

MORTGAGE

OREGON

WASHINGTON

This Mortgage, Made the 29 day of October

A.D. 1979, by

HIGH VALLEY ESTATE CO., a joint venture consisting of Dale

Niedermeyer, Ruth D. Niedermeyer, Joseph P. Jarvis and Ruth Jarvis,

Mortgagors, unto

COMMERCE MORTGAGE COMPANY, an Oregon corporation, in the City of Portland,

State of Oregon

Mortgagee

That the said Mortgagors, in consideration of the sum of ONE MILLION SIXTY FOUR THOUSAND AND NO/100 - - - - - (\$1,064,000.00) - - - - - Dollars, the receipt of

which is acknowledged; and for the purpose of securing the repayment of the said sum, with interest

and the performance of the covenants hereinafter contained, do hereby grant, convey, mortgage and

warrant unto the said Mortgagee, the lands, premises and property situated in the County of

Klamath, and State of Oregon, described as follows, to-wit:

A portion of Tract 31 ENTERPRISE TRACTS, in the County of Klamath,
State of Oregon, more particularly described as follows:

Commencing at the Northeast corner of Lot 37, ENTERPRISE TRACTS, thence South 00° 15' 30" East, along the centerline of Avalon Street, 355.75 feet; thence South 56° 38' 10" East, 36.03 feet to a point on the East boundary of said street for the true point of beginning; thence South 56° 38' 10" East, 108.05 feet; thence South 73° 31' 10" East, 41.51 feet; thence North 79° 52' East, 103.20 feet; thence North 70° 29' 20" East, 154.58 feet; thence North 89° 25' 40" East, 82.78 feet; thence North 1° 24' 20" West, 31.01 feet; thence North 89° 25' 40" East, 50.00 feet; thence North 134.58 feet to a point on the Southwesterly boundary of the U.S.R.S. "A" Canal; thence along said canal boundary North 81° 17' West, 23.93 feet; thence 94.98 feet along the arc of a curve right (which arc has a radius of 433.10 feet and a long chord of North 78° 00' 07" West, 94.79 feet); thence South 00° 15' 30" East, 59.01 feet; thence South 89° 44' 30" West 395.00 feet to a point on the East boundary of Avalon Street; thence along said boundary South 00° 15' 30" East, 132.87 feet to the true point of beginning.

and all plumbing, lighting, heating, cooking, cooling, refrigerating, ventilating, elevating, watering and irrigating apparatus, machinery, equipment and fixtures, now or hereafter belonging to or used in connection with the above described premises, and together with all of the rents, issues and profits of the mortgaged property, including all ranges, refrigerators, air conditioners, washers and dryers, any and all fixtures, equipment and furnishings.

And the Mortgagors hereby covenant with the said Mortgagee, as follows:

First: Said Mortgagors will pay to the said Mortgagee, its successors and assigns, the said sum of ONE MILLION SIXTY FOUR THOUSAND AND NO/100 - - - - - (\$1,064,000.00) - - -

Dollars as follows, to-wit: Principal and interest to be paid as follows:
Interest to be paid monthly on funds disbursed. Principal and any accrued interest to be due and payable on or before December 1, 1980. Payments to be applied first to interest accrued and then to the reduction of the principal of this note.

All payments to be made in lawful money of the United States of America at the office of said Mortgagee in the City of Portland and State of Oregon or at such other place, either within or without the State, as the owners of the Note may from time to time designate; with interest thereon from the date hereof

per annum, payable monthly on funds disbursed

until the full payment of said principal sum, according to the terms of a certain promissory note bearing even date herewith, executed by the said Mortgagors to the said Mortgagee; and will pay interest from the date of maturity at the highest rate that may lawfully be charged, upon all overdue interest or principal or other sums due hereunder, and consent to a personal deficiency judgment on the debt hereby secured and agree to pay the same in full irrespective of the security afforded hereby.

of This Mortgage, Made the 29 day of October
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until the full payment of said principal sum, according to the terms of a certain promissory note bearing
even date herewith, executed by the said Mortgageors to the said Mortgagee; and will pay interest from
the date of maturity at the highest rate that may lawfully be charged, upon all overdue interest or principal
or other sums due hereunder, and consent to a personal deficiency judgment on the debt hereby secured
and agree to pay the same in full irrespective of the security afforded hereby.

Second: That during the entire life of this mortgage, the building and improvements erected and to be erected upon said property shall be kept insured by the mortgagors against loss or damage by fire and such other hazards as are covered by the customary extended coverage endorsement for such amounts and in such companies as may be satisfactory to the Mortgagee. If at any time a state of war exists or it appears to the Mortgagee that war is imminent, and if such insurance is then obtainable, upon request of the Mortgagee, the Mortgagors will insure said mortgage buildings and improvements against war damage for the Mortgagee's protection, in such form in such governmental agencies or bureaus, or in such private companies, and in such amount, as may be satisfactory to the Mortgagee, and the Mortgagors will cause all such policies and renewals thereof to be endorsed and delivered to the Mortgagee. Such insurance shall be made payable, in the event of loss, to the Mortgagee and it shall be entitled to the possession of such policies during the life of this mortgage. The insurance premiums shall be paid by the Mortgagors herein upon application of the amount and the Mortgagee shall not be responsible for any failure to place or maintain such insurance. In the event of loss, the Mortgagee, may, at its option, apply the proceeds of any such policies towards the payment of the several sums payable hereunder, or permit such money to be used in repairing or rebuilding without affecting the lien of this mortgage. Any and all additional insurance placed on said property in excess of the amounts satisfactory to the Mortgagee shall be deposited with the Mortgagee and shall be in a company or companies satisfactory to the Mortgagee and shall be written with such clause making loss payable to the Mortgagee. All policies of insurance required hereunder are hereby assigned to the Mortgagee as additional security for the payment of the indebtedness secured hereby. In the event of foreclosure of this mortgage, all right, title and interest of the Mortgagors in and to any such insurance policies then in force shall pass to the purchaser at the foreclosure sale.

Third: The Mortgagors agree that they will not commit nor suffer waste upon said premises and will keep and maintain the same in a good state of repair; that they will pay all taxes and all assessments for public improvements, and all charges for the use of water upon said premises, and any and every other charge or assessment that may be placed thereon and which may become liens thereon prior to the lien of this mortgage, as the same become due, and will keep said property free and clear of any and all liens for labor or material, or any lien whatsoever which may become prior hereto; that they will pay all taxes and assessments which may be levied or imposed upon this mortgage and the debt hereby secured by any present or future law up to but not in excess of a lawful rate of interest; provided that if this provision be held or be ineffective or void, for any reason, then the Mortgagee may upon the passing of any future law taxing or assessing this mortgage, or the debt hereby secured, immediately declare the entire debt hereby secured due and payable.

Fourth: In any suit to foreclose this mortgage or to collect any charge growing out of the debt hereby secured, or in any suit which the Mortgagee may be obliged to defend to affect or protect the lien hereof, or should an attorney be employed by the Mortgagee in connection herewith, the Mortgagors agree to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit or employment, and further agree to pay the reasonable costs of searching records and abstracting or insuring the title, and such sum shall be secured hereby and included in the decree of foreclosure.

Fifth: All rents, issues and profits from said mortgaged property are hereby assigned to the Mortgagee as additional security, provided that until maturity or delinquency of the indebtedness secured hereby, the lapse of time or by reason of default of the Mortgagors, the same may be collected and retained by the Mortgagors, but upon such maturity or delinquency of said indebtedness for any cause, the Mortgagee shall have the right forthwith to enter into and upon the mortgaged premises and take possession thereof, and to collect the rents, issues and profits therefrom, and may immediately notify all tenants to pay all rentals to the Mortgagee. It shall assume no responsibility to the Mortgagors for giving any such notice to any tenants under any circumstances, whether or not the said debt be matured or there be a default, so long as the Mortgagee believes the said debt to be due or that a default exists. All such moneys, less reasonable and customary costs and charges for collection and management of the building, shall be applied upon the indebtedness hereby secured and the Mortgagee shall also have the right to the appointment of a receiver to collect the rents, issues and profits of the mortgaged premises immediately upon default of the Mortgagors and without notice. This mortgage shall extend to and cover all furniture, furnishings, fixtures, equipment, supplies and other personal property belonging to the Mortgagors, whether previously described herein or not, now situated in or upon or used in connection with the mortgaged premises, or which shall hereafter be placed in or on said premises by the Mortgagors or any subsequent grantee, transferee or owner of said premises.

Sixth: Should the Mortgagors be or become in default in any of the covenants or agreements contained herein, then the Mortgagee (whether electing to declare the whole indebtedness hereby secured due and collectible or not) may perform the same and all expenditures made by the Mortgagee in so doing, or under any of the covenants or agreements herein, shall draw the highest rate of interest that may now lawfully be contracted for in writing and all such expenditures shall be repayable by the Mortgagors without demand, said together with interest and costs accruing thereon, shall be secured by this mortgage; and the rights and duties of the parties covenanted for in this paragraph shall apply equally to any and all part payments or advances made by the Mortgagee for any of the purposes herein referred to.

Seventh: Each of the covenants and agreements herein shall be binding upon all successors in interest of each of the Mortgagors and shall inure to the benefit of any successor in interest of the Mortgagee, and the Mortgagee or its successors may deal with any such successors of the Mortgagors with reference to said premises and the debt hereby secured under the terms hereof as fully as with the Mortgagors without in any way releasing, discharging or affecting the liability of the Mortgagors hereunder. And it is agreed that if any note or notes secured hereby be assigned and transferred by the Mortgagee to any one or more parties without the assignment of this mortgage, then the Mortgagee shall hold this mortgage in trust for the benefit of such assignee or assignees and may sue and recover upon such note or notes and foreclose such mortgage in its own name for the benefit of such assignee or assignees to the same extent as though such note or notes had not been assigned.

Eighth: Should the debt hereby secured and all sums due under the terms hereof be paid when due, then this indenture shall be void, but in case default be made in the payment of the principal or interest, or any part or installment thereof, or in case the Mortgagors shall fail or refuse or default in the payment of any sum which may become due under the terms hereof when and as the same become due, or shall default in the fulfillment of any of the terms hereof or the performance of any of the provisions herein required to be performed by them as and when the same are required to be performed hereby, or shall permit or suffer any default in any of the terms hereof, time being the essence hereof, then the whole of the principal sum secured hereby and the interest thereon and any and all other sums due the Mortgagee under the terms hereof shall, at the option of the Mortgagee, become immediately due and payable without notice, and this mortgage may be foreclosed, but the failure or delay of the Mortgagee to exercise such option in any one or more instances shall not be a waiver or relinquishment of the right to exercise such option.

Ninth: 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 any 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.

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.

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 the Mortgagor from liability. Mortgagor waives notice, presentment and protest with respect to the indebtedness.

Tenth: 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 on the indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney's fees necessarily paid or incurred by Mortgagor or Lender in connection with the condemnation.

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.

Eleventh: If Mortgagor shall fail to comply with any provision of this mortgage, the Lender may, at its option, on Mortgagor's behalf take the required action and any amount that it expends in 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. The rights provided for in this paragraph shall be entitled on account of the default, and the Lender shall not be taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

Executed the day and year first above written.

HIGH VALLEY ESTATE CO., a joint venture.

By Dale Niedermeyer

By Ruth D. Niedermeyer

By Joseph P. Jarvis

By Ruth Jarvis

STATE OF OREGON)
) ss.
County of JACKSON

This certifies, that on this 29th day of October, 1979, before me, the undersigned, a notary public in and for the said County and State, personally appeared the within named Dale Niedermeyer and Ruth D. Niedermeyer and Joseph P. Jarvis and Ruth Jarvis, who are known to me to be the partners in High Valley Estate Co., joint venture, who are known to be the identical individual described in and who executed the within instrument and acknowledged to me that they did execute the same as their free act and deed, for the uses and purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and my notarial seal the day and year last above written.

Deborah L. E. Smith
Notary Public for State of Oregon

My Commission expires: 8/31/82

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 6th day of November A.D., 19 79 at 3:45 o'clock P M., and duly recorded in Vol. 170 of Mortgages on Page 26182.

FEE \$14.00

WM. D. MILNE, County Clerk

By Bernetha Deloach Deputy