

THIS MORTGAGE, made this 30th day of June, 1981, by THE PONDEROSA OF KLAMATH, LTD., an Oregon limited partnership, hereinafter called "Mortgagor", to LESNICK DEVELOPMENT CO., LTD., 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, his heirs, executors, administrators, successors and assigns, 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.
4. All rights to the use of water for irrigation of said real property and for domestic use thereon to which said real property is now or may hereafter become entitled, or which may hereafter be used on said real property, however the same may be evidenced, together with all shares of stock or shares of water, if any, in any ditch or irrigation company which in any manner entitles the legal or equitable owner of said real property to water for irrigation or domestic purposes upon said real property.

## 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 \$520,000.00, 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, his 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 he is lawfully seized of the above described real property in fee simple, has 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. Waiver of Homestead and Exemption: That he does hereby release and waive all rights under and by virtue of any homestead or exemption laws now in force, or which may hereafter become law.

3. 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.

4. 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

AFTER RECORDING RETURN TO:

BOIVIN & BOIVIN, P. C.  
110 North Sixth Street  
Klamath Falls, Oregon 97601

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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 incurred by Mortgagee or adjudged against Mortgagee, if any.

5. Payment of Taxes and Assessments: To pay regularly and seasonably and before the same become delinquent, all taxes, assessments and charges of whatever nature (including additional charges by reason of change of use) levied and assessed against the mortgaged property, or any part thereof, it being expressly understood that Mortgagor may pay any taxes or assessments in such installments as may be allowed by the taxing or assessing agency.

6. Condemnation: In the event any governmental agency or entity having the power of eminent domain acquires by eminent domain, or by negotiated sale in lieu of eminent domain, all, or any portion, of the real property described in this mortgage instrument, Mortgagee may require Mortgagor to apply all proceeds received by Mortgagor from such acquisition (remaining after payment by Mortgagor of attorney fees, appraiser fees, and related necessary and reasonable costs in connection with securing said proceeds), which proceeds are hereinafter called "net proceeds", toward the payment of the sums secured by this mortgage instrument. Upon receipt of said net proceeds, Mortgagor shall notify Mortgagee of the amount of said net proceeds and Mortgagee shall, within ten (10) days after such notification, notify Mortgagor if Mortgagee elects to have said net proceeds applied toward payment of the sums secured by this mortgage instrument. If Mortgagee fails to so notify Mortgagor of such election, Mortgagee shall conclusively be deemed to have elected not to require Mortgagor to apply said net proceeds toward the sums secured by this mortgage instrument. If Mortgagee elects to have said net proceeds applied toward payment toward the sums secured by this mortgage instrument, the amount to be received by Mortgagee shall not exceed the total of the principal secured by this mortgage instrument, plus accrued interest thereon to the date of receipt thereof by Mortgagee. Regardless of whether Mortgagee elects to have said net proceeds applied to the sums secured by this mortgage instrument, Mortgagee shall release from the lien of this mortgage instrument so 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.

7. Release of Lien of Mortgage: So long as Mortgagor is not in default, Mortgagee agrees to release from the lien of this Mortgage any parcel requested by Mortgagor upon payment to the Mortgagee of the sum determined as follows:

a. Platted or Developed Areas: In the case of land which is an established unit (that is, by recording of a subdivision plat, approval of a unit under a planned unit development ordinance, or similar provision) the release shall be of (1) the lot requested, together with, (2) an undivided interest in the land within the unit not allocated to specific lots, which undivided interest shall be a fraction, the numerator of which shall be "one" and the denominator of which shall be the number of lots in the unit. The lot release price shall be the release price determined according to paragraph d following, multiplied by the sum of (1) the number of acres in the lot and (2) the number of acres in the unit, less the total number of acres of all lots, divided by the number of lots within the unit.

b. Unplatted Properties: In the case of properties other

than as described in subparagraph a, the release shall be of parcels no smaller than 40 acres and be of a rectangular shape and described as subdivisions of the public lands as established by U.S. Government survey. Such parcel shall not be more than three times as long as it is wide.

c. Regular-Payments-and-Application-of-Release-Payments: Upon the payment of any regular principal payment, Mortgagor is entitled to a release of land pursuant to either of paragraphs a or b above, of his choice, upon providing a description thereof to Mortgagee. The amount of land to be released shall be determined by dividing the then applicable acre release price set forth in paragraph d hereof into the principal paid. All consideration paid for lot releases shall apply toward the principal payment next becoming due in their order of due date.

d. Acre-Release-Price: The per acre release price is \$225.00 per acre for the first 600 acres, \$300.00 per acre for the next 600 acres, and \$375.00 per acre thereafter. In determining the number of acres which have been released for purposes of applying the appropriate acre price, the following shall be aggregated:

- (1) The lot size of each lot released;
- (2) The number of acres determined by multiplying the total number of acres encompassed in all units, less the acres in lots therein, by a fraction, the numerator of which is the number of lots released and the denominator of which is the total number of lots in all units;
- (3) The acreage released in 40 acres or larger parcels.

e. Restriction-on-Releases: All land remaining unreleased shall be contiguous with other unreleased land for a distance of at least 660 feet, with the exceptions of (1) land fronting Oregon Highway 66 and (2) land which does not now have such contiguity; further, no parcel released shall result in an unreleased parcel being without access to a county or state road or way or an easement, the description of which coincides with a then existing road physically on the ground. The parties recognize that the property is so situated that in Section 21 there is only a corner common between 2 parcels, together with an easement adjacent thereto, with reference to which Mortgagee does hereby accept as satisfactory easement access to the property lying in Sections 20, 21, 28 and 29.

f. Intent-of-Releases: It is the intent of the parties that the land released shall be released to the end and purpose of Mortgagor accomplishing an orderly development of the property and providing Mortgagee with unreleased land with contiguity and access affording Mortgagee with adequate security for the unpaid balance in the event of Mortgagor's default, giving consideration to the value of the property as of the date hereof.

g. Special-Power-of-Attorney: In furtherance of the provisions herein contained, Mortgagee agrees to execute the Special Power of Attorney attached hereto as Exhibit "D", which appoints Klamath County Title Company as the Special Attorney in Fact for the purpose of issuing partial releases of the Mortgage hereunder, upon the receipt by said Klamath County Title Company of the sums as above set forth.

h. Timber: Mortgagor is given the right to remove timber from the premises (except by clear cutting) without payment to Mortgagee or being deemed to be in breach of this Mortgage.

8. 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 their 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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 his respective successor in interest) and made of record in the same manner as this mortgage instrument is made of record.

14. 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.

15. 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.

16. Land-as-Sole-Security: Mortgagee hereby acknowledges that this is a purchase money mortgage and that Mortgagee is not entitled to a deficiency judgment. Mortgagee also agrees with Mortgagor that Mortgagee's right to foreclose upon breach of the terms or conditions of this Mortgage is its sole remedy for any such breach, including payment of the aforesaid Promissory Note. Provided, however, that Mortgagor's covenant contained in the first clause of paragraph 4 is an independant covenant and Mortgagee shall have available to it all rights and remedies to it afforded by law.

THE PONDEROSA OF KLAMATH, LTD.

By [Signature]  
General Partner  
Mortgagor

LESNICK DEVELOPMENT CO., LTD.

By [Signature]  
General Partner  
Mortgagee

STATE OF OREGON )  
 ) ss.  
County of Klamath )

On this 14th day of September, 1981, personally appeared before me STEVEN A. ZAMSKY, General Partner, and acknowledged the foregoing instrument to be the voluntary act and deed of THE PONDEROSA OF KLAMATH, LTD.

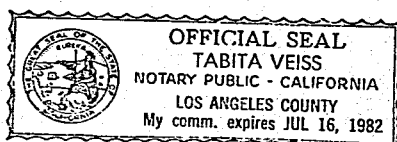
(SEAL)

[Signature]  
Susan Kay Way  
Notary Public for Oregon  
My commission expires 6/4/85  
Notary Public for Oregon  
My Commission expires: \_\_\_\_\_

STATE OF CALIFORNIA     )  
                                  ) ss.  
County of Ventura     )

On this 1 day of September, 1981, personally appeared before me  
RALPH CAPMICHAEL, General Partner, and acknowledged the foregoing instrument  
to be the voluntary act and deed of     LESNICK DEVELOPMENT CO., LTD.

(SEAL)



Tabita Veiss  
Notary Public for Oregon  
My Commission expires: July 16, 1982



## EXHIBIT "A to MORTGAGE

All of the following described real property situate in Klamath County, Oregon:

Township-39-South, Range-8-East-of-the-Willamette-Meridian

Section 10: W1/2 SE1/4, SE1/4 SW1/4

Section 15: W1/2 NE1/4, E1/2 NW1/4, SW1/4, W1/2 SE1/4, SE1/4 SE1/4

Section 16: SE1/4

Section 20: NE1/4 SE1/4, S1/2 SE1/4

Section 21: W1/2 NE1/4, SE1/4 NE1/4, N1/2 SW1/4

Section 22: NE1/4, S1/2 NW1/4, NE1/4 SW1/4, SE1/4  
Excepting that part of Section 22 lying Southeasterly of Highway, and ALSO EXCEPTING the following: Beginning at the quarter section corner between Sections 22 and 27, Township 39 South, Range 8 East of the Willamette Meridian; thence East. 327 feet; thence North 54 deg. West 400 feet; thence South to the point of beginning. ALSO SAVING AND EXCEPTING a tract of land lying within the SE1/4 NE1/4 and the NE1/4 SE1/4 of Section 22, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; said tract being particularly described as follows: Beginning at the 1/4 section corner common to Sections 22 and 23, Township 39 South, Range 8 East of the Willamette Meridian; thence South along the section line a distance of 409.3 feet to a point on the Northerly right of way boundary of the Klamath Falls-Ashland Highway (Oregon 66); thence South 39 deg. 17' West a distance of 174.4 feet along said right of way to an angle point of same; thence South 40 deg. 06' West a distance of 254 feet along same right of way to a point; thence South 39 deg. 31' West along said right of way boundary, a distance of 428.7 feet to a 3/4" galvanized iron pipe; thence leaving said highway and bearing North 14 deg. 44' West a distance of 2441.9 feet to a 3/4" galvanized iron pipe set in an old existing fence line; thence North 89 deg. 25' 45" East along said fence line a distance of 1168.7 feet to a point on the section line marked with a 3/4" galvanized iron pipe; thence South along the said section line a distance of 1303.0 feet, more or less to the point of beginning.

Section 28: SW1/4 NW1/4, NW1/4 SW1/4

Section 29: NE1/4, N1/2 SE1/4, E1/2 NW1/4, NE1/4 SW1/4 and SW1/4 NW1/4

Also, beginning at the Northeast corner of the W1/2 SE1/4 SE1/4 of Section 29; thence West along the North line of the W1/2 SE1/4 SE1/4, 385 feet, more or less, to the Northeast corner of property conveyed to Walter V. Vincent, et ux, by deed recorded in Volume 192 at page 269, thence South along the East line of the said Vincent property to the North line of the Emmitt Ditch, thence East along the North line of said Emmitt Ditch to the East

line of the W1/2 SE1/4 SE1/4 of said Section 29 thence North along said East line to the point of beginning.

SAVING AND EXCEPTING rights of way for roadways, ditches, canals or laterals.

SUBJECT TO:

1. Taxes for 1981-82 are now a lien but not yet payable.
2. Waiver of Riparian Rights, executed by R. W. Emmitt, et ux., to the United States of America, dated July 5, 1905, recorded September 16, 1905, in Volume 18, page 328, Deed Records of Klamath County, Oregon, affecting the SE1/4 SE1/4 of Section 29.
3. Right of Way for canal, including the terms and provisions thereof, given by R. A. Emmitt, et ux., to the United States of America, dated December 23, 1907, recorded December 24, 1907, in Volume 23, page 410, Deed Records of Klamath County, Oregon, affecting the SE1/4 SE1/4 of Section 29.
4. Right of Way for pole line, including the terms and provisions thereof, given by G. W. Heavilin, et ux., to The California Oregon Power Company, dated March 24, 1926, recorded April 8, 1926, in Volume 69 page 442, Deed Records of Klamath County, Oregon, across the NE1/4 SE1/4 of Section 22.
5. Right of Way for pole line, including the terms and provisions thereof, given by H. H. VanValkenburg, et ux., to The California Oregon Power Company, dated April 2, 1926, recorded April 26, 1926, in Volume 69, page 493, Deed Records of Klamath County, Oregon, across the S1/2 SE1/4 of Section 22.
6. Right of Way for pole line, including the terms and provisions thereof, given by H. H. VanValkenburg, et ux., to The California Oregon Power Company, dated May 31, 1928, recorded June 13, 1928, in Volume 80, page 478, Deed Records of Klamath County, Oregon, across the S1/2 SE1/4 of Section 22 and the NE1/4 NE1/4 of Section 27.
7. Easement for pole line, including the terms and provisions thereof, given by Louis Beirll, a single man, to The Pacific Telephone and Telegraph Company, dated April 25, 1926, recorded August 31, 1931, in Volume 96, page 67, Deed Records of Klamath County, Oregon, across the N1/2 SW1/4 of Section 21.
8. Right of Way for pole line, including the terms and provisions thereof, given by Fred W. German Co., formerly Realtor Investment Co., to The Pacific Telephone and Telegraph Company, dated May 13, 1926, recorded August 31, 1926, in Volume 96, page 71, Deed Records of Klamath County, Oregon, across the NE1/4 of Section 29.
9. Right of Way for pole line, including the terms and provisions thereof, given by Rufus S. Moore, et ux., to The Pacific Telephone and Telegraph Company, dated May 29, 1926, recorded August 31, 1931, in Volume 96, page 75, Deed Records of Klamath County, Oregon, across the S1/2 SW1/4 of Section 15.
10. Pumping Contract, by and between the United States of America and H. H. VanValkenburg and Emma VanValkenburg, husband and wife, dated July 29, 1935, recorded August 21, 1935, in Volume 105, page 135, Deed Records of Klamath County, Oregon, and affecting 20.0 acres in the SW1/4 SE1/4 and 30.0 acres in the SE1/4 SE1/4, both in Section 22.



11. Easement for pole line, including the terms and provisions thereof, given by H. H. VanValkenburg, et ux., to The Pacific Telephone and Telegraph Company, dated August 6, 1927, recorded December 15, 1937, in Volume 11, page 370, Deed Records of Klamath County, Oregon, across the S1/2 NW1/4 of Section 21.
12. Right of Way for pole line, including the terms and provisions thereof, given by H. H. VanValkenburg, et ux., to The California Oregon Power Company, dated November 23, 1942, recorded November 27, 1942, in Volume 151, page 325, Deed Records of Klamath County, Oregon, across the SW1/4 SE1/4 of Section 22.
13. Right of Way for pole line, including the terms and provisions thereof, given by D. E. Colwell and Barbara Colwell, husband and wife, to The California Oregon Power Company, dated August 26, 1953, recorded September 3, 1953, in Volume 262, page 643, Deed Records of Klamath County, Oregon, across the S1/2 NE1/4 and NW1/4 NE1/4 of Section 21.
14. Grant of Right of Way, including the terms and provisions thereof, given by D. E. Colwell and Barbara Colwell, husband and wife, and R. D. Colwell, a single man, the The California Oregon Power Company, a California corporation, dated November 14, 1956, recorded November 16, 1956, in Volume 288, page 70, Deed Records of Klamath County, Oregon, across the NW1/4 NW1/4 SE1/4 of Section 10.
15. Right of Way for roadway, including the terms and provisions thereof, given by D. E. Colwell and Barbara Colwell, husband and wife, et al., to The California Oregon Power Company, a California corporation, dated April 23, 1958, recorded April 28, 1958, in Volume 299, page 127, Deed Records of Klamath County, Oregon, across the NE1/4 SW1/4 and the E1/2 NW1/4 of Section 29.
16. Right of Way Easement, including the terms and provisions thereof, given by Sam W. Chernabuff and Ted J. Lubb, Attorney in Fact, to Pacific Power and Light Company, dated June 18, 1968, recorded June 21, 1968, in Volume M-68 page 5556, Microfilm records of Klamath County, Oregon, affecting the NW1/4 SE1/4 of Section 29.
17. Easement, including the terms and provisions thereof, given by D. E. Colwell, et al to Patrick Carey Brennan and Mildred Evelyn Brennan, dated February 10, 1966, and recorded May 9, 1966, in M-66 on page 5014, records of Klamath County, Oregon.
18. Easement, including the terms and provisions thereof, given by Hy Lesnick, Trustee, to Klamath County, a governmental subdivision of the State of Oregon, dated July 14, 1972, recorded July 17, 1972, in Volume M-72, page 7786, Microfilm records of Klamath County, Oregon, for roadway and utility purposes over and across the NE1/4 of Section 21.
19. Easement, including the terms and provisions thereof, given by Donald Colwell and Barbara B. Colwell, to Hy Lesnick, Trustee, dated July 31, 1972, recorded July 31, 1972, in Volume M-72, page 8378, Microfilm records of Klamath County, Oregon, for roadway and utility purposes over NE1/4 of Section 21.
20. Non-exclusive Easement, including the terms and provisions thereof, given by Hy Lesnick, to Robert Niles and Virginia Niles, husband and wife, dated August 22, 1972, recorded September 11, 1972, in Volume M-72 on page 10219, Microfilm records of Klamath County, Oregon, for roadway and utility purposes over and across the NE1/4 of Section 21.
21. Right of Way Easement, including the terms and provisions thereof,

given by Patrick C. Brennan and Mildred E. Brennan, husband and wife, to Pacific Power and Light Company, a corporation, dated November 26, 1973, recorded November 27, 1973, in Volume M-73, page 15424, Microfilm Records of Klamath County, Oregon, across the E 1/2 NE 1/4 SW 1/4 NE 1/4 of Section 21.

ALSO SUBJECT TO Contract of Sale, including the terms and provisions thereof, given by D. E. Colwell, sometimes known as Donald E. Colwell and Barbara D. Colwell, sometimes known as Barbara B. Colwell, husband and wife, as vendor and Hy Lesnick as Purchaser, dated December 30, 1969, and recorded December 31, 1969, in M-69 on page 10838, records of Klamath County, Oregon, which Mortgagor does not assume and which Mortgagee agrees to pay and perform and hold Mortgagor harmless from and indemnify Mortgagor against, including any and all damage, cost or expense incurred by or adjudged against Mortgagor by reason of any claim, action or suit arising therefrom. Mortgagor may, at Mortgagor's option, without being required to do so, pay any amounts due thereunder or adjudged against Mortgagor and offset the same against any obligation due to Mortgagee by Mortgagor.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of x

this 14th day of Sept A.D. 1981 at 9:45 o'clock A.M., and

duly recorded in Vol. M81, of Mortgages on Page 16226

**EVELYN BIEHN, County Clerk**

By Wesley A. Harrison, deputy

Fee \$40.00