

John W. Krapf and Margaret S. Krapf, his wife,

("Mortgagor") hereby grants, bargains, sells, conveys, and mortgages unto MILES HOMES DIVISION OF INSILCO CORPORATION ("Mortgagee") the following real property:

The North Half of Government Lot 23, Section 6, Township 35 South, Range 7, East of the Willamette Meridian, less the West 30 feet used for county road purposes and disclosed in deed recorded November 13, 1951, in Volume 251, page 52, and in deed recorded February 6, 1957, in Volume 289, page 479.

SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

located in Klamath County, State of Oregon, together with all of the improvements, rents, issues, and profits which may arise or be had therefrom and all interest or estate therein that Mortgagor now has or may hereafter acquire ("the Property") to secure the performance of all promises and agreements made and payment of all amounts owed from time to time, including interest and advances and expenses, under (1) the RETAIL INSTALLMENT CONTRACT signed by Mortgagor on February 15, 1982, including but not limited to an initial principal sum of Thirty Thousand Three Hundred Thirteen and 00/100 (\$30,313.00) together with future advances which the Mortgagee may make from time to time at the request of the Mortgagor and interest on unpaid balances at the rate of 12.9% per year; (2) this Mortgage itself; and (3) any extension, renewal, or modification of either of them. The total principal indebtedness secured, including future advances, shall not exceed Fifty Thousand and 00/100 (\$50,000.00) but such limitation shall not limit any amount secured hereby which is advanced to protect and preserve the security intended to be given hereunder or pursuant hereto. Final payment of all amounts owed to Mortgagee and secured by this Mortgage shall be due no later than May 2, 1984.

MORTGAGOR'S WARRANTIES, Mortgagor warrants that it is lawfully siezed in fee simple and has valid unencumbered title to the real property described above, and that it will warrant and forever defend the same against all persons.

MORTGAGOR'S COVENANTS Mortgagor covenants that during the continuance of this Mortgage: it will permit no waste of the property, will keep the property in good order and repair and will not remove or substantially alter any of the improvements thereon without Mortgagee's prior written consent; it will pay before delinquent all lawful taxes and assessments (any such assessment may be paid in installments if so permitted by law) thereon; it will pay before delinquent all taxes upon this Mortgage or upon the money or debt secured hereby; it will keep the property free of all encumbrances impairing or which may impair the security of Mortgagee, it being agreed that any of the following impair or may impair Mortgagee's security: (a) the filing of a line, judgement, or other encumbrance against the Property, or part thereof; (b) commencement of an action or filing or pleadings in an action asserting the priority of any other encumbrances over the line hereof.

INSURANCE Mortgagor further covenants with Mortgagee that it will provide and maintain insurance, of such type or types of amounts as Mortgagee may require, on the improvements now existing or hereafter erected or place on said property. Such insurance shall be carried in companies approved by the Mortgagee with loss payable clauses in favor of and in form acceptable to Mortgagee. In event of loss, the Mortgagor shall give immediate notice to the Mortgagee, who may make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee instead of to Mortgagor and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied to Mortgagee, at its option, to reduction of the indebtedness hereby secured or to the restoration or repairs of the property damaged.

EMINENT DOMAIN Awards in connection with any taking by eminent domain or in lieu thereof, and proceeds of casualty insurance coverage on any of the property or improvements or personal property thereon shall be paid to Mortgagee, and Mortgagee may, at its option, apply the same less expenses of collection thereof on the debt secured hereby.

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INSPECTION Mortgagor agrees that it will permit the Mortgagee to inspect the property, improvements and personal property located thereon in whole or in part at all reasonable times. Should Mortgagor fail to keep any of the foregoing covenants, then Mortgagee may perform such covenants, without waiving any other right or remedy in respect to the breach, and all expenditures relating to such performance shall be secured by this Mortgage and bear interest at the maximum rate permitted by law.

ACCELERATION In case of default in payment of any installment of principal or interest pursuant to the aforementioned agreement, or the breach of any of the covenants contained herein, or the insolvency or the filing of a petition in bankruptcy, either voluntary or involuntary as to Mortgagor, without the written consent of Mortgagee, then in any of those events, the entire debt secured hereby, at Mortgagee's option, shall become immediately due, and this Mortgage may be foreclosed.

NON-WAIVER Any written consent of Mortgagee given hereunder to any act, conduct or state of facts shall not be deemed or construed to constitute a waiver of the right of the Mortgagee to require such consent to any further act, conduct or state of facts, nor a waiver of this provision.

RECEIVER In the event of any suit for the foreclosure of this Mortgage, Mortgagee shall be entitled as of right, upon application to the court, to the appointment of a receiver to take charge of the property and all property therein or thereon in which Mortgagee issues and profits of the property and to operate and manage the same, and all such rents, issues and profits, less the cost and expenses of the receivership, shall be applied on the debt hereby secured.

SALE OF PROPERTY Mortgagor agrees that all property which is used in conjunction with the real estate and upon which Mortgagee claims an encumbrance for security purposes hereunder may, at the option of Mortgagee, be sold and disposed of together with the real estate in any foreclosure or other realization sale of the real estate. Mortgagor agrees that a sale of the real estate and other property together constitutes a reasonable disposition of the property and that segregation and sale of the real estate and other property may reduce the value of the whole. If any real estate with which the other property is used is partitioned into one or more parcels for purposes of realization sale of the real estate, then each parcel of real estate and the property located thereon and used in connection therewith may be sold in such manner or in such order as a court may direct. If a court directs that the real estate and other property be sold together in a single parcel of lot, the sale thereof shall be conducted as a sale of real property, the whole shall be advertised as one lot, and shall be treated as real property for the purpose of determining the rights of redemption.

ATTORNEY'S FEES In the event that Mortgagee finds it necessary to retain the services of an attorney for the enforcement of Mortgagee's rights under this Mortgage or under the Note secured by this Mortgage, Mortgagor shall pay a reasonable sum as attorney's fees and shall pay such reasonable costs of searching records and abstracting the same as may be necessarily incurred and any other costs of enforcement of Mortgagee's rights under this Mortgage.

In the event that Mortgagee finds it necessary to retain the services of an attorney to bring suit for the foreclosure of this Mortgage or any suit or action which Mortgagee, to protect the line hereof, may be obligated to prosecute or defend and in any appeal taken in any suit or action, and in the collection or attempted collection of the debt, Mortgagor agrees to pay to Mortgagee, in addition to any other recoveries, reasonable attorneys' fees incurred by Mortgagee in or in connection with such litigation.

NO DEFICIENCY JUDGMENT In the event of the foreclosure of this Mortgage, Mortgagee hereby agrees that it shall not seek nor shall it be entitled to any deficiency judgement against the Mortgagor in the foreclosure proceeding or any judgement or decree entered therein.

LAW GOVERNING The rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of Oregon.

GENDER In this Mortgage, whenever the context so requires, the neuter gender includes the masculine and feminine and the singular number includes the plural.

BINDING EFFECT This Mortgage binds the parties hereto and their respective heirs, administrators, executors, successors and assigns, as well as any subsequent owner of the real estate described herein and any assignee of the Mortgage.

IN WITNESS WHEREOF, the Mortgagor has executed this Mortgage this 23 day of Aug., 1982.

TWO WITNESSES

X* Bernetha G. Letsch
Bernetha G. Letsch

X* Louise Mitchell
Louise Mitchell

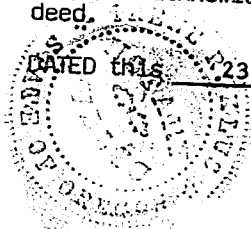
X John W. Krapf
John W. Krapf

X Margaret S. Krapf
Margaret S. Krapf

STATE OF OREGON)

COUNTY OF Klamath)

Personally appeared the within named John W. Krapf and Margaret S. Krapf, his wife and acknowledged the foregoing instrument to be their voluntary act and deed.



DATED this 23 day of Aug., 19 82.

Before me:*

Irene R. Klus

Notary Public for Oregon

My commission expires 2-12-85

*PRINT, TYPEWRITE OR STAMP names of persons executing this instrument, also names of the witnesses and notary public immediately underneath such signatures.

RT Miles Homes
Miles Homes
Box 9495
Munich, Minn 55440

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record .

this 8 day of Sept A.D. 19 82 at 8:47 o'clock A/M and

duly recorded in Vol. M 82 of Mtge on Page 11808

Fee \$12.00

By Evelyn Biehn County Clerk