

4-7-83

19

RICHARD MARLATT
836 Klamath Ave., Klamath Falls, Oregon 97601
Mortgagor
Address
United States National Bank of Oregon, Mortgagee ("Lender") Klamath Falls
Branch
740 Main St., Klamath Falls, Oregon 97601
Address
The Lender has loaned RICHARD MARLATT
*(Borrower)

THIRTY EIGHT THOUSAND AND NO/100 * * * * *
\$38,000.00, 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 13mo. 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 Mortgagor under this mortgage and any extensions and renewals, and (c) any sums paid or advanced by the Lender to discharge obligations of Mortgagor as permitted under this mortgage, with interest.

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

See attached legal

MTC NO. 12211

DESCRIPTION

PARCEL 1:

A portion of that tract of land recorded in Volume 242, page 100 of Deed Records described therein as being in the NW1/4 of Section 24, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northeast corner of the above described tract of land, which point of beginning is the Northeast corner of the NW1/4 of Section 24, Township 39 South, Range 9 East of the Willamette Meridian, and bears West along the Section line a distance of 1339.75 feet from the Northeast corner of Section 24, Township 39 South, Range 9 East of the Willamette Meridian; thence continuing West along said Section line a distance of 190.96 feet to the true point of beginning; thence continuing West along said Section line a distance of 136.55 feet; thence South 0° 19' West parallel with the East boundary of above said tract a distance of 712.42 feet to the South boundary thereof; thence North 42° 17' East along said South boundary a distance of 203.82 feet to a point which bears South 0° 19' West from the true point of beginning; thence North 0° 19' East 561.11 feet, more or less to the true point of beginning.

PARCEL 2:

A portion of that tract of land recorded in Volume 242, page 100 of Deed Records described therein as being in the NW1/4 of Section 24, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northeast corner of the above described tract of land, which point of beginning is the Northeast corner of the NW1/4 of Section 24, Township 39 South, Range 9 East of the Willamette Meridian, and bears West along the Section line a distance of 1667.26 feet from the Northeast corner of Section 24, Township 39 South, Range 9 East of the Willamette Meridian, to the point of beginning; thence continuing West along said Section line a distance of 112.24 feet; thence South 0° 19' West parallel with the East boundary of above said tract a distance of 836.6 feet to the South boundary thereof; thence North 42° 17' East along said South boundary 167.54 feet to a point which bears South 0° 19' West, from the true point of beginning; thence North 0° 19' East 712.42 feet, more or less, to the true point of beginning.

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 Mortgagor 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 Mortgagor.

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 Mortgagor, and if allowed by law, the Lender may require Mortgagor to maintain a reserve for

together with all appurtenances, all existing or subsequently erected or affixed improvements or fixtures, and, unless this mortgage is being given to secure an extension of consumer credit requiring disclosures under the Federal Truth-in-Lending Act, Mortgagor also hereby grants to Lender a Uniform Commercial Code security interest in all equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property; all of the foregoing is collectively referred to as the Property.

1. Possession and Maintenance of the Property.

1.1 Until in default, Mortgagor shall remain in possession and control of the Property and to the extent that the Property consists of commercial improvements shall be free to operate and manage the Property and receive the proceeds of operation. The Property shall be maintained in good condition at all times. Mortgagor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Mortgagor shall not commit or permit any waste on the Property. Mortgagor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property or a farm or orchard, Mortgagor shall operate the Property in such manner as to prevent deterioration of the land and 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 Mortgagor 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 Mortgagor shall pay in full all costs and expenses in connection with the work.

3. Taxes and Liens.

3.1 Mortgagor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, 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. Lender gives its prior written consent to the deferral of Mortgagor 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 Mortgagor 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. Mortgagor or the name of the borrower if different from the Mortgagor.

4.1 Mortgagor shall carry such insurance as the Lender may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risks. Insurance on the Property shall be carried in companies and under policies approved by the Lender and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4. Insurance.

4.2 All policies of 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, Mortgagor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Mortgagor. 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 Mortgagor. 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 Mortgagor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Mortgagor and Lender do not otherwise expressly agree in writing, Lender may require Mortgagor 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 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, Mortgagor 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 Mortgagor, and if allowed by law, the Lender may require Mortgagor to maintain a reserve for

(a) A specific tax upon mortgages or upon all or any part of the indebtedness secured by a mortgage.

(b) A specific tax on the owner of mortgaged property which the taxpayer is authorized or required to deduct from payments on the mortgage.

(c) A tax on mortgage premises chargeable against the mortgagee or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a mortgagor.

10.2 If any federal, state or local tax to which this paragraph applies is enacted subsequent to the date of this mortgage, this shall have the same effect as a default, and the Lender may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

(a) Mortgagor may lawfully pay the tax or charge imposed by the state tax, and

(b) Mortgagor pays or offers to pay the tax or charge within 30 days after notice from the Lender that the tax law has been enacted.

Transfer by Mortgagor.

11.1 Mortgagor shall not, without the prior written consent of the Lender, transfer Mortgagor's interest in the Property, whether or not the transferee assumes or agrees to pay the indebtedness. If mortgagor or a prospective transferee applies to the Lender for consent to such a transaction, the Lender may require such information as would normally be required from a new loan applicant. The Lender shall not unreasonably withhold its consent.

11.2 As a condition of its consent to any transfer, the Lender may in its discretion impose a service charge not exceeding one percent of the original amount of the indebtedness, and may increase the interest rate of the indebtedness to any rate which is satisfactory to Lender, and does not exceed any maximum interest rate set by law, and adjust the monthly payment to include the increased interest.

11.3 No transfer by Mortgagor shall relieve Mortgagor of liability for payment of the indebtedness. Following a transfer, the Lender may agree to any extension of time for payment or modification of the terms of this mortgage or the promissory note or waive any right or remedy under this mortgage or the promissory note without relieving Mortgagor from liability. Mortgagor waives office, presentment and protest with respect to the indebtedness.

2. Security Agreement; Financing Statements.

12.1 This instrument shall constitute a security agreement with respect to any personal property included within the description of the Property.

12.2 Mortgagor shall join with the Lender in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Mortgagor's expense in all public offices where filing is required to perfect the security interest of the Lender in any personal property under the Uniform Commercial Code.

3. Release on Full Performance.

If Mortgagor pays all of the indebtedness when due and otherwise performs all of its obligations under this mortgage and the note, the Lender shall execute and deliver to Mortgagor a suitable release and satisfaction of this mortgage and suitable statements of termination of any financing statements on file evidencing the Lender's security interest in personal property.

14. Default.

The following shall constitute events of default:

14.1 Failure of Mortgagor to pay any portion of the indebtedness when it is due.

14.2 Failure of Mortgagor within the time required by this mortgage to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent filing of or discharge any lien.

14.3 Failure of Mortgagor to perform any other obligation under this mortgage within 20 days after receipt of written notice from the Lender specifying the failure.

14.4 If this mortgage secures a construction loan, any failure of Mortgagor or builder to comply with or perform any provision of any construction loan agreement executed in connection with the loan within 20 days after receipt of written notice from Mortgagor specifying the failure.

14.5 Default in any obligation secured by a lien which has or may have priority over this Mortgage, or the commencement of any action to foreclose any prior lien.

15. Rights and Remedies on Default.

15.1 Upon the occurrence of any event of default and at any time thereafter, the Lender may exercise any one or more of the following rights and remedies:

For purposes in the same manner as for taxes and property in-
ance, and subject to the same agreements.

5.3 If Mortgagor desires to carry a package plan of insurance
it includes coverage in addition to that required under this mort-
gage. The Lender, if agreed by law, may at its option establish and
administer a reserve for that purpose. In such event the premium
attributable to the required insurance coverage shall be quoted
separately, and the Lender may permit Mortgagor to furnish a cer-
tificate of insurance rather than deposit the policy as required in
Article 2. If at any time the Lender holds an insufficient amount in the
insurance reserve to cover the premium for the entire package
policy, the Lender may, at its discretion, pay only that portion of
the premium attributable to the required insurance coverage. If the
market policy does not permit such partial payment, the Lender
may use the reserve funds for the premium on a new, separate
policy providing the required insurance coverage and allow the
package policy to lapse.

5.4 Lender shall not charge a service charge for collecting re-
serves and paying taxes and insurance premiums. The reserves
shall not constitute a trust. Mortgagor agrees that Lender may
commingle reserve funds with other funds of Lender, and need not
invest them for the benefit of Mortgagor. Mortgagor agrees that
Lender need not pay Mortgagor interest on reserves, unless appli-
cable statutes require payment of interest notwithstanding any con-
ary agreement.

Expenditures by the Bank.

If Mortgagor shall fail to comply with any provision of this mort-
gage, the Lender may, at its option, on Mortgagor's behalf take the
acquired action and any amount that it expends in so doing shall be
added to the indebtedness. Amounts so added shall be payable on
demand with interest at the same rate as provided in the note from
the date of expenditure. The rights provided for in this paragraph
shall be in addition to any other rights or any remedies to which the
Lender may be entitled on account of the default, and the Lender
shall not be taking the required action cure the default so as to bar
from any remedy that it otherwise would have had.

Late Payment Charges.

To cover the extra expense involved in handling delinquent pay-
ments, Lender may charge a late charge on any scheduled pay-
ment which Lender does not receive within 15 days after the due
date, or by the next business day, if the 15-day period ends on a
Saturday, Sunday, or legal holiday. The amount of the late charge
shall be as specified in the note or, if the note specifies no late
charge, the late charge shall be the maximum amount of principal and
interest, or portion of such payment, which Lender does
not receive within the 15-day period. The late charge under the
note or under this mortgage shall in no event exceed the maximum
charge, if any, specified under applicable law. Collection of a late
charge shall not constitute a waiver of or prejudice the Lender's
right to pursue any other right or remedy available on account of
the delinquency.

3. Warranty; Defense of Title.

8.1 Mortgagor warrants that he holds merchantable title to the
property in fee simple, free of all encumbrances other than (a)
those enumerated in the title policy, if any, issued for the benefit of
the Lender in connection with this transaction and accepted by the
Lender; and (b) the encumbrances described as:

(hereinafter referred to as "Permitted Encumbrances");

8.2 Mortgagor warrants and will forever defend the title against
the lawful claims, other than Permitted Encumbrances, of all per-
sons. In the event any action or proceeding is commenced that
questions Mortgagor's title or the interest of the Lender under this
Mortgage, Borrower shall defend the action at Borrower's expense.

8.3 If any Permitted Encumbrance is a lien, Borrower shall pay
any sums and do any other acts necessary to prevent a default or
prevent any action or condition which, with the lapse of time, the
giving of notice, or any other action of a creditor, would be a de-
fault or enable any creditor to declare a default or foreclose any
Permitted Encumbrance which is a lien.

9. Condemnation.

9.1 If all or any part of the Property is condemned, the Lender
may at its election require that all or any portion of the net pro-
ceeds of the award be applied on the indebtedness. The net pro-
ceeds of the award shall mean the award after payment of all rea-
sonably costs, expenses and attorneys' fees necessarily paid or in-
curred by Mortgagor and the Lender in connection with the con-
demnation.

9.2 If any proceedings in condemnation are filed, Mortgagor
shall promptly take such steps as may be necessary to defend the
action and obtain the award.

10. Imposition of Tax by State.

10.1 The following shall constitute state taxes to which this

(a) The right at its option by notice to Borrower to declare the entire indebtedness immediately due and payable.

(b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

(c) With respect to all or any part of the Property that constitutes personally, the rights and remedies of a secured party under the Uniform Commercial Code.

(d) The right, without notice to Mortgagor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Lender's costs, against the Indebtedness. In furtherance of this right the Lender may require any tenant or other user to make payments of rent or use fees directly to the Lender, and payments by such tenant or user to the Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(e) The right in connection with any legal proceedings to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount.

(f) Any other right or remedy provided in this mortgage or the promissory note evidencing the Indebtedness.

15.2 In exercising its rights and remedies, the Lender shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Property and refrain from selling other portions. The Lender shall be entitled to bid at any public sale on all or any portion of the Property.

15.3 The Lender shall give Mortgagor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

15.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Mortgagor under this mortgage after failure of Mortgagor to perform shall not affect the Lender's right to declare a default and exercise its remedies under this paragraph 15.

15.5 In the event suit or action is instituted to enforce any of the terms of this mortgage, the Lender shall be entitled to recover from Mortgagor such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. All reasonable expenses incurred by the Lender that are necessary at any time in the Lender's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the Indebtedness payable on demand and shall bear interest at the same rate as provided in the note from the date of expenditure until repaid.

16. Notice.

Any notice under this mortgage shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this mortgage. Either party may change the address for notices by written notice to the other party.

17. Succession; Terms.

17.1 Subject to the limitations stated in this mortgage on transfer of Mortgagor's interest, this mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns.

17.2 In construing this mortgage the term mortgage shall encompass the term security agreement when the instrument is being construed with respect to any personal property.

17.3 Attorneys' fees. "Attorneys' fees," as that term is used in the note and in this mortgage, shall include attorneys' fees, if any, which may be awarded by an appellate court.

Richard Marlatt
Richard Marlatt

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)

County of Klamath) ss. 4-7 1983

Personally appeared the above-named Richard Marlatt and acknowledged the foregoing instrument to be his voluntary act.

Before me:

Christine K. Brown
Notary Public for Oregon
My commission expires: 6-2-85

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON)

County of _____) ss. _____ 19____

Personally appeared _____, and _____, who, being sworn, stated that _____ is a _____, and _____, the said _____ is a _____

of Mortgagor corporation and that the seal affixed hereto is its seal and that this Mortgage was voluntarily signed and sealed in behalf of the corporation by Authority of its Board of Directors.

Before me:

Notary Public for Oregon
My commission expires: _____

PARTNERSHIP ACKNOWLEDGMENT

STATE OF OREGON)

County of _____) ss. _____

THIS CERTIFIES that on this _____ day of _____, 19____, personally appeared before me, the undersigned, a Notary Public in and for said County and State, the within named _____

known to me to be the person _____ named in and who executed the foregoing instrument and who _____ known to me to be _____ member _____ of the partnership of _____ acknowledged to me that _____ he _____ executed said instrument freely and voluntarily for the purposes and use therein mentioned, on behalf of said partnership.

STATE OF OREGON: COUNTY OF KLAMATH ; ss

I hereby certify that the within instrument was received and filed for record on the 14th day of April A.D., 1983 at 11:12 o'clock A M and duly recorded in Vol M83, of 4 Mortgages on page 5650

FEE \$ 16.00

EVELYN BIEHN, COUNTY CLERK
by *Ann L. L...* Deputy

Return to: USNB
740 Main
City