

February 17

1983

Leon R. Andrieu and Minnie R. Andrieu _____ Mortgageor
 Box 64, Midland, Or. 97634 _____ Address
 _____ Klamath Falls _____ Branch
 United States National Bank of Oregon, Mortgagee ("Lender") _____ Address
 740 Main St., P.O. Box 789, Klamath Falls, Or. 97601 _____
 The Lender has loaned Leon R. Andrieu and Minnie R. Andrieu _____ *(Borrower)
 Eighty Five Thousand Dollars and NO/100 - - - - -

\$ 85,000.00, which is repayable with interest according to the terms of a promissory note dated the same as this mortgage, under which the final payment of principal and interest is due on or before 5 years from date. The term "Indebtedness" as used in this mortgage shall mean (a) the principal and interest payable under the note and under any extensions and renewals of the note, (b) any future amounts, together with interest, that the Lender may in its discretion loan to Borrower or Mortgageor under this mortgage and any extensions and renewals, and (c) any sums paid or advanced by the Lender to discharge obligations of Mortgageor as permitted under this mortgage, with interest.

To secure payment of the Indebtedness and performance of all obligations of Mortgageor under this mortgage. Mortgageor mortgages to the Lender on the terms set out below the following property in Klamath County, State of Oregon

DESCRIPTION

PARCEL 1:

The Northerly 280 feet of Tract 6 of GIENGER'S HOME TRACTS, in the County of Klamath, State of Oregon, LESS portion thereof contained in the right of way of the Dalles-California Highway.

PARCEL 2:

Beginning at the Northwestern corner of Lot 5 of GIENGER'S HOME TRACTS, in the County of Klamath, State of Oregon, as is shown on the official plat thereof of said addition on file in the office of the County Clerk of Klamath County, Oregon, (being situated in the E1/4SW1/4 of Section 2, Township 39 South, Range 9 East of the Willamette Meridian); thence from said point of beginning running Easterly 100 feet to a point; thence from said point and at right angles running Southerly 225 feet to a point; thence from said point and at right angles running Westerly 100 feet to a point; thence from said point and at right angles to said Southerly line running Northerly to the point of beginning 225 feet; thereby constituting a tract of land 100 x 225 feet, less portion thereof contained in the right of way of the Dalles - California Highway.

Both parcels are less further portion thereof conveyed to the State of Oregon by and through its Highway Commission by deed recorded on April 23, 1964 in Volume 352 at page 443, of Klamath County Deed Records.

improvements including fences, except for reasonable wear and tear from proper use, and to the extent that the land is under cultivation, shall cultivate or otherwise operate the Property according to good husbandry.

1.3 Mortgageor shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any improvement on the Property, the improvement shall be completed on or before _____ from the date of this mortgage and Mortgageor shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Mortgageor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Lender under this mortgage, or Lender gives its prior written consent to the deferral. Mortgageor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this mortgage, except for "Permitted Encumbrances" as defined in 8.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 3.2.

3.2 Mortgageor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Lender's interest in the Property is not jeopardized.

*Insert "Mortgagor" or the name of the borrower if different from the Mortgageor.

The mortgage or insurance on the Property shall bear an endorsement in a form satisfactory to the Lender making loss payable to the Lender and shall be deposited with the Lender. In the event of loss, Mortgageor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Mortgageor. Proceeds shall be paid directly to the Lender who may compromise with any insurance company and make a final settlement which shall be binding upon Mortgageor. The Lender may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Mortgageor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Mortgageor and Lender do not otherwise expressly agree in writing, Lender may require Mortgageor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to the Lender of an amount determined by the Lender to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Mortgageor shall upon demand pay such additional sum as the Lender shall determine to be necessary to cover the required payment.

5.2 If the Lender carries mortgage (default) insurance covering the repayment of all or any part of the Indebtedness, the premiums for such insurance shall be paid by the Mortgageor, and if allowed by law, the Lender may require Mortgageor to maintain a reserve for