

This Indenture, made this 27th day of September 1979 between

SWAN LAKE MOULDING COMPANY, an Oregon Corporation and FREDERICK D. EHLERS

and HELEN ANN EHLERS, Husband and Wife

called "Mortgagor", and FIRST NATIONAL BANK OF OREGON, a national banking association, hereinafter called "Mortgagee";

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:

A parcel of land lying in the Northwest quarter of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Starting at the Northwest corner of said Section 3; thence South 00° 00' 30" East along the Westerly boundary of Section 3 and the centerline of Washburn Way, 917.42 feet to the intersection with the present centerline of Sixth Street, formerly known as the Dalles-California Highway, recorded bearing South 55° 52' 30" East, at Engineers Station 9 + 17.42 feet on Washburn Way and Engineers Station 16 + 14.87 feet on Sixth Street present centerline, and continuing thence along said boundary and centerline 48.32 feet to Engineers Station 9 + 65.74 feet on South boundary of Sixth Street, which is distant 40 feet at right angles Southwesterly from centerline of Sixth Street at Engineers Station 16 + 41.99 feet; thence South 55° 52' 30" East parallel to said centerline 463.02 feet to the true point of beginning of this description; thence from said true beginning point continuing South 55° 52' 30" East parallel to said centerline 795.36 feet; thence at right angles South 34° 07' 30" West, 204.00 feet; thence South 55° 52' 30" East parallel to Sixth Street 145.00 feet; thence at right angles South 34° 07' 30" West, 183.80 feet, more or less, to Northerly right of way line of the Oregon, California, and Eastern Railroad; thence North 66° 57' 30" West along said line 982.45 feet, more or less, to a point on the Easterly right of way line of Washburn Way which is 40.00 feet Easterly of said centerline; thence North 00° 00' 30" West along said right of way line 503.39 feet; thence South 55° 52' 30" East, 306.22 feet; thence North 34° 07' 30" East, 160.00 feet to the true point of beginning.

THIS IS A
CONSTRUCTION MORTGAGE

together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining; also all such apparatus, 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 \$4,465,191.00 and interest thereon in accordance with the tenor of a certain promissory note executed by _____

FREDERICK D. EHLERS and HELEN ANN EHLERS

dated September 27, 19 79, payable to the order of the Mortgagee in installments than \$ _____ each, of interest only interest, on the first day of each month commencing November 1, 19 79,

until April 30, 19 80, when the balance then remaining unpaid shall be paid.*
* See Agreement attached hereto as Exhibit "A".

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 tenable 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 completed, 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 Mortgagee shall consent to the application of insurance proceeds to the expense 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 secured, 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 Mortgagee; 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 expiration 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 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 policies 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 so to do, 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 8% 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.

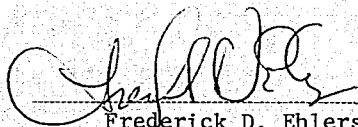
7. That, if any default be made in the payment of the principal or interest of the indebtedness hereby secured or in the performance of any of the covenants or agreements of this mortgage, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

8. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum 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 arisen 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.

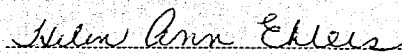
9. The word "Mortgagor", and the language of this instrument shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagor 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, the Mortgagor S. ha.VE hereunto set their hand S and seal S the day and year first hereinabove written.

SWAN LAKE MOULDING COMPANY,
an Oregon Corporation

 (SEAL)
Frederick D. Ehlers

By: 
Alfred D. Collier

 (SEAL)
Helen Ann Ehlers

By: _____

_____ (SEAL)

_____ (SEAL)

STATE OF OREGON

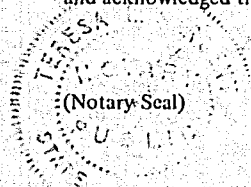
County of Klamath } ss.

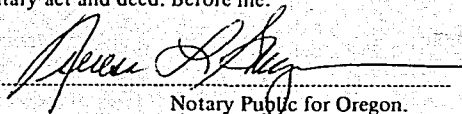
September 27 A. D. 19 79

Personally appeared the above-named _____

Frederick D. Ehlers and Helen Ann Ehlers

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:




Notary Public for Oregon.

My Commission Expires: 4-16-82

19888

22932

STATE OF OREGON

County of Klamath

ss.

September 27 A. D. 1979

Personally appeared Alfred D. Collier and

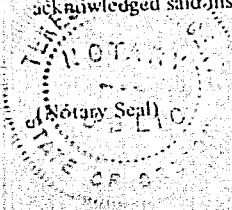
who being duly sworn did say that he, the said Alfred D. Collier is the President

and he, the said _____ is the _____

Swan Lake Moulding Company, Inc.

of _____ and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and the said instrument

was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:



[Signature]
Notary Public for Oregon.

My Commission Expires: 4-16-82

MORTGAGE

SWAN LAKE MOULDING COMPANY, an
Oregon Corporation

and
FREDERICK D. EHLERS

HELEN ANN EHLERS

TO

FIRST NATIONAL BANK OF OREGON
Portland, Oregon

When Recorded, Mail to

RELD. Income Properties T-7 Branch
FIRST NATIONAL BANK OF OREGON
P. O. Box 3131
Portland, Oregon 97208
Attention: Teresa L. Sargent

(Address of Branch)

NOTWITHSTANDING anything herein contained to the contrary, it is expressly agreed and understood by and between and among the parties hereto as follows, to-wit:

1. That Swan Lake Moulding Company, of Mortgagors, is the owner of the above described real property.
2. That Frederick D. Ehlers and Helen Ann Ehlers, of Mortgagors, is the lessee under a leasehold agreement dated May 1, 1979 with said Swan Lake Moulding Company for a term of 50 years and will construct thereon a shopping center.
3. That Swan Lake Moulding Company, of Mortgagors, has not signed the Promissory Note herein described and assumes no liability for payment of same or any part thereof nor for payment of any other sums which Mortgagors agree to pay by the terms of this Mortgage. That Swan Lake Moulding Company in executing this Mortgage pledges only its interest in said real property for payment of said Note and Mortgagee upon foreclosure will not be entitled to any judgment against Swan Lake Moulding Company for payment thereof. That the covenants for additional security in said Mortgage apply only to Frederick D. Ehlers and Helen Ann Ehlers.
4. That Mortgagee shall give Swan Lake Moulding Company written notice of any default by the Mortgagors in its Note or Mortgage obligation, and notwithstanding foreclosure covenants contained in this Mortgage Swan Lake Moulding Company shall have not less than 90 days after written notice from Mortgagee within which it may, at its option, cure any default prior to the institution of foreclosure proceedings by Mortgagee and further that until said notice to Swan Lake Moulding Company and the expiration of 90 days the balance of the unpaid principal and accrued interest and all indebtedness secured by this Mortgage shall not be deemed to have been accelerated by virtue of any default so as to render the total indebtedness due and payable but Swan Lake Moulding Company shall have the opportunity to reinstate by curing the then existing defaults.

1 Dated at Klamath Falls, Oregon this 27th day of September, 1979.

SWAN LAKE MOULDING COMPANY, an Oregon Corporation

By: Alfred D. Collier
Alfred D. Collier

Frederick D. Ehlers
Frederick D. Ehlers

By: Teresa L. Sargent
Assistant Cashier

FIRST NATIONAL BANK OF OREGON

By: [Signature]

Helen Ann Ehlers
Helen Ann Ehlers

STATE OF OREGON,)
County of Klamath)
Filed for record at request of

Transamerica Title co.

on this 27th day of September, D. 19 79
at 3:42 o'clock P M, and duly
recorded in Vol. M79 of Mortgages
age 22929

Wm D. MILNE, County Clerk
By [Signature] Deputy

Fee \$17.50