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MORTGAGE TO SECURE CONSTRUCTION LOAN

FA38-20659-D

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MORTGAGE made NOVEMBER 20, 19 79, by and between E.W.G. DEVELOPEMENT COMPANY, herein referred to as Mortgagor, and SECURITY SAVINGS AND LOAN ASSOCIATION, an Oregon Corporation, at Klamath Falls, Oregon, hereinafter referred to as Mortgagee.

MORTGAGOR, in consideration of TWO HUNDRED SIXTY THOUSAND AND NO/100 Dollars ($ 260,000.00) paid to E.W.G. DEVELOPEMENT COMPANY, hereby mortgages all of the following described property situated in County of KLAMATH, State of Oregon, to wit:

SEE ATTACHMENT

Together with and including all buildings and other improvements thereon or that may be hereafter erected thereon, all easements, rights and appurtenances thereunto belonging or appertaining, and the reversions, remainders, rents, issues, and profits thereof. And also all fixtures and personal property on or used in connection with such improvements, or hereafter placed on or used in connection therewith, including but not limited to the following: all heating, refrigerating, ventilating, air conditioning, sprinkling and vacuum cleaning plants and systems; all water and power systems; all plumbing and lighting fixtures; all incinerators, shades, screens, awnings and storm windows; and all plants, trees, and shrubs of every kind now growing, or hereafter planted on the premises.

This mortgage is given to secure the payment of TWO HUNDRED SIXTY THOUSAND & NO/100 Dollars ($ 260,000.00) with interest at SEVENTEEN per cent (17.00 %) per annum from the date hereof, interest payable in monthly installments on the first day of each and every month hereafter, with the principal balance and interest due and to be paid on or before JANUARY 1, 1981. This mortgage is made pursuant to a certain Construction Agreement between the mortgagor and mortgagee, dated NOVEMBER 20, 19 79, and is subject to all provisions of such Construction Agreement as if they were fully set forth herein and made a part of this mortgage.

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Mortgagor covenants with mortgagee as follows:

1. Mortgagor will pay the indebtedness as herein provided. Privilege is reserved to prepay at any time without premium or fee.

2. Mortgagor will, during the life of this mortgage and until the obligation secured hereby shall be fully paid and satisfied, keep the buildings now on, or hereafter erected on, the premises insured against loss or damage by fire and other hazards commonly known as Extended Coverage Risks, to an amount to be approved by the mortgagee, not exceeding the full insurable value of the buildings, in a company or companies to be approved by mortgagee; and will assign and deliver the policies of insurance to mortgagee, or its assigns, with standard and customary loss-payable clauses in the name of mortgagee indorsed thereon, and mortgagee shall hold such policies as collateral and further security for the payment of the obligation secured by this mortgage; and in default of doing so on the part of mortgagor, then mortgagee may obtain such insurance and hold the same as hereinabove provided, and mortgagor will repay to mortgagee all premiums so paid by mortgagee, with interest from the time of payment by mortgagee, on demand; all premiums so paid by mortgagee shall be secured by this mortgage and shall be collectible in the same manner as the principal indebtedness; and should the holder of the mortgage by reason of such insurance against loss by fire or other risk insured against receive any sum of money for damage thereunder, such amount may be retained and applied by the holder of the mortgage toward payment of the debt secured by the mortgage, or the same may be paid over either wholly or in part to mortgagor for the repair of the buildings or for the erection of new buildings in their place, or for any other purpose or object satisfactory to the holder of the mortgage; and if mortgagee receives and retains insurance money for damage to buildings, the lien of the mortgagee shall be affected only by a reduction thereof by the amount of such insurance money so retained by mortgagee.

3. No building on the premises shall be removed, substantially altered, or demolished without the consent of mortgagee; and to complete all buildings in course of construction or hereafter constructed thereon within six months from the date hereof or the date construction is hereafter commenced. All buildings now or hereafter situated on the premises shall be maintained by the mortgagor in good and substantial repair. Mortgagor shall not commit or suffer waste on the premises, and in the event of such waste mortgagee, in addition to any other available remedy, shall be entitled immediately to restrain the same by injunction or other appropriate proceeding.

4. Mortgagor will pay all taxes, assessments, water rents, sewer service charges, and other governmental or municipal charges and rates levied, imposed, or charged against the premises before the delinquent date thereof; and in default in any such payment on the part of the mortgagor, mortgagee may pay the same, and all such payments shall be added to the obligation secured by this mortgage and shall bear interest at the same rate as the principal sum secured hereby until repaid by mortgagor.

5. Mortgagor, within ten (10) days after request of mortgagee in person or by mail, will furnish to mortgagee or other person, firm or corporation designated by mortgagee, a duly acknowledged written statement of the amount due on the mortgage and whether any off-sets or defenses exist against the mortgage debt.

6. The whole of the principal sum and interest shall become due at the option of the mortgagee under any of the following conditions: after default in the payment of any principal or interest, or any installment thereof, as provided in such note for ten (10) days; after default in the payment of any tax, assessment, water rent, sewer service charge, or other governmental or municipal charge or rate levied or charged against the mortgaged premises, for ten (10) days after notice and demand from mortgagee; after default after notice and demand from mortgagee either in assigning and delivering the insurance policies insuring the building against loss, or in reimbursing mortgagee for premiums paid on such insurance, as herein provided; or after default on request of mortgagee in furnishing a statement of the amount due on the mortgage and whether any off-sets or defenses exist against the mortgaged debt, as hereinabove provided.

7. Mortgagor hereby warrants the title to the premises and covenants with mortgagee that the mortgagor is the true and lawful owner of the premises and is well seized of the same in fee simple and has good right and full power to grant and mortgage same, and that the premises are free and clear of all encumbrances, excepting only restrictions and easements of record, taxes and assessments not yet due or delinquent, and such other matters as are hereinabove following the legal description of the premises expressly set forth; and mortgagor further covenants that he will warrant and defend the same against all lawful claims of all persons except as hereinabove provided.

8. In case of a foreclosure sale, the premises, or so much thereof as may be affected by this mortgage, may be sold in one parcel.

9. Mortgagor hereby assigns to mortgagee the rents, issues and profits of the premises as further security for the payment of the obligation secured hereby, and grants to mortgagee the right to enter the premises for the purpose of collecting the same, and to let the premises or any part thereof, and to apply the monies received therefrom, after payment of all necessary charges and expenses, to the obligations secured hereby, and grants to mortgagee the right to enter the premises for the purpose of collecting the same, and to let the premises or any part thereof, and to apply the monies received therefrom, after payment of all necessary charges and expenses, to the obligations secured by this mortgage, on default under any of the covenants, conditions, or agreements contained herein. Mortgagor further promises and agrees, in the event of any such default, to pay to mortgagee, or any receiver appointed to collect the rents, issues, and profits of the premises, a fair and reasonable occupational rent for the use and occupation of the same or of such part thereof as may be in the possession of mortgagor; and on default in payment of such rental to vacate and surrender possession of the premises, or that portion thereof occupied by mortgagor, to mortgagee or the receiver theretofore appointed.

10. In the event any action or proceeding is commenced, except an action to foreclose this mortgage or to collect the obligation secured hereby, in which it becomes necessary to defend or assert the lien of this mortgage, whether or not mortgagee is made or becomes a party to such action or proceeding, all expenses of mortgagee incurred in any such action or proceeding to prosecute or defend the rights and lien created by this mortgage, including reasonable attorneys fees, shall be paid by the mortgagor, and if not so paid promptly on request, shall be added to the debt secured hereby and become a lien on the mortgaged premises, and shall be deemed to be fully secured by this mortgage and be prior and paramount to any right, title, interest or claim on the premises accruing or attaching subsequent to the lien of this mortgage, and shall bear interest at the rate provided for the obligation secured hereby. This covenant shall not govern or effect any action or proceeding to foreclose this mortgage or to recover or to collect the debt secured hereby, which action or proceeding shall be governed by the provisions of law and of court respecting the recovery of costs, disbursements, and allowances in foreclosure suits.

11. The holder of this mortgage, in any action or proceeding to foreclose it, shall be entitled to the appointment of a receiver.

12. If the premises or any part thereof shall be condemned and taken under the power of eminent domain, or if any award for any change of grade of streets affecting the premises shall be made, all damages and awards for the property so taken or damaged shall be paid to the holder of this mortgage, to the amount then unpaid on the indebtedness hereby secured, without regard to whether or not the balance remaining unpaid on the indebtedness may then be due and payable; and the amount so paid shall be credited against the indebtedness and, if sufficient to pay the entire amount thereof, may, at the option of the holder, be applied to the last maturing installments, and the balance of such damages and awards, if any, shall be paid to mortgagor. The holder of this mortgage is hereby given full power, right and authority to recieve and receipt for any and all such damages and awards.

13. If mortgagor or any obligor on the note secured hereby: (1) files a voluntary petition in bankruptcy under the Bankruptcy Act of the United States, or (2) is adjudicated a bankrupt under said Act, or (3) is the subject of a petition filed in federal or state court for the appointment

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of a trustee or receiver in bankruptcy or insolvency, or (4) makes a general assignment for the benefit of creditors then and on the occurence of any of such conditions, at the option of the mortgagee; the entire balance of the principal sum secured hereby, together with all accrued interest, shall immediately become due and payable.

14. Mortgagor will comply with all statutes, ordinances, and governmental requirements affecting the premises, and if mortgagor neglects, or refuses to so comply and such failure or refusal continues for a period of thirty (30) days, then, at the option of the mortgagee, the entire balance of the principal sum secured hereby, together with all accrued interest, will immediately become due and payable.

The word "mortgagor" shall be construed as if it read "mortgagors" and the word "holder" shall include any payee of indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise. The words "mortgagor" and "mortgagee" shall be construed to include their respective heirs, executors, administrators, personal representatives, successors, and assigns, and all covenants herein set forth shall bind and inure to the benefit of the same.

IN WITNESS WHEREOF, this mortgage has been executed at Klamath Falls, Oregon the day and year first above written.

E. W. G. DEVELOPEMENT COMPANY

By: EARL WILLIAM GREEN (Seal)

By: HELEN B. GREEN (Seal)

STATE OF OREGON)
) ss.
County of Klamath)

THIS CERTIFIES, that on this 23 day of NOVEMBER, A.D., 19 79, before me, the undersigned, a Notary Public for said state appeared the within named EARL WILLIAM GREEN & HELEN B. GREEN to me known to be the same identical person s described in and who executed the within instrument and acknowledged to me that THEIR executed the same freely and voluntarily for the purposes therein expressed.

DONNA K. RICK
NOTARY PUBLIC FOR OREGON
My Commission Expires

NOTARY PUBLIC FOR OREGON

My Commission Expires

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PARCEL 1

A portion of the NE¼SE¼ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point which is 30 feet West and 30 feet South of quarter corner between Sections 1 and 2, Township 39 South, Range 9 East of the Willamette Meridian, and being the true point of beginning of this description; thence South 308.88 feet to a point; thence West 56.4 feet to a point; thence North 308.88 feet to a point; thence East 56.4 feet to the point of beginning.

EXCEPTING THEREFROM that portion Deeded to State of Oregon by and through its State Highway Commission by Deed Volume 353 at page 439.

PARCEL 2

Beginning at a point 30 feet South and 86.4 feet West of the quarter corner between Sections 1 and 2, Township 39 South, Range 9 East of the Willamette Meridian; thence South 376.5 feet; thence North 70° 19' West 63.2 feet; thence North 355.6 feet; thence East 59.5 feet to the place of beginning.

EXCEPTING THEREFROM that portion deeded to State of Oregon by and through its State Highway Commission in Deed Volume 354 at page 251.

SAVING AND EXCEPTING from the above described parcels a portion of the NE¼SE¼ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a one-half iron pin on the West line of Madison Street and the Northerly bank of the Enterprise Canal which iron pin bears South 30.0 feet and West 30.0 feet and South 396.7 feet from the East quarter corner of said Section 2; thence along the Northerly bank of the Enterprise Canal North 70° 19' West a distance of 123.1 feet to a one inch iron axel; thence North a distance of 85.6 feet to a point; thence East parallel with the South right of way line of South Sixth Street, a distance of 115.9 feet to a point on the West line of Madison Street; thence South along said West line a distance of 126.7 feet, more or less, to the point of beginning.

Parcel 3

A portion of Lots 8 and 9, Block 2, BAILEY TRACTS NO. 2, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the West line of Lot 9, Block 2, BAILEY TRACTS NO. 2, which bears North 0° 02' East 135 feet from the Southwest corner of said Lot 9; thence South 89° 59' East 149 feet to the East line of Lot 8 said Block 2; thence North 0° 02' East along the East line of said Lot 8 a distance of 75 feet; thence North 89° 59' West a distance of 149 feet more or less to the West line of said Lot 9; thence South 0° 02' West along the West line of said Lot 9 a distance of 75 feet, more or less to the point of beginning.

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Parcel 4

Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9, Block 2, BAILEY TRACTS NO. 2, in the County of Klamath, State of Oregon, EXCEPTING THEREFROM the South 60 feet of Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9, Block 2, of BAILEY TRACTS NO. 2, in the County of Klamath, State of Oregon.

ALSO EXCEPTING Beginning at the Southwest corner of Lot 9, Block 2 of Bailey Tracts No. 2; thence East 639 feet; thence South 60 feet; thence West 639 feet; thence North 60 feet to place of beginning, being a part of Bailey Tracts No. 2 which was formerly Nadine Street.

ALSO EXCEPTING THEREFROM a portion of Lots 8 and 9, Block 2, Bailey Tracts No. 2, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the West line of Lot 9, Block 2, Bailey Tracts No. 2, which bears North 0° 02' East 135 feet from the Southwest corner of said Lot 9; thence South 89° 59' East 149 feet to the East line of Lot 8 said Block 2; thence North 0° 02' East along the East line of said Lot 8 a distance of 75 feet; thence North 89° 59' West a distance of 149 feet more or less to the West line of said Lot 9; thence South 0° 02' West along the West line of said Lot 9 a distance of 75 feet, more or less to the point of beginning.

AND ALSO EXCEPTING THEREFROM

Beginning at a point on the West line of Lot 9, Block 2, Bailey Tracts No. 2, which bears North 0° 02' East 60 feet from the Southwest corner of said Lot 9; thence South 89° 59' East 149 feet to the East line of Lot 8 said Block 2; thence North 0° 02' East along the East line of said Lot 8 a distance of 75 feet; thence North 89° 59' West a distance of 149 feet, more or less to the West line of said Lot 9; thence South 0° 02' West along the West line of said Lot 9 a distance of 75 feet more or less to the point of beginning, being a portion of Lots 8 and 9 in Block 2 of Bailey Tract No. 2.

Parcel 5

A parcel of land situated in the E½NE¼SE¼ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the South bank of the Enterprise Irrigation District Ditch where it crosses the East line of NE¼SE¼ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, approximately 480 feet South of the quarter corner of the East line of said section; thence along the said South line or bank of said ditch, North 61° 18' West a distance of 87 feet; thence North 70° 38' West a distance of 524 feet; thence South 79° 21' West a distance of 51 feet; thence South 39° 14' West a distance of 68 feet to a point on the Easterly line of Bailey Tracts No. 2 according to the duly recorded plat thereof; thence following said line South 0° 19' West a distance of 322.5 feet to an iron pin; thence East 430.4 feet to an iron pin marking the most Northerly corner of Lot 3, Block 1, Bel Aire Gardens; thence continuing East a distance of 75.0 feet to a point; thence North 0° 14' 30" West a distance of 100.0 feet to a point; thence East a distance of 160.0 feet to a point on the East line of said Section 2; thence North along said Section line to the point of beginning.

EXCEPTING the Easterly 30 feet thereof lying within the right of way of Madison Street.

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 November A.D., 19 79 at 4:27 o'clock P M., and duly recorded in Vol M79, of Mortgages on Page 27569.

FEE $21.00

WM. D. MILNE, County Clerk

By Bernetha A. Lusch Deputy

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