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MTC #13098

DEBT PREVIOUSLY CONTRACTED
MORTGAGE

Vol. 1783 Page 19401

THIS INDENTURE, made this 2nd day of November, 19 83 between
ZARCO, INC.
herein called "Mortgagor", and WESTERN BANK, an Oregon banking corporation, herein called "Mortgagee",

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor does hereby grant, bargain, mortgage and convey
unto the Mortgagee all the following described property situated in Klamath County, Oregon, to-wit:

See attached legal description

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together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining,
including but not limited to roads and easements used in connection with the premises; also, all fixtures, buildings and parts of
buildings situated upon said property, including but not limited to electric wiring and fixtures; furnace and heating system, water
heaters, fuel storage receptacles; plumbing, ventilating, water and irrigating systems; screens, doors; window shades and blinds,
shutters; cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, garbage disposals, air conditions, refrigerators,
freezers, dishwashers; and all other fixtures now or hereafter installed in or on the premises; and any shrubbery, flora or timber now
growing or hereafter planted or growing thereon; and any and all replacements of any one or more of the foregoing items, in whole
or in part, all of which are hereby declared to be appurtenant to the land; and all the rents, issues and profits arising from the
mortgaged property.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns forever.

The Mortgagor does hereby covenant to and with the Mortgagee that the Mortgagor is lawfully seized in fee simple of the
said real property, that it is the absolute owner of all items of property described hereinabove, that the said property is free from
encumbrances of every kind and nature, and that it will warrant and forever defend the same against the lawful claims and demands of
all persons whomsoever.

This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained, to be
by the Mortgagor kept and performed and to secure the payment of the sum of \$ 40,000.00 and interest thereon in
accordance with the tenor of a certain promissory note executed by Zarco, Inc.

dated June 8, 19 83, payable to the order of the Mortgagee in installments of not less than \$ 550.00
each including interest, on the 10th day of each month commencing July 10,
19 83, until March 1, 19 86 when the balance then remaining unpaid shall be paid.

This Mortgage is also given as security for the payment of any and all other indebtednesses, obligations or liabilities of the
Mortgagor to the Mortgagee now existing or hereafter arising, matured or to mature, absolute or contingent and wherever payable,
including but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or
other paper discounted by the Mortgagee or held by the Mortgagee, or taken as security for any loans or advances of any kind, sort or
description whatsoever.

The Mortgagor does hereby covenant and agree to and with the Mortgagee, its successors and assigns:

1. That Mortgagor will pay, when due, the indebtedness hereby secured, with interest as prescribed by said note, and will pay, when due, all other sums secured hereby, and all taxes, liens and utility charges upon said premises, or for services furnished thereto. In addition thereto, it will pay, at the time of payment of each installment of principal and interest, such amount as Mortgagee shall estimate to be sufficient to produce, at least one month prior to the time when payment thereof shall become due, the amount of (a) taxes, assessments and other governmental rates and charges against said premises (herein all called "taxes") and (b) premiums upon insurance against loss or damage to said premises (said amounts being referred to hereinafter as "loan trust funds"). If the sums so paid shall be less than sufficient for said purposes, Mortgagee will also pay, upon demand, such additional sum as Mortgagee shall deem necessary therefor. If Mortgagee desires a "package" plan of insurance which includes coverage in addition to that required under this mortgage, Mortgagee may, at its option, establish and administer a reserve for that purpose. If the package plan reserve is not sufficient to pay the renewal premium on a package plan policy, then Mortgagee may use such reserve to pay premiums on a policy covering only risks required to be insured against under this mortgage and allow the package plan policy to lapse. Mortgagee shall, upon the written direction of Mortgagor, and may, without such direction, apply sums paid by Mortgagor and held by Mortgagee to the purposes aforesaid; but the receipt of such sums shall not, in the absence of such direction, impose any duty upon Mortgagee to disburse the same or relieve Mortgagor from its covenants to pay said obligations or to keep the premises insured. Mortgagee may, from time to time, establish reasonable service charges for the collection and disbursement of premiums on package-type insurance policies. Mortgagee shall not, whether or not service charges are imposed, be subject to any liability for failure to transmit any premiums to any insurer or by reason of any loss growing out of any defect in any insurance policy. At Mortgagee's option, Mortgagee may apply all loan trust funds directly to the payment of the principal balance then unpaid on the indebtednesses secured hereby; if Mortgagee elects so to do, Mortgagee is authorized to pay taxes, insurance premiums on the mortgaged property and all other charges which would otherwise be payable from the loan trust funds, when the same become due and payable, and Mortgagee may then add the amount of any such payment to the principal balance then unpaid on the indebtednesses secured hereby, each such payment to bear interest as provided in the promissory note mentioned hereinabove.

2. That Mortgagor will not commit or permit strip or waste of the said premises, or any part thereof; that Mortgagor will keep the real and personal property hereinabove described in good order and repair and in tenantable condition; that Mortgagor will promptly comply with any and all municipal and governmental rules and regulations with reference thereto; that Mortgagor will not cut or permit the cutting or removal of any timber without the written consent of Mortgagee, that if any of the said property be damaged or destroyed by any cause, the said Mortgagor will immediately reconstruct or repair the same so that, when completed, it shall be worth not less than the value thereof at the time of such loss or damage; provided, that if such loss or damage shall be caused by a hazard covered by insurance payable to Mortgagee, the obligation of the Mortgagor to repair or reconstruct shall not arise unless the Mortgagee shall consent to the application of the insurance proceeds to the expense of such reconstruction or repair.

3. That it will, at its own cost and expense, keep the building or buildings now or hereafter upon said premises, together with all personal property covered by the lien hereof,

insured against loss by fire and against loss by such other hazards as the Mortgagee may from time to time require, in one or more insurance companies satisfactory to or designated by the Mortgagee in an aggregate amount not less than the amount of the indebtedness hereby secured (unless the full insurable value of such building or buildings is less than the amount hereby secured, in which event the Mortgagor shall insure to the amount of the full insurable value); that all policies of insurance upon said premises, including policies in excess of the amount hereinabove mentioned and policies against other hazards than those required, shall contain such provisions as the Mortgagee shall require, that shall provide, in such form as the Mortgagee may prescribe, that loss shall be payable to the Mortgagee; that all such policies and receipts showing full payment of premiums therefor shall be delivered to and retained by the Mortgagee during the existence of this mortgage; that at least 5 days prior to the expiration of any policy or policies it will deliver to the Mortgagee satisfactory renewals thereof together with premium receipts in full; that if any policy or policies shall impose any condition upon the liability of the insurer or shall contain any "average clause" or other provision by which the insurer may be liable for less than the full amount of the loss sustained, it will, as often as the Mortgagee may require, provide the Mortgagee with all such evidence as it may request concerning the performance of such condition or the existence of any facts or the value of the property insured and, if it shall appear to the Mortgagee that the insurance is prejudiced by the acts or omissions of the Mortgagor or that the coverage is inadequate, the Mortgagor will do such acts and things and obtain such further insurance as the Mortgagee may require; that the Mortgagee may, at its option, require the proceeds of any insurance policies upon the said premises to be applied to the payment of the indebtedness hereby secured or to be used for the repair or reconstruction of the property damaged or destroyed.

4. That it will execute or procure such further assurance of its title to the said property as may be requested by the Mortgagee.

5. That in case the Mortgagor shall fail, neglect or refuse to do or perform any of the acts or things herein required to be done or performed, the Mortgagee may, at its option, but without any obligation on its part so to do, and without waiver of such default, procure any insurance, pay any taxes or liens or utility charges, make any repair, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at 8% per annum, or at the rate of interest set forth in the note mentioned above, whichever is greater, and shall be secured hereby.

6. That it will not, without the prior written consent of Mortgagee, transfer its interest in said premises or any part thereof, whether or not the transferee assumes or agrees to pay the indebtedness hereby secured. Upon any application for Mortgagee's consent to such a transfer, Mortgagee may require from the transferee such information as would normally be required if the transferee were a new loan applicant. Mortgagee shall not unreasonably withhold its consent. As a condition of its consent to any transfer, Mortgagee may, in its discretion, impose a service charge not exceeding one percent of the original amount of the indebtedness hereby secured and may increase the interest rate on the indebtedness hereby secured by not more than one percent per annum.

7. That, if any default be made in the payment of the principal or interest of the indebtednesses hereby secured or in the performance of any of the covenants or agreements of this mortgage, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

8. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagor will pay such sum as the trial court and any appellate court may adjudge reasonable as attorney's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for costs and disbursements in such suit or action, extensions of abstracts or title searches or examination fees in connection therewith, whether or not final judgment or decree therein be entered and all such sums are secured hereby and shall bear interest from the date paid or incurred by Mortgagee or from the date of judgment, whichever occurs first, at the rate set forth in the promissory note mentioned above; that in any such suit, the court may, upon application of the plaintiff and without regard to the condition of the property or the adequacy of the security for this indebtedness hereby secured and without notice to the Mortgagor or any one else, appoint a receiver to take possession and care of all said mortgaged property and collect and receive any or all of the rents, issues and profits which had theretofore arisen or accrued or which may arise or accrue during the pendency of such suit; that any amount so received shall be applied toward the payment of the debt secured hereby, after first paying therefrom the charges and expenses of such receivership; but until a breach or default by the Mortgagor in one or more of its covenants or agreements herein contained, it may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

9. The word "Mortgagor", and the language of this instru-

IN WITNESS WHEREOF, the Mortgagor, pursuant to resolution of its Board of Directors duly and regularly adopted has caused these presents to be executed on its behalf by its duly authorized officers and its corporate seal, if any, to be affixed hereto the day and year first hereinabove written.

ZARCO, INC.

By

Edward R. Zarosinski
Vice President and Treasurer

(Corporate Seal)

By

STATE OF OREGON

County of Klamath

} ss.

November 2, _____ A. D. 19 83

Personally appeared Edward R. Zarosinski

~~XXXX~~

who being duly sworn, did say that ~~XXXX~~ he is Vice President

~~XXXX~~

~~XXXX~~ of Zarco, Inc. an Oregon corporation

and that the seal affixed to the foregoing instrument, if any, is the corporate seal of said corporation and that said instrument was signed in behalf of said corporation by authority of its board of directors and Edward R. Zarosinski

acknowledged said instrument to be its voluntary act and deed.

Before me:

(Notary Seal)

Return to:

Western Bank

Klamath Falls Branch

P. O. Box 669

Klamath Falls, OR 97601

John Burckes
Notary Public for Oregon.

My Commission Expires: 2-26-87

* Legal Description:

A parcel of land situated in Sections 29 and 30, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the Northeast corner of Section 30, which marks the beginning of this description; thence South $02^{\circ} 54' 28''$ East, a distance of 729.58 feet to the centerline of an existing dirt road known as Simpson Canyon Road; thence along the centerline of said road, South $40^{\circ} 48' 13''$ East a distance of 250.00 feet in said Section 29; thence South $49^{\circ} 11' 47''$ West a distance of 194.71 feet to the intersection of the North-South line between Sections 29 and 30; thence South $02^{\circ} 54' 28''$ East a distance of 385.00 feet; thence North $88^{\circ} 48' 32''$ West to an intersection with the West line of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 30; thence in a Northerly direction to the Northwest corner of the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 30; thence in an Easterly direction to the point of beginning.

TOGETHER WITH easements 60.00 feet in width lying 30.00 feet on each side of the centerline along existing roads in Sections 29, 30 and 19, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, the centerline of which are more particularly described as follows:

Commencing at the Southeast corner of said Section 29; thence North $88^{\circ} 07' 44''$ West along the South line of said Section 29, 803.28 feet; thence leaving said South section line North 348.02 feet to the centerline of Simpson Canyon Road to the point of beginning for this description; thence along said Simpson Canyon Road centerline the following courses and distances: South $71^{\circ} 24' 26''$ West, 75.38 feet; North $79^{\circ} 48' 23''$ West, 387.39 feet; North $64^{\circ} 42' 29''$ West, 375.09 feet; North $68^{\circ} 28' 33''$ West, 246.02 feet; North $36^{\circ} 50' 53''$ West, 404.62 feet; North $28^{\circ} 07' 32''$ West 413.24 feet; North $30^{\circ} 42' 36''$ West, 460.53 feet; North $27^{\circ} 24' 31''$ West, 760.81 feet; North $34^{\circ} 27' 44''$ West 397.76 feet; North $58^{\circ} 58' 47''$ West, 209.18 feet; South $88^{\circ} 11' 30''$ West, 287.51 feet; North $85^{\circ} 08' 49''$ West, 253.74 feet; North $66^{\circ} 52' 25''$ West, 357.28 feet; North $48^{\circ} 12' 45''$ West, 273.50 feet; North $40^{\circ} 09' 10''$ West, 358.58 feet; North $28^{\circ} 51' 23''$ West, 536.31 feet; North $39^{\circ} 31' 53''$ West, 366.44 feet; North $40^{\circ} 48' 13''$ West, 515.26 feet, and the terminus of this description.

RETURN:

Mountain Title Co., Inc.

ZARCO, INC.

Edward R. Zarosinski
Edward R. Zarosinski, Vice President

STATE OF OREGON,)
County of Klamath)

Filed for record at request of

on this 10th day of November A.D. 19 83
at 11:08 o'clock A M, and duly
recorded in Vol. MS3 of Mortgages
Page 19401

EVELYN BIEHN, County Clerk

By *[Signature]* Deputy

Fee \$16.00