

This Indenture, made this 30th day of September, 1977, between
Terry D. Sherrill and Janet Rae Sherrill, husband and wife

called "Mortgagor", and FIRST NATIONAL BANK OF OREGON, Trustee hereinafter
 called "Mortgagee";

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor has bargained and sold and does hereby
 grant, bargain, sell and convey unto the Mortgagee, all the following described property situate in

Klamath

County, Oregon, to wit:

Parcel 1: Lots 3, 4, and 5 in Block 106, Klamath Addition to the City
 of Klamath Falls, EXCEPT THEREFROM any portion of Lot 5 conveyed to the
 City of Klamath Falls.

Parcel 2: An irregular tract of land located in Government Lots 3 and
 10, Section 32, Township 38 South, Range 9 East of the Willamette
 Meridian, more particularly described as follows: Commencing at the
 East quarter corner of Section 32, Township 38 South, Range 9 East of
 the Willamette Meridian; thence South $69^{\circ}36'$ West a distance of 38.1 feet
 to a point on the Southeasterly line of Kinlock St; thence South $38^{\circ}56'$
 West along said Southeasterly line of Kinlock St. a distance of 16.47
 feet to the true point of beginning; thence South $10^{\circ}46\frac{1}{2}'$ West 246.59
 feet, more or less, to its intersection with the Westerly line of Fifth
 Street in Klamath Falls, Oregon, if extended; thence North $51^{\circ}04'$ West
 a distance of 116.51 feet, more or less, to the intersection of said
 Westerly line of Fifth St. and the Southeasterly line of Kinlock St.;
 thence North $38^{\circ}56'$ East a distance of 217.33 feet; along the said South-
 easterly line of Kinlock St., to the point of beginning Excepting that
 part lying Northerly of the South line of South Fifth Street.

Parcel 3: Beginning at the intersection of the center line of Fifth
 Street and the Southeasterly line of Kinlock Street, as shown on the
 plat of "Klamath Addition to the town of Linkville," now Klamath Falls,
 on file in the office of the County Clerk, Klamath County Courthouse;
 thence North $51^{\circ}04'$ West along said center line a distance of 19.0' to
 a point, said point being the point of tangency of a curve concave to
 the East and having a radius of 30.00 feet, a radial line to said point
 bearing South $38^{\circ}56'$ West; thence Northerly along said curve a distance
 of 47.12 feet to a point on the Southwesterly line of Lot 6, Block 106
 of said Klamath Addition a radial line to said point bearing North
 $51^{\circ}04'$ West; thence South $51^{\circ}04'$ East along the Southwesterly line of
 said Lot 6 to the Southwest corner of said Lot 6; thence North $38^{\circ}56'$
 East, a distance of 19.06 feet along the Southeasterly line of said
 Lot 6 to a point on the Southerly right of way line of the Klamath
 Falls-Lakeview Highway as relocated said right of way being on a curve
 concave to the North having a radius of 316.48 feet and a central angle
 of $25^{\circ}28'23''$; thence Southeasterly along said curve right of way line
 a distance of 49 feet more or less to its intersection with the South-
 easterly line of Kinlock Street; thence South $38^{\circ}56'$ West along said
 Southeasterly line a distance of 86 feet more or less to the point of
 beginning.

Parcel 4: A tract of land situated in Lot 6, Block 106 of Klamath
 Addition to the Town of Linkville, now Klamath Falls, described as
 follows: Beginning at the most Southerly corner of Lot 6, Block 106
 of Klamath Addition to the Town of Linkville; thence North $51^{\circ}04'$ West
 along the Southwesterly line of said Lot 6, a distance of 14.00 feet to
 a point; thence North $38^{\circ}56'$ East a distance of 7.42 feet to a point on
 a curve concave to the North having a radius of 316.48 feet, a radial
 bearing to said curve at said point being South $00^{\circ}50'10''$ West; thence
 Easterly along said curve, a distance of 18.21 feet to a point on the
 Southeasterly line of said Lot 6, a radial bearing to said curve at said
 point being South $2^{\circ}27'39''$ East thence South $38^{\circ}56'$ West along said
 Southeasterly line a distance of 19.06 feet to the true point of
 beginning.

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This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained, to be by the Mortgagor kept and performed, and to secure the payment of the sum of \$101,910.26 and interest thereon in accordance with the tenor of a certain promissory note executed by Terry D. Sherrill and Janet Rae Sherrill, husband and wife

dated September 30, 19 77, payable to the order of the Mortgagee in installments not less than \$ 1,236.45, each, including interest, on the 1 st day of each month commencing November 1, 19 77, until October 1, 19 87, when the balance then remaining unpaid shall be paid.

The Mortgagor does hereby covenant and agree to and with the Mortgagee, its successors and assigns: 2155

1. That he will pay, when due, the indebtedness hereby secured, with interest, as prescribed by said note, and all taxes, liens and utility charges upon said premises or for services furnished thereto.
2. That he will not commit or permit strip or waste of the said premises or any part thereof; that he will keep the real and personal property hereinabove described in good order and repair and in tenantable condition; that he will promptly comply with any and all municipal and governmental rules and regulations with reference thereto; that if any of the said property be damaged or destroyed by any cause, he will immediately reconstruct or repair the same so that, when completed, it shall be worth not less than the value thereof at the time of such loss or damage; provided, that if such loss or damage shall be caused by a hazard against which insurance is carried, the obligation of the Mortgagor to repair or reconstruct shall not arise unless the Mortgagee shall consent to the application of insurance proceeds to the expense of such reconstruction or repair.
3. That he will, at his own cost and expense, keep the building or buildings now or hereafter upon said premises, together with all personal property covered by the lien hereof, insured against loss by fire and against loss by such other hazards as the Mortgagee may from time to time require, in one or more insurance companies satisfactory to or designated by the Mortgagee in an aggregate amount not less than the amount of the indebtedness hereby secured (unless the full insurable value of such building or buildings is less than the amount hereby secured, in which event the Mortgagor shall insure to the amount of the full insurable value); that all policies of insurance upon said premises, including policies in excess of the amount hereinabove mentioned and policies against other hazards than those required, shall contain such provisions as the Mortgagee shall require and shall provide, in such form as the Mortgagee may prescribe, that loss shall be payable to the Mortgagee; that all such policies and receipts showing full payment of premiums therefor shall be delivered to and retained by the Mortgagee during the existence of this mortgage; that at least 5 days prior to the expiration of any policy or policies he will deliver to the Mortgagee satisfactory renewals thereof together with premium receipts in full; that if any policy or policies shall impose any condition upon the liability of the insurer or shall contain any "average clause" or other provision by which the insurer may be liable for less than the full amount of the loss sustained, he will, as often as the Mortgagee may require, provide the Mortgagee with all such evidence as it may request concerning the performance of such condition or the existence of any facts or omissions of the Mortgagor or that the coverage is inadequate, the Mortgagor will do such acts and things and obtain such further insurance as the Mortgagee may require; that the Mortgagee may, at its option, require the proceeds of any insurance policies upon the said premises to be applied to the payment of the indebtedness hereby secured or to be used for the repair or reconstruction of the property damaged or destroyed.
4. That he will execute or procure such further assurance of his title to the said property as may be requested by the Mortgagee.
5. That in case the Mortgagor shall fail, neglect or refuse to do or perform any of the acts or things herein required to be done or performed, the Mortgagee may, at its option, but without any obligation on its part so to do, and without waiver of such default, procure any insurance, pay any taxes or liens or utility charges, make any repairs, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at 8% per annum and shall be secured hereby.
6. That he will not, without the prior written consent of Mortgagee, transfer his interest in said premises or any part thereof, whether or not the transferee assumes or agrees to pay the indebtedness hereby secured. Upon any application for Mortgagee's consent to such a transfer, Mortgagee may require from the transferee such information as would normally be required if the transferee were a new loan applicant. Mortgagee shall not unreasonably withhold its consent. As a condition of its consent to any transfer, Mortgagee may, in its discretion, impose a service charge not exceeding one percent of the original amount of the indebtedness hereby secured and may increase the interest rate on the indebtedness hereby secured by not more than one percent per annum.

7. That, if any default be made in the payment of the principal or interest of the indebtedness hereby secured or in the performance of any of the covenants or agreements of this mortgage, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

8. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum as the trial court and any appellate court may adjudge reasonable as attorney's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for extensions of abstracts or title searches or examination fees in connection therewith, whether or not final judgment or decree therein be entered and all such sums are secured hereby; that in any such suit, the court may, upon application of the plaintiff and without regard to the condition of the property or the adequacy of the security for this indebtedness hereby secured and without notice to the Mortgagor or any one else, appoint a receiver to take possession and care of all said mortgaged property and collect and receive any or all of the rents, issues and profits which had theretofore arisen or accrued or which may arise or accrue during the pendency of such suit; that any amount so received shall be applied toward the payment of the debt secured hereby, after first paying therefrom the charges and expenses of such receivership; but until a breach or default by the Mortgagor in one or more of his covenants or agreements herein contained, he may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

9. The word "Mortgagor", and the language of this instrument shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagor shall be binding upon his heirs, executors, administrators, successors and assigns and inure to the benefit of the successors and assigns of the Mortgagee. In the event of any transfer of the property herein described or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, the Mortgagee may, without notice to the Mortgagor or any one else, once or often, extend the time of payment or grant renewals of indebtedness hereby secured for any term, execute releases or partial releases from the lien of this mortgage or in any other respect modify the terms hereof without thereby affecting the personal primary liability of the Mortgagor for the payment of the indebtedness hereby secured. No condition of this mortgage shall be deemed waived unless the same be expressly waived in writing by the Mortgagee. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, such notice, demand or request shall be sufficient if personally served on one or more of the persons who shall at the time hold record title to the property herein described or if enclosed in a postpaid envelope addressed to one or more of such persons or to the Mortgagor at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

In Witness Whereof, the Mortgagor's have hereunto set their hand s and seal the day and year first hereinabove written.

Terry D. Sherrill (SEAL)
Terry D. Sherrill

Janet Rae Sherrill (SEAL)
Janet Rae Sherrill

(SEAL)

(SEAL)

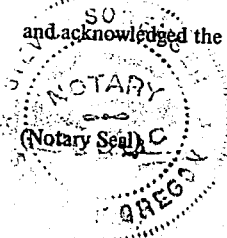
STATE OF OREGON

County of Klamath } ss.

A. D. 19 81

Personally appeared the above-named Terry D. Sherrill and Janet Rae Sherrill

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:



[Signature]
Notary Public for Oregon.

My Commission Expires: My Commission Expires May 5, 1989

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of First National Bank of Oregon
this 23rd day of March A. D. 19 81 at 2:37 o'clock P. M., and
duly recorded in Vol. MB1, of Mortgages on Page 5221.

EVELYN BIEHN, County Clerk

Fee \$14.00 By Debra A. Janzen

Rt. First Natl Bank
P.O. Box 2971
Portland, Or. 97208