

THIS MORTGAGE, Made this 25 day of January, 1980, by

R. J. CARVALHO and HAZEL CARVALHO, husband and wife

to LEONARD J. HERBER & AGNES I. HERBER, and the Chick Inc. Employees Profit Sharing Trust, Mortgagor, husband & wife

WITNESSETH, That said mortgagor, in consideration of the sum of One Hundred Thousand and No/100—(\$100,000.00) Dollars to the mortgagor paid by the mortgagees, the said mortgagor does hereby grant, bargain, sell and convey unto the said mortgagees as joint tenants with the right of survivorship and not as tenants in common, their assigns and the heirs of the survivor of them, those certain premises situate in the County of Klamath and State of Oregon, and described as follows, to-wit:

ALL OF THE REAL PROPERTY DESCRIBED IN EXHIBIT A WHICH IS ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF

together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining; together with the rents, issues and profits therefrom and all fixtures now or hereafter placed or installed in or upon said described premises;

TO HAVE AND TO HOLD the same unto the said mortgagees as joint tenants with the right of survivorship and not as tenants in common, and to their assigns and the heirs of the survivor forever.

This mortgage is intended to secure the payment of one certain promissory note in words and figures substantially as follows:

\$100,000.00

Salem, Oregon

January 25, 1980

On or Before 3 Years after date, I (or if more than one makes) we jointly and severally promise to pay to the order of LEONARD J. HERBER & AGNES I. HERBER, husband and wife, and THE CHICK INC EMPLOYEES PROFIT SHARING TRUST and upon the death of any of them, then to the order of the survivor of them, at Salem, Oregon One Hundred Thousand and No/100—

with interest thereon at the rate of 18 percent per annum from date DOLLARS, paid quarterly and if not so paid, all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof; and if a suit or an action is filed hereon, I/we also promise to pay (1) the holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.

It is the intention of the parties hereto that the said payees do not take the title hereto as tenants in common but with the right of survivorship, that is: on the death of any of the payees, the right to receive payment of the then unpaid balance of principal and interest shall vest absolutely in the survivor of them.

The undersigned agrees to pay one full year's interest on this obligation

s/ R. J. CARVALHO

s/ HAZEL CARVALHO

FORM No. 693—NOTE—Survivorship.

Stevens-Ness Law Publishing Co., Portland, Ore.

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The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit: 1980

In construing this mortgage and the said note, the word "survivor" shall include survivors, the term "mortgagor" shall include mortgagors; the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and all grammatical changes shall be made; assumed and implied to make the provisions hereof apply equally to corporations and to more than one individual; furthermore, the word "mortgagor" shall be construed to mean the mortgagor named above, if all or both of them be living, and if not, then the survivor or survivors of them, because it is the intention of the parties hereto that the said note and this mortgage shall be held by the said mortgagees as joint tenants with the right of survivorship and not as tenants in common and that on the death of one of the moneys then unpaid on said note as well as all rights and interests herein given to the mortgagees shall vest forthwith in the survivor of them.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:

(a) primarily for mortgagor's personal, family, household or agricultural purposes (see Important Notice below);

(b) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

And said mortgagor covenants to and with the mortgagees and their successors in interest, that he is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto.

and will warrant and forever defend the same against all persons; that he will pay said note(s), principal and interest, according to the terms thereof; that while any part of said note(s) remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note(s) above described, when due and payable and before the same may become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises, or any part thereof, superior to the lien of this mortgage; that he will keep the buildings now on or which may hereafter be erected on the premises insured in favor of the mortgagees against loss or damage by fire, with extended coverage, in the sum of \$.....

in a company or companies acceptable to the mortgagees and will have all policies of insurance on said property made payable to the mortgagees as their interest may appear and will deliver all policies of insurance on said premises to the mortgagees as soon as insured; that he will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises.

Now, therefore, if said mortgagor shall keep and perform the covenants herein contained and shall pay said note(s) according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note(s); it being agreed that if the mortgagor shall fail to make any payment or to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises, or any part thereof, the mortgagees shall have the option to declare the whole amount unpaid on said note(s) or on this mortgage, at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, the mortgagees may at their option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage and shall bear interest at the same rate as said note(s), without waiver, however, of any right arising to the mortgagees for breach of covenant; and this mortgage may be foreclosed at any time while the mortgagor neglects to repay any sums so paid by the mortgagees.

In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all reasonable costs incurred by the mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

In case suit or action is commenced to foreclose this mortgage, the court upon motion of the mortgagees, may appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure and apply the same to the payment of the amount due under the mortgage, first deducting all proper charges and expenses attending the execution of said trust.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of and bind the heirs, executors, administrators, successor in interest and assign of said mortgagor and of said mortgagees respectively.

As part of the consideration of this mortgage, the mortgagee shall have the right to require immediate full payment of the obligation secured hereby in the event the property above described is sold or transferred by the mortgagor.

NOTICE TO BORROWER

DO NOT SIGN THIS LOAN AGREEMENT BEFORE YOU READ IT. THIS LOAN AGREEMENT PROVIDES FOR THE PAYMENT OF A PENALTY IF YOU WISH TO REPAY THE LOAN PRIOR TO THE DATE PROVIDED FOR REPAYMENT IN THE LOAN AGREEMENT.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

R. J. Carvalho
Hazel E. Carvalho

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable, the mortgagee MUST comply with the Truth-in-Lending Act and Regulation Z by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use S-N Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use S-N Form No. 1306, or equivalent.

THIS INSTRUMENT IS SUBJECT TO THE FOLLOWING:

STATE OF OREGON;

County of Marion

BE IT REMEMBERED, That on this 25 day of January, 1980, before me, the undersigned, a Notary Public in and for said county and state, personally appeared the within named R. J. CARVALHO and HAZEL CARVALHO, husband and wife

known to me to be the identical individual(s) described in and who executed the within instrument and acknowledged to me that they executed the same for the purposes therein contained.

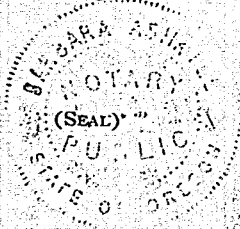
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Barbara Ashville

Notary Public for

My commission expires

10/17/81



MORTGAGE

(Survivorship)

(FORM No. 691)

STEVENESS LAW PUB. CO., PORTLAND, ORE.

CARVALHO, R. J.
CARVALHO, HAZEL

TO

AFTER RECORDING RETURN TO

Sherman, Bryan, & Sherman
P.O. Box 2247
Salem, Oregon 97308

STATE OF OREGON

AND HENSON VAD BA THIS DEEDING MADE BY } ss.
BA DESCRIBED IN EARLIE County of

I certify that the within instrument was received for record on the day of 19 at o'clock M., and recorded in book on page or as file/reel number Record of Mortgages of said County. Witness my hand and seal of County affixed.

Title

By Deputy.

PARCEL 1:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 3/4 inch pipe marking the center $\frac{1}{4}$ corner of said Section 27, said point situated N 89°35'28" W 2633.10 feet and N 00°28'28" W 2641.20 feet from a 3/4 inch pipe marking the southeast corner of said Section 27; thence S 89°31'16" E 1578.31 feet to a 5/8 inch iron pin; thence continuing S 89°31'16" E 30.17 feet; thence S 06°33'10" W 550.13 feet; thence West 30.20 feet to a 5/8 inch iron pin; thence continuing West 1510.80 feet to a 5/8 inch iron pin on the West line of the SE $\frac{1}{4}$ of said Section 27; thence N 00°28'28" W 560.00 feet to the point of beginning.

The above described parcel contains 20.00 acres, more or less, with bearings based on a solar observation.

PARCEL 2:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin on the West line of the SE $\frac{1}{4}$ of said Section 27, said point situated N 89°35'28" W 2633.10 feet and N 00°28'28" W 2081.20 feet from a 3/4 inch pipe marking the Southeast corner of said Section 27; thence East 1510.80 feet to a 5/8 inch iron pin; thence continuing East 30.20 feet; thence S 06°33'10" W 583.79 feet; thence West 30.20 feet to a 5/8 inch iron pin; thence continuing West 1439.38 feet to a 5/8 inch iron pin on the West line of the SE $\frac{1}{4}$ of said Section 27; thence N 00°28'28" W 580.00 feet to the point of beginning.

The above described parcel contains 20.04 acres, more or less, with bearings based on a solar observation.

PARCEL 3:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin on the West line of the SE $\frac{1}{4}$ of said Section 27, said point situated N 89°35'28" W 2633.10 feet and N 00°28'28" W 1501.20 feet from the Southeast corner of said Section 27; thence East 1439.38 feet to a 5/8 inch iron pin; thence continuing East 30.20 feet; thence S 06°33'10" W 611.98 feet; thence West 30.20 feet to a 5/8 inch iron pin; thence continuing West 1364.51 feet to a 5/8 inch iron pin on the West line of the SE $\frac{1}{4}$ of said Section 27; thence N 00°28'28" W 608.00 feet to the point of beginning.

The above described parcel contains 19.99 acres, more or less, with bearings based on a solar observation.

PARCEL 5:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 3/4 inch pipe marking the East $\frac{1}{4}$ corner of said Section 27, said point situated N 00°11'40" W 2637.81 feet from the southeast corner of said Section 27; thence N 89°31'16" W 1007.39 feet to a 5/8 inch iron pin on the North line of the SE $\frac{1}{4}$ of said Section 27; thence continuing N 89°31'16" W 30.17 feet; thence S 06°33'10" W 508.29 feet; thence East 30.20 feet to a 5/8 inch iron pin; thence continuing East 1067.01 feet to a 5/8 inch iron pin on the East line of said Section 27; thence N 00°11'40" W 496.31 feet to the point of beginning.

The above described parcel contains 12.27 acres, more or less, with bearings based on a solar observation.

PARCEL 6:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin on the east line of said Section 27, said point situated N 00°11'40" W 2141.50 feet from the Southeast corner of said Section 27; thence West 1067.01 feet to a 5/8 inch iron pin; thence continuing West 30.20 feet; thence S 06°33'10" W 767.00 feet; thence East 30.20 feet to a 5/8 inch iron pin; thence continuing East 1157.13 feet to a 5/8 inch iron pin on the East line of said Section 27; thence N 00°11'40" W 762.00 feet to the point of beginning.

The above described parcel contains 19.98 acres, more or less, with bearings based on a solar observation.

PARCEL 7:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin on the East line of said Section 27, said point situated N 00°11'40" W 1379.50 feet from the Southeast corner of said Section 27; thence West 1157.13 feet to a 5/8 inch iron pin; thence continuing West 30.20 feet; thence S 06°33'10" W 714.67 feet; thence East 30.20 feet to a 5/8 inch iron pin; thence continuing East 1241.10 feet to a 5/8 inch iron pin on the East line of said Section 27; thence N 00°11'40" W 710.00 feet to the point of beginning.

The above described parcel contains 20.04 acres, more or less, with bearings based on a solar observation.

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PARCEL 8:

A parcel of land situated in the SE $\frac{1}{4}$ of Section 27, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 3/4 inch pipe marking the Southeast corner of said Section 27; thence N 00°11'40" W along the East line of said Section 27 669.50 feet to a 5/8 inch iron pin; thence West 1241.10 feet to a 5/8 inch iron pin; thence continuing West 30.20 feet; thence S 06°33'11" W 664.22 feet to the South line of said Section 27; thence S 89°35'28" E along the said South line 30.17 feet to a 5/8 inch iron pin; thence continuing S 89°35'28" E 1319.24 feet to the point of beginning.

The above described parcel contains 20.00 acres, more or less, with bearings based on a solar observation.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 28th day of January A. D. 1980 at 9:28 o'clock A.M., or

Aduly recorded in Vol. M80, of Mortgages on Page 1676

Wm D. MILNE, County Clerk

By Bernetha Hetsch

Fee \$17.50

Return

Sherman, Bryan + Sherman

P.O. Box 2247

Salem, Oregon 97308