

MORTGAGE ON REAL PROPERTY

THIS MORTGAGE is made this 17 day of MARCH, 1980, by MARTIN E. RUDDOCK and IRENE E. RUDDOCK, husband and wife (Ruddock) as Mortgagors, and HAROLD O. RAU and RUTH I. RAU, husband and wife (Rau) as Mortgagees.

1. Property: Ruddock hereby mortgages to Rau certain real property situated in Klamath County, Oregon (hereafter the Property) described as follows:

Tract 1: A portion of the NE1/4 of NW1/4 of Sec. 9, Twp. 39 S.R. 10 E.W.M., lying North of the County Road (Pine Grove Road) and being more particularly described as follows: Beginning at a point on the section line from which the quarter section corner common to Secs. 4 and 9, Twp. 39 S.R. 10 E.W.M. bears North 89°55' E. a distance of 655.1 feet; thence following along said section line South 89°55' West a distance of 327.55 feet; thence South 0°06' West 519.5 feet to the northerly right of way boundary of the County Road (Pine Grove Road); thence Northeasterly following said right of way boundary along the arc of a 984.93 foot radius highway curve to the right a distance of 73.63 feet (Long chord bears north 73°56' East 73.60 feet); thence North 76°35' East along same right of way boundary a distance of 264.17 feet; thence North 0°06' East 438 feet to the point of beginning.

2. Promissory Note: This Mortgage is intended to secure the payment of a promissory note in the amount of \$60,000, of even date, a true copy of which is attached hereto as Exhibit "A".

3. Covenants of Mortgagor: Ruddock promises that Ruddock will:

a) Pay the note secured by this mortgage according to its terms;

b) Pay all taxes, assessments and other charges which may be levied or assessed against the Property when due;

c) Promptly discharge any liens against the Property which are superior to the lien of this Mortgage. In the event that Ruddock shall fail to pay any sum due upon such prior lien promptly when due, Rau may pay the same and Ruddock shall reimburse Rau the amount thereof upon demand. As an alternative, Rau may add the amount thereof to the debt secured by this Mortgage and the same shall bear interest at the rate specified in the note. However, the exercise of either of these options by Rau shall not be deemed a waiver of any right arising by reason of Ruddock's breach of this Mortgage.

4. Default: Time is of the essence of this Mortgage. In the event Ruddock shall default in the payment of any sum under the terms of this note or in the performance of any other covenant of this Mortgage, Rau shall give Ruddock written notice specifying said default. If, within 10 days after receipt of such notice, Ruddock fails to make said payment or perform or commence performance of such covenant, Rau shall have the right to declare the entire unpaid balance of the note immediately due and payable and pursue all available remedies provided by law.

5. Costs and Attorney Fees: In the event suit or action is instituted to foreclose this Mortgage, Ruddock agrees to pay such sum as the court may adjudge reasonable as attorney fees at trial or on appeal of such suit or action in addition to all other reasonable costs incurred by Rau for title search and reports and all other sums provided by law.

6. Eminent Domain: In the event that all or any portion of said Property shall be taken by eminent domain, Rau shall have the right to require that all or any portion of the moneys payable as compensation for such taking, in excess of the amount required to pay reasonable costs and attorney fees incurred by Ruddock in such proceedings, shall be paid to Rau and applied first to any costs and expenses necessarily paid or incurred by Rau in such proceedings. The balance shall be applied against the payments last becoming due on the note secured by this Mortgage.

7. Waiver: Ruddock agrees that failure of Rau at any time to require performance by Ruddock of any provision of this Mortgage or note, shall in no way effect Rau's right hereunder to enforce the same, nor shall any waiver by Rau or any breach of any provision hereof be held to be a waiver of the provision itself or any other provision.

8. Benefit: All of the covenants and agreements herein shall apply to and bind the heirs, successors and assigns of Ruddock and Rau.

9. Notice: Any notice in connection with this Mortgage shall be in writing and shall be effective when actually delivered or when deposited in the mail, registered or certified, addressed to the parties at the addresses set forth below or such other addresses as either party may designate by written notice to the other:

Martin E. Ruddock
Irene E. Ruddock
2250 Pine Grove Road
Klamath Falls, Oregon
97601

Harold O. Rau
Ruth I. Rau
2250 Pine Grove Road
Klamath Falls, Oregon
97601

IN WITNESS WHEREOF, Ruddock has signed this Mortgage Agreement on the day and year first above written.

Martin E. Ruddock
Martin E. Ruddock

Irene E. Ruddock
Irene E. Ruddock

STATE OF OREGON)
) ss
County of Klamath)

On this 17 day of March, 1980, before me appeared the within named MARTIN E. RUDDOCK who is known to me to be the identical individual described in and who executed the same freely and voluntarily.

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


[Signature]
NOTARY PUBLIC FOR OREGON
My commission expires: 8/27/81

STATE OF OREGON)
) ss
County of Klamath)

5028

On this 17 day of March, 1980, before me appeared the
within named IRENE E. RUDDOCK who is known to me to be the identical
individual described in and who executed the same freely and volun-
tarily.

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



NOTARY PUBLIC FOR OREGON

My commission expires: 8/29/81

PROMISSORY NOTE

5029

\$60,000

_____, 1980
Klamath Falls, Oregon

FOR VALUE RECEIVED, Martin E. Ruddock and Irene E. Ruddock, husband and wife (Ruddock), jointly and severally hereby promise to pay to Harold O. Rau and Ruth I. Rau, husband and wife (Rau), or to their order, or to the order of the survivor of them, the principal sum of \$60,000, in the following manner:

In equal successive monthly installments of \$100 each, without interest, commencing April 1, 1980, and continuing until the first day of the month following the date of death of the last to die of Harold O. Rau and Ruth I. Rau. Thereafter, said installments shall include interest at the rate of 9 percent per annum on the unpaid balance and shall continue for 36 months. At the end of such 36 month period, the whole unpaid balance, including principal and interest, shall be due and payable.

This note may be prepaid in whole or part, at any time without penalty.

If this note is not paid when due and is placed in the hands of an attorney for collection, Ruddock further promises and agrees to pay any fees incurred by Rau in enforcing Ruddock's obligations under this note, whether or not a suit or action is commenced. If a suit or action is filed, the amount of such attorney fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is decided.

We, and all endorsers, sureties and guarantors hereof, hereby jointly and severally waive presentment, demand for payment, notice of dishonor, notice of protest, and protest, and all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this instrument.

Martin E. Ruddock

Irene E. Ruddock

Page 1 - PROMISSORY NOTE

STATE OF OREGON; COUNTY OF KLAMATH; ss. :

I hereby certify that the within instrument was received and filed for record on the 17th day of April, A.D., 1980 at 10 o'clock AM, and duly recorded in Vol. 180 of 180 on Page 180.

FEF _____

WM. D. MILNE, County Clerk

By [Signature] Deputy