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MORTGAGE

Vol. ^m79 Page 17126

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July 13

1979

T. P. Packing Co., an Oregon Corporation		Mortgagor
P. O. Box 1810 Klamath Falls, Oregon 97601		Address
Klamath Falls		Branch
United States National Bank of Oregon, Mortgagee ("Lender")	740 Main Street Klamath Falls, Oregon 97601	Address
The Lender has loaned	T. P. Packing Co., a Corporation	*(Borrower)

\$ 350,000.00, which is repayable with interest according to the terms of a promissory note dated the same as this mortgage, under which the final payment of principal and interest is due on or before 1 years from date. The term "Indebtedness" as used in this mortgage shall mean (a) the principal and interest payable under the note and under any extensions and renewals of the note, (b) any future amounts, together with interest, that the Lender may in its discretion loan to Borrower or Mortgagor under this mortgage and any extensions and renewals, and (c) any sums paid or advanced by the Lender to discharge obligations of Mortgagor as permitted under this mortgage, with interest.

To secure payment of the Indebtedness and performance of all obligations of Mortgagor under this mortgage, Mortgagor mortgages to the Lender on the terms set out below the following property in Klamath County, State of Oregon:

PARCEL 1

Parcel A: Starting at quarter corner between Sections 16 and 17 in Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, said point being also the Southeast corner of Lot 2 in said Section 17; thence West along the South line of said Lot 2, 660 feet; thence North along a line running North and South through the center of the Southeast quarter of the Northeast quarter of said Section 17 (being Lot 2 of said Section) 811.67 feet, more or less, to the intersection of said North and South line with the Easterly line of the right of way of the California Northeastern Railway; thence Northeasterly along the said Easterly line of the right of way of said railway 1187.97 feet, more or less, to the intersection of said Easterly line of said railway right of way with the East line of said Section 17; thence South 1797.89 feet, more or less, to the point of beginning.

Parcel B: Beginning at a point on the South line of Lot 2 of Section 17, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, 660 feet West of the quarter section corner common to Sections 16 and 17 in said Township and Range, running thence North 811.67 feet to the Southeasterly right of way of the California, Northeastern Railroad (Southern Pacific Railroad); thence Southwesterly along the right of way of the said railroad to the South line of said Lot 2; thence East 540 feet, more or less, to the place of beginning, and subject to all rights of way of record.

Parcel C: 690 feet off the North side of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 17, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, EXCEPTING AND RESERVING THEREFROM a parcel of land lying in the Southwest corner of said tract described as follows: Beginning at the Southwest corner of the land herein described, running thence Easterly along the Southerly line of said tract, 219 feet; thence Northwesterly at an angle of 22°, 562 feet to the Westerly line of said tract; thence Southerly 544 feet to the place of beginning, the same being a triangular tract.

ALSO a portion of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, Township 39 South, Range 9 East of the Willamette Meridian, more particularly described as follows: Beginning at a point on the West line of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, Township 39 South, Range 9 East of the Willamette Meridian, which is 430 feet North of the Southwest corner of the North 20.27 acres of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17; thence East 44.7 feet; thence North 22° 00' West, a distance of 85 feet, more or less, to the Southeasterly right of way line of the Southern Pacific right of way; thence South 33° 29' West along said right of way line a distance of 23 feet, more or less, to the West line of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 17; thence South 62 feet, more or less, to the point of beginning.

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together with all appurtenances, all existing or subsequently erected or affixed 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, Mortgagor also hereby grants to Lender a Uniform Commercial Code security interest in all equipment, furnishings 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. Possession and Maintenance of the Property.

1.1 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 necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Mortgagor shall not commit or permit any waste on the Property. Mortgagor 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, Mortgagor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, 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 Mortgagor 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 construct or complete construction of any improvement on the Property, the improvement shall be completed on or before _____ from the date of this mortgage and Mortgagor shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Mortgagor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Lender under this mortgage, or Lender gives its prior written consent to the deferral. Mortgagor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this mortgage, except for "Permitted Encumbrances" as defined in 8.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 3.2.

3.2 Mortgagor 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.

*Insert "Mortgagor" or the name of the borrower if different from the Mortgagor.

ardized. 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 Mortgagor 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, attorneys' 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 Mortgagor 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 for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risks. 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 insurable 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 an endorsement 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, Mortgagor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Mortgagor. 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 Mortgagor. The Lender may, at its election, apply the proceeds to the reduction of the Indebtedness or 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 Mortgagor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Mortgagor and Lender do not otherwise expressly agree in writing, Lender may require Mortgagor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-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 produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Mortgagor 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 premiums for such insurance shall be paid by the Mortgagor, and if allowed by law, the Lender may require Mortgagor to maintain a reserve for