

U.S. BANCORP FINANCIAL, INC.
MORTGAGE & ASSIGNMENT OF SELLER'S INTEREST
UNDER LAND SALE CONTRACT

Vol. 31 Page 10404

May 1, 1981

GRANT OF ASSIGNMENT AND MORTGAGE. Patricia M. Roush aka Patricia M. Phillips

("Seller"), whose address is 94470 B. Street, Gold Beach, OR 97444

, hereby assigns to U.S. BANCORP FINANCIAL, INC.

("Lessor"), whose address is 555 S.W. Oak Street, Portland, OR 97204

all of Seller's right, title and interest in the following-described contracts ("Contracts"):

DATE	ORIGINAL SELLER	PURCHASER	PRINCIPAL AMOUNT OWING	COUNTY	BOOK	PAGE
10-6-80	Patricia M. Roush	Bernardo N Mena and Bernadell Mena	\$235629.67	Klamath	M80-19381	

and mortgages to Lessor all of Seller's rights and interest in the real and personal property that is the subject of the Contracts ("Property" or "Properties"), which Properties are more fully described as follows:

As described in Exhibit "A" (consisting of two pages) attached.

or on Exhibit A which may be attached to this Mortgage and Assignment.

2. INDEBTEDNESS. This Mortgage and Assignment ("Agreement") secures the payment and the performance of, (1) the following lease executed by Seller, or by the persons or entities named below as "Lessee":

NAME OF LESSEE (insert "Seller" or name of other Lessee, as appropriate)	DATE	ORIGINAL RECEIVABLE AMOUNT	RECEIVABLE AMOUNT OWING	DATE FINAL PMT. IS DUE
Regal Restaurant and Rogue Room	5/1/81	\$59,640	\$59,640	5/1/86

(2) any future leases Lessor in its discretion may make to Seller or Lessee, (3) any sums Lessor may pay, or costs Lessor may incur in discharging obligations of the Seller or Lessee under this Agreement or under the Contracts, all costs of collecting the Lease or other amounts owed, whether or not litigation is commenced, and attorney's fees incurred in any litigation or on appeal, including costs and fees incurred in representing the interest of the Lessor as a creditor in any insolvency proceedings, and (4) all other liabilities and obligations of Seller or Lessee to Lessor of every kind and description, whether direct or indirect, primary or secondary (including any as guarantor or surety), absolute or contingent, due or to become due, joint or several, and whether now existing or hereafter incurred. The foregoing is "the indebtedness" referred to in this Agreement.

3. ENCUMBRANCES. Seller warrants and will forever defend title to the Properties against the lawful claims of all persons, subject only to the contractual rights of each contract purchaser under the particular Contract to which that purchaser is a party, and warrants that the Properties are subject to no other interest or encumbrance materially and adversely affecting the use of the Property or its value as security, except for the following:

The foregoing interests, encumbrances, and rights are herein called "Permitted Encumbrances".

Lessor in its discretion may pay and/or discharge any encumbrances, and Seller shall pay Lessor on demand amounts disbursed for this purpose, together with interest at the highest lawful rate provided under any of the Leases.

4. LESSOR NOT LIABLE. The Lessor, in accepting this Agreement, or in its discretion performing any of Seller's obligations hereunder, does not assume any liability or responsibility to continue to perform, or to perform any of Seller's other obligations under the Contracts.

5. SELLER'S WARRANTIES. Seller represents and warrants to Lessor that (1) Seller is the sole owner of the Contracts, free of any security interest or lien or other encumbrances, and has the right to assign the Contracts and mortgage the Property without violating any legal or contractual obligation; (2) each Contract is a valid, legal and binding contract for the sale of the Property described therein, not subject to any offset, discount, or deduction not stated in the Contract, and that no defense exists on the part of any purchaser, guarantor, or other person represented as obligated on the Contract; (3) no Contract is now delinquent or in default and that all taxes and assessments on the Property are now current; and (4) the principal amount owing on each Contract as of the date of this Agreement is as stated in Section 1.

6. SELLER'S COVENANTS. Seller covenants that (1) Seller shall deliver and pledge the signed original of each Contract to Lessor concurrently with this Agreement, or upon demand by Lessor; (2) Seller shall promptly upon request execute and give Lessor financing statements, memorandums of this Agreement, or any other document that Lessor considers advisable to protect its interest under this Agreement, which may be filed or recorded at Seller's expense; (3) Seller shall perform all obligations of Seller under the Contracts, prevent waste of the Property, and do all things necessary to prevent events or conditions that would adversely affect the value of the Contracts and Property as security; (4) if any Contract requires the purchaser to obtain Seller's consent to a sale of the Property or other transfer of purchaser's interest, then Seller, five days before giving its consent, shall notify Lessor of the identity of the proposed transferee, and shall withhold its consent except to a person who Seller has reasonably determined, after adequate inquiry, to be creditworthy; and (5) Seller shall do all in its power to collect payments under the Contract when due, and shall notify Lessor in writing within 48 hours of discovery that a purchaser has failed to make any payment within ten days following

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the date it is due under a Contract, or of discovering a default under a Contract or an event or condition that would be, or justify, a declaration of a default after a lapse of time or the giving of notice; and (6) Seller shall keep records reasonably satisfactory to Lessor respecting the Contracts and payments on the Contracts, and shall allow Lessor access to the records at all times.

7. **INSURANCE.** Seller shall be responsible for seeing that the Property is kept insured with an insurer acceptable to Lessor against fire, extended coverage and other risks specified by Lessor, in an amount equal to the lesser of the insurable value of all improvements on the Properties or the amount of the Indebtedness, and shall give Lessor the policies or other evidence of insurance satisfactory to Lessor. If Lessor requests, Seller shall have the insurance made payable to Lessor or; at Lessor's option, secure an endorsement acceptable to Lessor making the insurance payable to Lessor only and providing Lessor notice prior to lapse or cancellation.

8. **SUBSTITUTED PERFORMANCE.** If Seller fails to keep the Property insured or fails to perform any other obligation, or fails to comply with any requirement of Seller under this Agreement or under any Contract, if taxes or assessments are not paid, or liens or encumbrances (other than Permitted Encumbrances) affect the Property or Contracts, or if any other event or condition affects or threatens the value of the Property or the Contracts, then Lessor shall have the right to take any action which in its discretion it considers necessary to cure or prevent such failure or condition or protect its security; expenses so incurred shall be a part of the Indebtedness payable on demand at the highest lawful interest rate charged on any of the Leases.

9. **PREPAYMENTS.** Seller shall immediately pay to Lessor any payments made by a purchaser under a Contract in excess of required minimum payments under the Contract.

10. **CONDEMNATION.** Seller shall be responsible to defend any condemnation action affecting the Property, and the net proceeds of any award after deducting reasonable costs, expenses and attorneys' fees incurred by Seller in the action shall be paid to Lessor for application to the Indebtedness.

11. **RELEASE.** After full payment of the Indebtedness, Lessor shall release this Mortgage and Assignment and, upon written demand of Seller, will terminate its financing statements affecting the property and the Contracts.

12. **DEFAULT.** The following are events of default:

- (1) Any payment of principal or interest due on any of the Leases, or on any other part of the Indebtedness, is not paid when due;
- (2) Seller or Lessee's death, dissolution, termination of existence, or failure to pay debts as they become due; appointment of a receiver for any part of Seller's or Lessee's assets; assignment by Seller or Lessee for the benefit of creditors; or the commencement of any proceedings under any bankruptcy or insolvency law by or against Seller or Lessee;
- (3) Any default under any Contract, or any event or condition not cured within ten days, which with the lapse of time or the giving of notice, would constitute a default under any Contract, or would justify a declaration of default under any Contract, whether or not waived by Seller, or any failure of Seller to notify Lessor of such a default, event, or condition;
- (4) The Property or any Contract is or becomes subject to any lien or encumbrance, other than Permitted Encumbrances;
- (5) Failure of the Seller to perform any other covenant and under this Agreement within 15 days after Lessor mails or, at Lessor's option, delivers written notice specifying the failure; or
- (6) Any representation of Seller proves to have been false when made.

13. **DIRECT COLLECTION.** Either before or after default, Lessor shall have the right to notify the purchasers and other obligors under any Contracts to make payments owing on the Contracts directly to the Lessor, and the purchasers and other obligors shall thereafter be required to do so. At the request of Lessor, the Seller shall promptly at Seller's expense notify the purchasers and other obligors under any or all Contracts to make payments directly to the Lessor. After notification, the Seller shall not solicit payments from the notified persons. If Seller nevertheless has or comes into possession of payments made on any Contracts, Seller shall immediately remit them to the Lessor, and until remitted shall hold them separate and as an express trust for Lessor. Purchasers and other persons obligated under the Contracts are hereby authorized and directed to recognize the rights of Lessor, including the rights of Lessor to receive payments under the Contracts, without investigating the existence, amount, or validity of the Indebtedness owed to Lessor, the existence or nonexistence of a default, the reason for Lessor's action or claim, the application of payments, or any other facts, and Seller hereby agrees, for the benefit of Lessor and the purchasers and other obligors, that Seller shall indemnify and hold harmless the Lessor and the purchasers and other obligors against the claims of Seller and all other persons relating to payment by them to Lessor, including legal fees and costs of defending against such claims. A receipt of Lessor for payments shall be a full discharge and release of the obligation of the purchaser or other obligor to make the payments for which the receipt is given. Checks for payments shall be made to the order of Lessor only.

14. **COLLECTION AGENCIES AND ESCROWS.** If amounts due under any Contract are being collected by an agent, or paid to an escrow holder, this Agreement is an irrevocable instruction from Seller to any such agent or escrow holder to pay and deliver to Lessor, at Lessor's request, any money due under the Contracts or any other property or documents which are, or would otherwise be, payable or deliverable to Seller or to an account or person named by Seller.

15. **RIGHTS UPON DEFAULT.** After the occurrence of any event of default, in addition to or in place of its rights under Section 13, the Lessor may at Lessor's option exercise any one or more of the following rights and remedies:

- (1) The right, without notice, presentment, or demand, to declare the entire Indebtedness immediately due and payable.
- (2) With respect to all or any part of the Property or the Contracts, the right to foreclose by judicial proceedings.

(3) The rights and remedies of a secured party under the Uniform Commercial Code, as well as those stated herein. The Lessor may without notice take possession of all personal property not already in its possession and/or require Seller to Assemble it and turn it over to Lessor at a reasonably convenient place designated by the Lessor. Although the Lessor may in its discretion and without liability do so, the Lessor shall have no duty to take any action to preserve rights against any party to the Contracts, to instruments, or to other personal property in its possession, either before or after default, and shall have no duty whatsoever with respect to personal property in its possession beyond the use of ordinary reasonable care in its physical custody and preservation. The Lessor may retain personal property in which it has a security interest in satisfaction of the Indebtedness or may sell or otherwise dispose of such personal property at either public or private sale, first giving Seller ten days' notice of the date and place of public sale or the date after which private sale may be made. The Seller agrees that ten days' notice is reasonable notice. The Seller shall be liable for any deficiency and the Lessor shall account for any surplus.

In exercising its rights and remedies, the Lessor shall be free to sell or otherwise dispose of all or any part of the Contracts or Properties, separately or at once, and on any terms. The Lessor shall be entitled to purchase all or any portion of the Property or the Contracts at any public sale.

16. LESSEE'S SIGNATURE. If Seller and Lessee are not the same, Lessee's signature indicates Lessee's agreement to those provisions that may affect Lessee. This Assignment does not give Lessee any interest in the Properties or the Contracts.

17. WAIVER, NOTICE AND OTHER COLLATERAL.

(1) A waiver by Lessor of a breach of this Agreement shall not constitute a waiver of, or prejudice the Lessor's right to demand strict compliance with, that provision or any other provision.

(2) Seller waives presentment, demand, notice and protest with regard to any part of the Indebtedness, and consents to any exchange or any release of collateral pledged by any person with respect to the Indebtedness. Lessor may realize upon and apply any collateral it may have with respect to the Indebtedness in any manner and in any order without affecting Lessor's rights to realize upon and apply the proceeds of the Properties or the Contracts.

18. SPECIAL PROVISIONS.

Patricia M. Roush x
Seller's Signature Patricia M. Roush
Patricia M. Roush x
Debtor's Signature Patricia M. Roush
J. Wayland Roush x
J. Wayland Roush

INDIVIDUAL ACKNOWLEDGEMENT
STATE OF OREGON)

County of Curry) SS.

Personally appeared the above-named Patricia M. and J. Wayland Roush
and acknowledged the foregoing Mortgage and Assignment of Seller's Interest to be their
voluntary act and deed.

Before me:

Allen B. French
Notary Public for Oregon
My commission expires: March 1, 1988

EXHIBIT 'A'

10467

Attached to Mortgage and Assignment of Land Sale Contract by Patricia M. Roush to U. S. Bancorp Financial, Inc.

All that portion of the E½E½ of Section 33, Township 34 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, lying West of the Dalles-California Highway, more particularly described as follows:

Beginning at a point which is 999 feet South and 984 feet, more or less, West from the corner common to Sections 27, 28, 33 and 34 of said Township and Range, and which point of beginning is the intersection of the Westerly right of way line of the newly located the Dalles-California Highway as described in a deed of record in Klamath County Deed Records, Volume 190 at page 23, with the North line of a parcel of land deeded to the City of Chiloquin for airport purposes, and described in a deed recorded in Klamath County Deed Records, Volume 107 at page 483; thence West along the North line of said airport property a distance of 336 feet, more or less, to the Northwest corner of said property; thence South along the West line of said airport property, a distance of 3,055 feet, more or less, to the Westerly right of way line of said highway; thence North 5° 36' 30" East along said right of way line a distance of 3,070 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its State Highway Commission, by deed dated May 1, 1947, recorded May 10, 1947 in Deed Volume 206 at page 169, Records of Klamath County, Oregon.

SUBJECT TO:

The requirements and provisions of ORS Chapter 481 pertaining to the registration and transfer of ownership of a mobile home, and any interests or liens disclosed thereby.

PERSONAL PROPERTY INCLUDED IN THE SALE OF MELITAS

10408

Attached to Mortgage and Assignment of Land Sale Contract by Patricia M. Roush to U. S. Bancorp Financial, Inc.

RESTAURANT KITCHEN AND DINING ROOM: 1 hot rack, 1 hot chocolate machine (property of Boyd's Coffee), 1 soup pot, 1 ice tea dispenser, 1 pop speed bar w/ice bin and comp, 1 menu board, 1-4 place hot plate (property of Boyd's Coffee), 1 coffee maker (property of Boyd's Coffee), 1 coffee container, 1 pie case ref., 1-2 cartop milk dispenser (property of Crater Dairy), 1 ice cream freezer and fountain syrups (property of Crater Dairy), 1 cone dispenser (property of Crater Dairy), 1 milk shake mixer (property of Crater Dairy), 1 pie or donut display, 1 steam and ice buffet table and 1 - 5 gal gas tank, Tables (3 small, 9 large), chairs - 42 dining room. Miscellaneous restaurant utensils, pots, pans, dishes and silverware. Also included are miscellaneous ash trays, glasses and water pitchers. 1 gas water heater

GIFT SHOP: 1 NCR double drawer cash register, 1 Remo Rand adding machine, 2 Visa imprints, 1 jewelry case w/reg. stand, 2 open shelves (knick knack), 1 double door storage case, 2 chairs.

BAR: 2 tall oil glass lamps, 1 bar light, 2 coffee pots, 2 telephone dialers (Beaver State), 16 ashtrays, 69 spouts, 80 beer glasses, 122 5 oz. glasses, 6 black mugs, 25 shot glasses, 6 sherry, 21 martini, 8 margarita glasses, 17 fizz, 18 wine, 13 racks glasses, 8 fancy stemware, 65 collins glasses, 1 dice cup w/5 dice, 8 chimney glasses, 6 - 9 oz. beer glasses, 12 liquor glasses, 7 brandy stem glasses, 7 - 8 oz. gray glasses. Miscellaneous spoons and utensils used at a bar. 1 Bingo Game, 1 Color TV, 4 table with chairs, 2 booths, juke box, 1 cash register, 15 bar stools, 1 gas heater, 1 card case.

LAUNDDROMAT: 6 Maytag washers, 2 Blackstone 30 KX lb. dryers, 1 gas water heater 100 ga. 1 bench, 1 table. 4 electric water heaters in motel units.

LINEN ROOM: Miscellaneous sheets, pillow cases, spreads, towels, blankets, pillows, 2 cribs. 2 fibreglas showers (new), 1 Comb. tub and shower (new)

STORAGE ROOM: 1 Ridg lawn mower

ROOMS # 1 - 6 contain 2 chairs, 1 large bench, 1 bedside lamp, 1 box spring and mattress, Miscellaneous mattress pads, sheets, blankets, spreads, pillows, towels and wash cloths. Each room contains drapes, and shower curtains. Room 1 - 6 contain 1 wall lamp. Room #1 contains an AL B&W TV w/stand, Room #2 contains an RCA B&W TV w/stand, Room #3 contains a Zenith B&W TV w/stand, Room #4 contains a Trutone color TV w/stand, Room #5 contains a Zenith B&W TV w/stand, and Room #6 contains a B&W TV w/stand. Each room contains 2 mirrors. Room #4 1 radio, Room #5 1 floor lamp

ROOM # 7: 4 chairs, 1 B&W TV, 2 lug bench, 4 wall lamps, 2 box spring and mattress, miscellaneous linens, blankets, drapes, 1 desk, 1 picture.

ROOM #8: 2 chairs, 1 B&W TV, 2 lug bench, 1 wall lamp, 2 Bedside lamps, 2 box spring and mattress, Miscellaneous linens, blankets, drapes, 1 desk, 1 couch, 1 pictures.

ROOM #9: 2 chairs, 1 B&W TV, 1 wall lamp, 2 bedside lamps, 2 box spring and mattresses, Miscellaneous linens, blankets, drapes, 1 desk, 1 couch, 1 picture. Room 9 1/2 - 1 couch, 1 t. lamp, 1 c. table, 1 end table, Color TV w/s, recliner, stove, refrig. table, 5 chairs.

ROOM #10: 2 chairs, 2 beds, 1 night stand, 1 desk, color TV, 1 wall lamp, 2 table lamps, Miscellaneous linens, blankets, drapes, 1 couch.

STATE OF OREGON; COUNTY OF KLAMATH: ss.

I hereby certify that the within instrument was received and filed for record on the 10th day of June A.D., 19 81 at 11:58 o'clock A.M., and duly recorded in

Vol 181 of Deeds on page 10404.

Fee \$7.50

EVELYN BIEHN

COUNTY CLERK

By Bernice A. Lett Deputy