

This Indenture, made this 20th day of August, 1979, between
72625 WASHBURN ENTERPRISES, INC.

hereinafter
called "Mortgagor", and FIRST NATIONAL BANK OF OREGON, a national banking association, hereinafter called "Mortgagee" whose address is
601 Main Street, Klamath Falls, Oregon 97601

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor has bargained and sold and does hereby grant, bargain, sell and convey
unto the Mortgagee, all the following described property situate in Klamath County, Oregon, to wit:

Lots 1, 2, 3, and 4, Block 1,
Lot 2, Block 2, SAVING AND EXCEPTING that portion thereof conveyed to
Maywood Industries of Oregon, Inc. by deed recorded
September 17, 1975, in M-75 on page 11116, records of
Klamath County, Oregon.
Lot 2, Block 4,
Lots 3 and 4, Block 5,
All in Washburn Park, Tract 1080, according to the official plat there-
of on file in the office of the County Clerk, Klamath County, Oregon.

together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining; also all such ap-
paratus, equipment and fixtures now or hereafter situate on said premises, as are ever furnished by landlords in letting unfurnished buildings similar
to the one situated on the real property hereinabove described, including, but not exclusively, all fixtures and personal property used or intended for
use for plumbing, lighting, heating, cooking, cooling, ventilating or irrigating, linoleum and other floor coverings attached to floors, and shelving,
counters, and other store, office and trade fixtures; also the rents, issues and profits arising from or in connection with the said real and personal
property or any part thereof.

To Have and To Hold the same unto the Mortgagee, its successors and assigns, forever.

And the Mortgagor does hereby covenant to and with the Mortgagee, that he is lawfully seized in fee simple of the said real property, that he is
the absolute owner of the said personal property, that the said real and personal property is free from encumbrances of every kind and nature, and
that he will warrant and forever defend the same against the lawful claims and demands of all persons whomsoever.

This conveyance 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 \$ 600,000.00

and interest thereon in accordance with the tenor of a certain promissory note executed by
Washburn Enterprises, Inc.

dated August 20, 19 79, payable to the order of the Mortgagee in installments not less than
\$ 8,609.00, each, including interest, on the 1st day of each month
commencing October 1, 19 79, until September 1, 1984,
when the balance then remaining unpaid shall be paid.

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

1. That he will pay, when due, the indebtedness hereby secured,
with interest, as prescribed by said note, and all taxes, liens and utility
charges upon said premises or for services furnished thereto.

2. That he will not commit or permit strip or waste of the said
premises or any part thereof; that he will keep the real and personal
property hereinabove described in good order and repair and in tenant-
able condition; that he will promptly comply with any and all municipal
and governmental rules and regulations with reference thereto; that
if any of the said property be damaged or destroyed by any cause, he
will immediately reconstruct or repair the same so that, when com-
pleted, 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 against which insurance is carried, the obligation of
the Mortgagor to repair or reconstruct shall not arise unless the Mort-

gagee shall consent to the application of insurance proceeds to the ex-
pense 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 se-
cured, 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 Mort-
gagee; 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 ex-

piration 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 Mortgagee may require, provide the Mortgagee with all such 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 policy 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 to do so, and without waiver of such default, procure any insurance, pay any taxes or liens or utility charges, make any repairs, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at 10% per annum 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 Mortgagee's consent to such a transfer, Mortgagee may require 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 sums 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 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; 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 accrued 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 instrument 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 Mortgagee 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, said Mortgagor has executed this indenture the day and year first above written.

WASHBURN ENTERPRISES, INC.

By Dorman Turner

By Harry R. Waggoner

CORPORATE ACKNOWLEDGEMENT

STATE OF OREGON, County of Klamath

August 20, 1979

Personally appeared Dorman Turner

and Harry R. Waggoner

who being duly sworn, did say that he, Dorman Turner

is the President

and he, Harry R. Waggoner

is the Director

of WASHBURN ENTERPRISES, INC.

a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation (provided said corporation has such seal) and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be his voluntary act and deed.

Before me:

E. C. Huff
Notary Public for Oregon
My commission expires: 7-14-80

STATE OF OREGON

County of _____

19 _____

Personally appeared the above named _____

and acknowledged the foregoing instrument to be

voluntary act and deed.
Before me:

(SEAL)

Notary Public for Oregon
My commission expires:

MORTGAGE

AFTER RECORDATION RETURN TO:
FIRST NATIONAL BANK OF OREGON
601 Main Street
Klamath Falls, OR 97601
Attention: E.C. Huff

STATE OF OREGON,
County of Klamath

Filed for record at request of

Klamath County Title Co.

on this 20th day of August A.D. 19 79

at 3:37 o'clock P M, and duly

recorded in Vol. 179 of Mortgages

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Wm D. MILNE, County Clerk

By Bernice H. Halvick Deputy

Fee \$7.00