

THIS MORTGAGE, made this 30th day of June---, 1980, by MICHAEL BARNES WRAY, NANCY LEE DEY and MARK FORBES WRAY, Trustees of the Wray Family Trust dated April 30, 1980, hereinafter called "Mortgagor", to NANCY BARNES COFFIN, Trustee of Trust Agreement dated June 2, 1976, hereinafter called "Mortgagee";

W I T N E S S E T H:

That Mortgagor, for valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell, convey, mortgage and confirm unto Mortgagee, her heirs, executors, administrators, successors and assigns, an undivided 18 percent interest in the property situate in the County of Klamath, State of Oregon, and more particularly described in Exhibit "A", attached hereto.

TOGETHER WITH:

1. The tenements, hereditaments, and appurtenances now or hereafter used or usable in connection with the above described real property;
2. All leases, permits, licenses, privileges, rights-of-way, and easements, written or otherwise, now held by mortgagor, or hereafter issued, extended or renewed;
3. All improvements now on or hereafter placed upon said real property during the term of this mortgage, including all fixtures, now or hereafter a part of, or used in connection with said improvements.

THIS MORTGAGE IS GIVEN TO SECURE THE FOLLOWING:

1. Performance by Mortgagor of the covenants and agreements of Mortgagor contained in this mortgage instrument;
2. The payment of that certain promissory note of even date in the principal sum of \$216,000.00---, with interest as provided in said note, payable to the order of Mortgagee; and,
3. Payment of any sum or sums advanced, incurred, or paid by Mortgagee, to, for, or on account of Mortgagor as provided in this mortgage instrument.

TO HAVE AND TO HOLD the said mortgaged property to the said Mortgagee, her heirs, executors, administrators, successors and assigns until the obligations secured by this mortgage instrument have been fully discharged.

MORTGAGOR COVENANTS AND AGREES:

1. Warranty of Title: That they are lawfully seized of the above described real property in fee simple, have good right and lawful authority to mortgage the same, and that said real property is free from all encumbrances, except as above set forth, and that Mortgagor will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever, and this covenant shall not be extinguished by any foreclosure of this mortgage instrument, but shall run with the land.

2. Prompt Performance and Payment: To perform all obligations and pay all sums of money (both principal and interest at the rates specified in the note or in this mortgage instrument) secured hereby promptly when due.

3. Protection of Security: To keep the mortgaged property free of any liens of every kind which are superior to the lien of this mortgage; not to commit nor permit any waste to or on the mortgaged property; and not to permit nor to commit anything which shall impair the security created by this mortgage instrument. If a notice of lien or of delivery of materials is served upon Mortgagee by any mechanic lienor, Mortgagee shall provide a bond therefor or an irrevocable letter of credit from a responsible financial institution and will defend Mortgagee and indemnify and hold Mortgagee harmless from such lien and any costs with relation thereto, including attorney fees, if any, awarded such lienor.

4. Payment of Taxes and Assessments: To pay regularly and

1 seasonably and before the same shall become delinquent, all taxes,  
2 assessments, and charges of whatever nature levied and assessed  
3 against the mortgaged property, or any part thereof, it being  
4 expressly understood that Mortgagor may pay any taxes or assessments  
5 in such installments as may be allowed by the taxing or assessing  
6 agency.

7 5. Condemnation: In the event any governmental agency or entity  
8 having the power of eminent domain acquires by eminent domain, or by  
9 negotiated sale in lieu of eminent domain, all, or any portion, of the  
10 real property described in this mortgage instrument, Mortgagee may  
11 require Mortgagor to apply all proceeds received by Mortgagor from  
12 such acquisition (remaining after payment by Mortgagor of attorney  
13 fees, appraiser fees, and related necessary and reasonable costs in  
14 connection with securing said proceeds), which proceeds are  
15 hereinafter called "net proceeds", toward the payment of the sums  
16 secured by this mortgage instrument. Upon receipt of said net  
17 proceeds, Mortgagor shall notify Mortgagee of the amount of said net  
18 proceeds and Mortgagee shall, within ten (10) days after such  
19 notification, notify Mortgagor if Mortgagee elects to have said net  
20 proceeds applied toward payment of the sums secured by this mortgage  
21 instrument. If Mortgagee fails to so notify Mortgagor of such  
22 election, Mortgagee shall conclusively be deemed to have elected not  
23 to require Mortgagor to apply said net proceeds toward the sums  
24 secured by this Mortgage instrument. If Mortgagee elects to have said  
25 net proceeds applied toward payment toward the sums secured by this  
26 mortgage instrument, the amount to be received by Mortgagee shall not  
27 exceed the total of the principal secured by this mortgage instrument,  
28 plus accrued interest thereon to the date of receipt thereof by  
29 Mortgagee. Regardless of whether Mortgagee elects to have said net  
30 proceeds applied to the sums secured by this mortgage instrument,  
31 Mortgagee shall release from the lien of this mortgage instrument so  
32 much of the real property above described acquired by such  
governmental agency or entity by eminent domain, but Mortgagee shall  
not be required to partially release more property than that which is  
acquired by such governmental agency or entity. Mortgagee shall not be  
obligated to participate in any negotiations with such governmental  
agency or entity.

6. Expenses Incurred by Mortgagee to Protect Security: If  
Mortgagor fails to pay or discharge any taxes, assessments, liens,  
encumbrances, or charges to be paid by Mortgagor as provided in this  
mortgage instrument, Mortgagee, at her option and without waiver of  
default or breach of Mortgagor and without being obligated to do so,  
may pay or discharge all or any part thereof. Mortgagee may appear in  
or defend any action or proceeding at law, in equity, or in  
bankruptcy, affecting in any way the security hereof, and, in such  
event, Mortgagee shall be allowed and paid, and Mortgagor hereby  
agrees to pay, all costs, charges and expenses, including costs of  
evidence of title or validity and priority of the security created by  
this mortgage instrument and reasonable attorney fees to be awarded by  
the court, at trial or on appeal, incurred by Mortgagee in any such  
action or proceeding in which Mortgagee may appear.

7. Time is Material and of the Essence: Time is material and of  
the essence hereof; in the event of default of the payment of the  
indebtedness evidenced by the note referred to in this mortgage  
instrument, or any part thereof, or in the repayment of any  
disbursement authorized by the terms of this mortgage and actually  
made by Mortgagee, or in the repayment of any expense or obligation  
payable by the Mortgagor but paid by the Mortgagee, as provided in  
this mortgage instrument, or in the event of the breach of any of the  
covenants or agreements by Mortgagor, Mortgagee may at once proceed to  
foreclose this mortgage of the amount due, or in the case of default  
as aforesaid, or in the event of the violation, non-performance or  
breach of any of the covenants, conditions, agreements, or warranties

herein or in the promissory note secured by this mortgage, the entire principal sum of the promissory note hereby secured and the whole amount of all indebtedness owing by or chargeable to Mortgagor under the provisions of this mortgage or intended to be secured hereby shall, at the election of Mortgagee, become immediately due and payable without notice although the time expressed in said note for the payment thereof shall not have arrived and suit may immediately be brought without notice to Mortgagor, and a decree be had to sell the mortgaged property, or any part or parts thereof, either together or in parcels, with all and every of the appurtenances, or any part thereof, in the manner prescribed by law, and out of the monies arising from said sale to repay said indebtedness, including both principal and interest, together with the costs and charges of making such sale and suit for foreclosure and also the amounts of all sums advanced or paid by Mortgagee to or for the account of Mortgagor, with interest thereon as provided, including such payments of liens, taxes, or other encumbrances as may have been made by Mortgagee by reason of provisions herein given, and inclusive of interest thereon, and the overplus, if any there be, shall be paid by the party making such sale, on demand, to Mortgagor. Mortgagor shall not be deemed to be in default of any covenant herein, other than payment, unless Mortgagee shall have first notified Mortgagor in writing of said default and Mortgagor shall not have cured said default within 45 days thereafter.

8. Costs of Title in the Event of Foreclosure: Upon the commencement of any suit to collect the indebtedness or disbursements, secured hereby, or any part hereof, or to enforce any provisions of this mortgage instrument, by foreclosure or otherwise, there shall become due, and Mortgagor agrees to pay to Mortgagee, in addition to all statutory costs and disbursements, any amount Mortgagee may incur or pay for any title report, title search, insurance of title, or other evidence of title subsequent to the date of this mortgage instrument on any of the real property above described in this mortgage instrument and this mortgage instrument shall be security for the payment thereof.

9. Attorney Fees to Prevailing Party: In the event any suit or action is instituted to collect the indebtedness or disbursements secured hereby, or any part thereof, or to enforce any provision of this mortgage instrument by foreclosure, or otherwise, the prevailing party, at trial or on appeal, shall be entitled to such reasonable attorney fees as shall be fixed by the court having jurisdiction of the case, in addition to statutory costs and disbursements.

10. Waiver: No waiver by Mortgagee of any breach of any covenant or agreement of this mortgage instrument by Mortgagor shall be construed as a continuing waiver of any subsequent breach of such covenant, nor as a waiver of any breach of any other covenant, nor as a waiver of the covenant itself, nor as a waiver of this provision.

11. Binding Effect of Mortgage Instrument: This mortgage instrument contains a full understanding of the Mortgagor and the Mortgagee with respect to the provisions set forth herein and no modification of this mortgage instrument shall be given effect unless the same is in writing, subscribed by the Mortgagor and the Mortgagee (or their respective successor in interest) and made of record in the same manner as this mortgage instrument is made of record.

12. Notices: Any notice or notices required to be given by either Mortgagor to Mortgagee or Mortgagee to Mortgagor pursuant to any provision of this mortgage instrument shall be in writing, and shall be deemed given when the same is deposited in the United States mail as registered mail, postage prepaid, addressed to the party to whom notice is to be given at the last address of such party known by the party giving such notice. In lieu of mailing such notice, such notice may be delivered in person to the party to whom notice is to be

given and execution by the person to whom notice is to be given of a receipt of such notice shall be conclusive of delivery of such notice.

13. ~~Binding Effect and Construction of Mortgage Instrument~~: This mortgage instrument shall bind and inure to the benefit of, as the circumstances may require, the parties hereto, and their respective heirs, executors, administrators, successors, and assigns. In continuing this mortgage instrument, the singular shall include both the singular and the plural and the masculine the masculine, the feminine, and the neuter. This headings contained in this mortgage instrument are for convenience only and are not to be construed as part of this mortgage instrument. To the extent that an exhibit is attached to this mortgage instrument, the same is hereby incorporated into this mortgage instrument as though fully set forth at the place in this mortgage instrument at which reference to said exhibit is made.

DATED this 30th day of June, 1980.

Nancy Barnes Coffin  
NANCY BARNES COFFIN, Trustee

Michael Barnes Wray  
MICHAEL BARNES WRAY, Trustee

Nancy Lee Dey  
NANCY LEE DEY, Trustee

Mark Forbes Wray  
MARK FORBES WRAY, Trustee

STATE OF OREGON )  
 ) ss.  
County of Klamath )

On this 30th day of June, 1980, personally appeared Nancy Barnes Coffin, Trustee of Trust Agreement, dated June 2, 1976, and acknowledged the foregoing instrument to be her voluntary act and deed.

(SEAL)

Before me:

Marilyn A. Noble  
Notary Public for Oregon  
My Commission expires: 12/16/83

STATE OF OREGON )  
 ) ss.  
County of Klamath )

On this 30th day of June, 1980, personally appeared Michael Barnes Wray, Nancy Lee Dey and Mark Forbes Wray, Trustees of the Wray Family Trust dated April 30, 1980, and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

Before me:

Marilyn A. Noble  
Notary Public for Oregon  
My Commission expires: 12/16/83



TOWNSHIP 40-S.R. 10-E.W.M.

Sec. 10: E1/2 SW1/4

Sec. 16: NW1/4 NW1/4; S1/2 N1/2; N1/2 S1/2; N1/2 SE1/4 SE1/4; SW1/4 SE1/4; SW1/4 SW1/4

Sec. 20: Lot 4; the NW1/4 of the NE1/4, the SW1/4 of the NE1/4, and all that portion of the NW1/4, the NE1/4 of the SW1/4 and the NW1/4 of the SE1/4 lying Northeasterly of the Northeasterly right-of-way line of Highway 39.

SAVING AND EXCEPTING THEREFROM the following described real property:

A parcel of land situated in the Northwest one-quarter of Section 20, T40S R10E W.M. more particularly described as follows:

Beginning at a 5/8" iron pin marking the Northwest corner of said Section 20, thence N89 deg. 45'24"E, along the North line of said Section 20, 2180.17 feet, thence S00 deg.14'36"E, 500.00 feet, thence S89 deg. 45'24"W parallel to the North line of said section 20, 1930.22 feet to a point on the Northeasterly right of way of Oregon State Highway 39, thence N33 deg.46'40"W, along the Northeasterly right of way line of said Oregon State Highway 39, 452.68 feet to a point on the West line of said Section 20, thence N00 deg. 10'54"W along the West line of said Section 20, 122.67 feet to the point of beginning, containing 23.94 acres including road right of way and C-9 lateral right of way.

Subject to right of ways and easements of record and those apparent upon the land.

Sec. 21: Lots 4, 9, 10 and 11, EXCEPTING that portion of Lot 9, lying South of Lost River. ALSO EXCEPTING that portion of Lot 11 lying within the following description: Beginning at a 5/8 inch iron pin on the Southwesterly right of way line of the Great Northern Railroad right of way from which the section corner common to Sections 16, 17, 20 and 21, Township 40 South, Range 10 East of the Willamette Meridian bears North 53 deg. 48' 36" West a distance of 667.31 feet; thence North 44 deg. 00' 00" West along said right of way 1076.20 feet to a point on the Northerly line of a tract of land described in Volume 360, page 132, Deed Records of Klamath County, Oregon; thence North 73 deg. 00' 00" West along said Northerly line 276.12 feet to a point on the Southeasterly right of way line of Zukerman Road; thence South 33 deg. 09' 20" West along said Southeasterly right of way line 331.87 feet; thence South 50 deg. 47' 36" East 292.42 feet to a point on the South line of Section 17, Township 40 South, Range 10 East, Willamette Meridian; thence Southerly along the high water line of Lost River the meander line of which is as follows: South 48 deg. 52' 32" East 232.66 feet; thence South 52 deg 04' 05" East 237.81 feet; thence leaving said high water line North 63 deg. 04' 05" East 108.12 feet; thence South 26 deg. 20' 35" East 105.18 feet; thence South 44 deg. 00' 00" East 162.43 feet; thence North 78 deg. 45' 30" East 354.64 feet to the point of beginning.

TOGETHER with an easement 20 feet in width for the purpose of egress and ingress, the centerline of which is more particularly described as follows: Commencing at the most Southeasterly corner of the above described parcel; thence North 44 deg. 00' 00" West 392.41 feet to the point of beginning for this easement; thence South 48 deg. 51' 55" West 168.04 feet; thence South 70 deg. 36' 00" West 110 feet.

Exhibit "A" to Mortgage  
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1 Sec. 22: NW1/4 NW1/4; S1/2 NW1/4; NW1/4 SW1/4 EXCEPT portion lying  
 2 Southerly of Hill Road; E1/2 SW1/4; W1/2 SE1/4; SW1/4 SW1/4  
 3 Sec. 23: E1/2 W1/2; W1/2 NE1/4; NW1/4 SE1/4  
 4 Sec. 26: NE1/4 NW1/4  
 5 Sec. 27: Lots 5, 6, 7, 8 and 9; SE1/4 SE1/4; N1/2 NW1/4; SE1/4 NW1/4;  
 6 W1/2 NE1/4

7 LESS the following: Beginning at a 5/8 inch iron pin  
 8 marking the northeast corner of the NW1/4 NE1/4 of said Section 27;  
 9 thence S 00 deg. 33' 36" W, along the East line of said NW1/4 NE1/4 of  
 10 said Section 27, 1382.64 feet, more or less, to the northerly right of  
 11 way line of Hill Road, a county road; thence northwesterly along the  
 12 northerly right of way line of said Hill Road 1300 feet, more or less,  
 13 to a one-inch iron pin at the intersection of said right of way line  
 14 with a fence running northeast; thence along said fence and the  
 15 northeasterly projection thereof N 42 deg. 12' 33" E 542.46 feet to a  
 16 one-inch iron pin set in the center of a dirt road; thence leaving said  
 17 fence line N 35 deg. 05' 31" E 392.34 feet to a point on the north line  
 18 of said Section 27, said point being marked by a one-inch iron pin;  
 19 thence N 89 deg. 58' 17" E along the said north line of said Section  
 20 27, 420.67 feet to the point of beginning,, containing 20.1 acres, more  
 21 or less.

22 AND ALSO SAVING AND EXCEPTING THEREFROM a parcel of land situated in the  
 23 SE1/4 SE1/4, in Lot 5, and in lot 6 all being in Section 27, Township  
 24 40 South, Range 10 East of the Willamette Meridian, and being more  
 25 particularly described as follows:

26 Beginning at a point where the South line of said Section 27 intersects  
 27 the Westerly right of way line of the Burlington Northern Railroad, from  
 28 which the southeast corner of said Section 27 bears S 89 deg. 38' 24" E,  
 29 1097.43 feet; thence N. 28 deg. 45' 24" W, along said right of way line,  
 30 1029.75 feet; thence S. 61 deg. 14' 36" W, 50.00 feet; thence N 28 deg.  
 31 45' 24" W, 655.60 feet; thence along the arc of a 5629.65 foot radius  
 32 curve to the left (delta equals 01 deg. 10' 05"), 114.77 feet to the South  
 line of a drainage easement; thence S. 57 deg. 42' W along the South line  
 of said drainage easement, 275.64 feet more or less to a point on the  
 mean high water line of the left bank of Lost River; thence Southeast  
 along said mean high water line to a point on the South line of said  
 Section 27; thence S. 89 deg. 38' 24" E, along said South line 751.73  
 feet, more or less, to the point of beginning, containing 17.03 acres  
 more or less.

Sec. 28: Lot 4

EXCEPTING from the above described lands, right of way for Great  
 Northern Railroad as set out in transcript of Decree dated June 6,  
 1931, recorded November 2, 1931 in Vol. 96, page 246, Deed records of  
 Klamath County, Oregon.

SUBJECT TO: Mortgage to Travelers Insurance Company, mortgage to  
 State of Oregon Department of Veteran's Affairs, and mortgage to James  
 R. Howland and Shelton O. Howland, husband and wife, each of said  
 Mortgages Mortgagee agrees to pay. In the event Mortgagee does not pay  
 and perform the terms and provisions thereof as therein provided,  
 Mortgagor may do so, and in the event Mortgagor does so it may offset  
 against any amounts due hereunder the amount so expended by Mortgagor,  
 including reasonable attorney fees incurred by Mortgagor or adjudged  
 against Mortgagor whether at trial or upon appeal.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Steven A. Zamsky, Atty.

Exhibit "A" to Mortgage, is 26th day of August A. D. 1980 at 1:53 clock P M., on  
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only recorded in Vol. 180, of Mortgages on Page 16159

Wm D. MILNE, County Clerk  
 By Bernetha H. Hetch