

THIS MORTGAGE, made this 21st day of October, 1980, by LORI LARSEN, hereinafter called "Mortgagor", to SHIRLEY J. WILSON, 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, 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 \$47,500.00, 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 she 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. 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 incurred by Mortgagee or adjudged against Mortgagee, if any.

4. Payment of Taxes and Assessments: To pay regularly and seasonably when they first become payable and before they begin to bear

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1 interest, all taxes, assessments and charges of whatever nature levied
and assessed against the mortgaged property, or any part thereof.

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

32 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 her 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

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1 the singular and the plural and the masculine the masculine, the
2 feminine, and the neuter. This headings contained in this mortgage
3 instrument are for convenience only and are not to be construed as part
4 of this mortgage instrument. To the extent that an exhibit is attached
5 to this mortgage instrument, the same is hereby incorporated into this
6 mortgage instrument as though fully set forth at the place in this
7 mortgage instrument at which reference to said exhibit is made.

8 WITNESS the hands and seals of the parties hereto the day and year
9 first above written.

10 Lori Larsen
11 LORI LARSEN

12 Shirley J. Wilson
13 SHIRLEY J. WILSON

14 STATE OF OREGON)
15) ss.
16 County of Klamath)

17 On this 16th day of October, 1981, personally appeared LORI
18 LARSEN and acknowledged the foregoing instrument to be her voluntary
19 act and deed.

20 (SEAL)

21 Before me:

22 Mildred J. Lewis
23 Notary Public for Oregon
24 My Commission expires: 7/19/82

25 STATE OF OREGON)
26) ss.
27 County of Klamath)

28 On this 16th day of October, 1981, personally appeared SHIRLEY J.
29 WILSON and acknowledged the foregoing instrument to be her voluntary
30 act and deed.

31 (SEAL)

32 Before me:

33 Mildred J. Lewis
34 Notary Public for Oregon
35 My Commission expires: 7/19/82

EXHIBIT "A" to MORTGAGE

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1
2 A tract of land situated in the NE1/4 NW1/4 of Section 25, Township 39
3 South, Range 9 East of the Willamette Meridian, in the County of
4 Klamath, State of Oregon, being more particularly described as follows:

5 Beginning at a point on the North line of Henley Road, said point
6 being North 00 deg. 11'20" East 30.00 feet and South 89 deg. 33'00"
7 West 445.00 feet from the Southeast corner of the NE1/4 NW1/4 of said
8 Section 25; thence South 89 deg. 33'00" West, along the North line of
9 Henley Road, a distance of 262.00 feet; thence north 01 deg. 55'00"
10 East a distance of 922.42 feet to the Southwesterly right of way line
11 of the Burlington Northern Railroad; thence South 47 deg. 56' 22" East
12 along said right of way line a distance of 342.45 feet; thence South 01
13 deg. 55'00" West a distance of 690.82 feet to the point of beginning.

14 EXCEPTING THEREFROM that portion conveyed to the United States of
15 America by deed dated April 26, 1933, recorded June 7, 1933, in
16 Volume 101 at page 138, Deed Records of Klamath County, Oregon.

17 TOGETHER WITH a 30 foot wide easement for ingress and egress situated
18 in the NE1/4 NW1/4 of Section 25, Township 39 South, Range 99 East of
19 the Willamette Meridian, in the County of Klamath, State of Oregon,
20 being more particularly described as follows:

21 Beginning at a point on the North line of Henley Road, said point
22 being the intersection of the said North line and the Northeasterly
23 right of way line of the I-P-2 Drain; thence North 43 deg. 45' West
24 along the Northeasterly line of said I-P-2 Drain a distance of 39.53
25 feet to a point on the West line of Parcel 1, as shown on record of
26 Survey No. 3199, on file in the Klamath County Surveyors Office; thence
27 North 01 deg. 55' East along said West line a distance of 41.94 feet;
28 thence South 43 deg. 45' East along a line parallel with and 30 feet
29 distant from the Northeasterly of said I-P-2 Drain; a distance of 97.11
30 feet to the North line of Henley Road; thence South 89 deg. 33' West a
31 distance of 41.22 feet to the point of beginning.

32 ALSO EXCEPTING THEREFROM an easement for irrigation water by ditch or
pipe line over the Northeasterly 6 feet of the following described
property:

Beginning at a point on the North line of Henley Road, said point being
N 00 deg. 11'20" East 30.00 feet and S 89 deg. 33'00" W 445.00 feet
from the Southeast corner of the NE1/4 NW1/4 of said Section 25; thence
S 89 deg. 33'00" W, along the North line of Henley Road, a distance of
1727.54 feet to a 1/2" iron rod; thence N 00 deg. 39'00" E a distance
of 563.83 feet to a 1/2" iron rod on the Northwestern line of the
A-4-B Lateral; thence N 51 deg. 28'00" E on said Northwestern line to
the North line of Section 25; thence East along the North line of said
Section 25 to the Southwesterly right of way line of the Burlington
Northern Railroad; thence S 47 deg. 56'22" E, along said right of way
line a distance of 868.9 feet; thence S 01 deg. 55' 00" W a distance
of 690.82 feet to the point of beginning.

EXCEPTING THEREFROM that portion conveyed to the United States of
America by deed dated April 26, 1933, recorded June 7, 1933, in Volume
101 at page 138, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM the following described property:

Beginning at a point on the North line of Henley Road, said point
being North 00 deg. 11'20" East 30.00 feet and South 89 deg. 33'00"
West 200.00 feet from the Southeast corner of the NE1/4 NW1/4 of said

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1 Section 25; thence South 89 deg. 33'00" West along the North line of
2 Henley Road, a distance of 245.00 feet; thence North 01 deg. 55'00"
3 East a distance of 690.82 feet to the Southwesterly right of way line
4 of the Burlington Northern Railroad; thence South 47 deg. 56'22" East
along said right of way line a distance of 301.05 feet to a 1/2" iron
point of beginning.

5 EXCEPTING THEREFROM that portion conveyed to the United States of
6 America by deed dated April 26, 1933, recorded June 7, 1933, in Volume
7 101 at page 138, Deed Records of Klamath County, Oregon.

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10 STATE OF OREGON; COUNTY OF KLAMATH; ss.

11 Filed for record at request of Steven Zamsky, Attorney

12 this 30th day of October A.D. 1981 at 12:00 clock P.M., and

13 duly recorded in Vol. M81, of Mortgages on Page 18943.

14 EVELYN BIEHN, County Clerk

By Lernotha W. Kutsch

15 Fee \$24.00