (b) the late charge under the note provided this mortgage shall not exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Lender's right to pursue any other remedy or remedies available on account of the delinquency.

8. Warranty Concerning Title.

8.1 Mortgagor warrants that he holds merchantable title to the Property in fee simple, free of all encumbrances other than (a) those enumerated in the title policy, if any, issued for the benefit of the Lender in connection with this transaction and accepted by the Lender; and (b) the encumbrances described as:

(hereinafter referred to as "Permitted Encumbrances").

8.2 Mortgagor warrants and will forever defend the title against the lawful claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Mortgagor's title or the interest of the Lender under this mortgage, Mortgagor shall defend the action at Borrower's expense.

8.3 If any Permitted Encumbrance is a lien, Borrower shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which, with the lapse of time, the giving of notice, or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

9. Condemnation.

9.1 If all or any part of the Property is condemned, the Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness. The net proceeds of the award shall mean the awarded payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Mortgagor and the Lender in connection with the condemnation.

9.2 If any proceedings in condemnation are filed, Mortgagor shall promptly take such steps as may be necessary 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 paragraph applies:

(a) A specific tax upon mortgages or upon all or any part of the indebtedness secured by a mortgage.

(b) A specific tax on the owner of mortgaged property which the taxpayer is authorized or required to deduct from payments on the mortgage.

(c) A tax on mortgage premiums chargeable against the mortgagee or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a mortgagor.

10.2 If any federal, state or local tax to which this paragraph applies is enacted subsequent to the date of this mortgage, it shall have the same effect as a default, and the Lender may exercise all of the remedies available to it in the event of a default unless the following conditions are met:

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

(b) Mortgagor pays or offers to pay the tax or charge within 90 days after notice from the Lender that the tax law has been enacted.

11. Transfer by Mortgagor.

11.1 Mortgagor shall not, without the prior written consent of the Lender, 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 Lender for consent to such a transaction, the Lender may require such information concerning the transferee as would normally be required from a new loan applicant. The Lender shall not unreasonably withhold its consent.

11.2 As a condition of its consent to any transfer, the Lender may 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 indebtedness to any rate which is satisfactory to Lender, and does not exceed any maximum interest rate set by law, and adjust the monthly payment to include the increased interest.

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

12. 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 Property.

12.2 Mortgagor shall join with the Lender in executing one or more financing 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 Lender 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 Lender 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 Lender's security interest in personal property.

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.

14.2 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 to prevent filing of or discharge any lien.

14.3 Failure of Mortgagor to perform any other obligation under this mortgage within 20 days after receipt of written notice from the Lender specifying the failure.

14.4 If this mortgage secures a construction loan, any failure of Mortgagor or builder to comply with or perform any provision of any construction loan agreement executed in connection with the loan within 20 days after receipt of written notice from Mortgagor specifying the failure.

14.5 Default in any obligation secured by a lien which has or may have priority over this mortgage, or the commencement of any action to foreclose any prior lien.

15. Rights and Remedies on Default.

15.1 Upon the occurrence of any event of default and at any time thereafter, the Lender may exercise any one or more of the following rights and remedies:

(a) The right at its option to require the Borrower to declare the entire indebtedness immediately due and payable.

(b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in 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.

(d) The right, without notice to Mortgagor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Lender's costs, against the Indebtedness. In furtherance of this right the Lender may require any tenant or other user to make payments of rent or use fees directly to the Lender, and payments by such tenant or user to the Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(e) The right in connection with any legal proceedings to have a receiver appointed to take possession of any or all of the 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 Lender'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 Lender 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 Lender shall be entitled to bid at any public sale on all or any portion of the Property.

15.3 The Lender 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 otherwise to demand strict compliance with that provision or any other provision. Election by the Lender 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 Lender's right 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 the terms of this mortgage, the Lender 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 Lender that are necessary at any time in the Lender'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' reports, attorneys' opinion 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 same rate as provided in the note from the date of expenditure until repaid.

16. Notices.

Any notice under this mortgage shall be in writing and shall be effective when actually delivered or, if mailed, when deposited in 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.

17.3 Attorneys' fees. "Attorneys' fees," as that term is used in the note and in this mortgage, shall include attorneys' fees, any, which may be awarded by an appellate court.

Alfred Ralph Tompkins

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath

ss.

July 10, 1978

Personally appeared the above-named Alfred Ralph Tompkins and acknowledged the foregoing instrument to be his voluntary act.

Before me,

US

NOTARY PUBLIC

OF OREGON

My commission expires:

4/16/79

STATE OF OREGON; COUNTY OF KLAMATH, ss.

I hereby certify that the within instrument was received and filed for record on the 27th day of August, A.D., 1978, at 3:43 o'clock P.M., and duly recorded in Vol. 678 of Notary on Page 17255.

FEE \$3.50

in behalf of said partnership.

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

Before me:

WM. D. MILNE, County Clerk

William D. Milne

Deputy

Notary Public for Oregon

My commission expires:

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON

County of _____

ss.

18.

Personally appeared _____, who, being sworn, stated that he, the said _____, is a _____, and he, the said _____, is a _____.

of Mortgagor corporation and that the seal affixed herein 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

My commission expires: