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MORTGAGE

Pl. 1983 Page 19776
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11-4 1983

GLAMRR PROPERTIES (a partnership) Mortgageor
4745 S. 6th, Klamath Falls, Or. 97601 Address
United States National Bank of Oregon, Mortgagee ("Lender") Klamath Falls Branch
740 Main St., Klamath Falls, Or. 97601 Address
The Lender has loaned GLAMRR PROPERTIES (a partnership) *(Borrower)
Two Hundred Twenty Thousand Dollars and NO/100 - - - - -

\$220,000.00, 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:

See attached Exhibit B L.S.A.

THIS DOCUMENT IS BEING RE-RECORDED TO CORRECT THE LEGAL DESCRIPTION

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, Mortgageor 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.

Possession and Maintenance of the Property.

1.1 Until in default, Mortgageor 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. Mortgageor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Mortgageor shall not commit or permit any waste on the Property. Mortgageor 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, Mortgageor 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 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 N/A 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 "Mortgageor" or the name of the borrower if different from the Mortgageor.

ardized. If a lien arises or is filed as a result of nonpayment, Mortgageor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Mortgageor has notice of the filing, secure the discharge of the lien or deposit with the Lender cash or a sufficient corporate surety bond or other security satisfactory to the Lender in an amount sufficient to discharge the lien plus any costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Mortgageor 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.

4.2 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, 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

such purpose in the same manner as for taxes and property insurance, and subject to the same agreements.

5.3 If Mortgagee desires to carry a package plan of insurance that includes coverage in addition to that required under this mortgage, the Lender, at its option, may 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 Mortgagee to furnish a certificate of insurance rather than deposit the 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 Lender provides the required insurance coverage on a new, separate package policy to lapse.

5.4 Lender shall not charge a service charge for collecting reserves and paying taxes and insurance premiums. The reserves shall not constitute a trust. Mortgagee agrees that Lender may invest them for the benefit of Mortgagee, and need not invest them for the benefit of Mortgagee, unless applicable statutes require payment of interest notwithstanding any contrary agreement.

6. Expenditures by the Bank.

If Mortgagee shall fail to comply with any provision of this mortgage, the Lender may, at its option, on Mortgagee's behalf take the required action and may, at its option, expend in so doing shall be added to the indebtedness. Amounts so added shall be payable on the date of expenditure. The rights provided for in this paragraph shall be in addition to any other rights or remedies to which the Lender may be entitled on account of the default, and the Lender shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

7. Late Payment Charges.

To cover the extra expenses involved in handling delinquent payments, Lender may charge a late charge 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, 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.

8. Warranty, Defense of Title.

8.1 Mortgagee 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 Mortgagee warrants and will forever defend the title against the lawful claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Mortgagee'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 giving of notice, or any other action of a creditor, would be a default 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 proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Mortgagee and the Lender in connection with the condemnation. 9.2 If any proceedings in condemnation are filed, Mortgagee 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 paragraph applies:

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:

15. Rights and Remedies on Default.

15.2 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.

14.5 Default in any obligation secured by a construction loan, any failure specifying the failure.

14.4 If this mortgage secures a construction loan, any failure from the Lender specifying the failure.

14.3 Failure of Mortgagee to perform any other obligation under this mortgage within 20 days after receipt of written notice of payment necessary to prevent filing of or discharge any lien, insurance premiums or for reserves for such payments, or any mortgage to make any payment for taxes, insurance, or any mortgage when it is due.

14.2 Failure of Mortgagee to pay any portion of the indebtedness when it is due.

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

The following shall constitute events of default:

14. Default.

14.1 Mortgagee shall constitute events of default:

13. Release on Full Performance.

13.1 Mortgagee shall constitute events of default:

13.2 Mortgagee shall constitute events of default:

13.3 Mortgagee shall constitute events of default:

12. 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 Mortgagee shall constitute events of default:

12.3 Mortgagee shall constitute events of default:

12.4 Mortgagee shall constitute events of default:

12.5 Mortgagee shall constitute events of default:

12.6 Mortgagee shall constitute events of default:

12.7 Mortgagee shall constitute events of default:

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12.39 Mortgagee shall constitute events of default:

12.40 Mortgagee shall constitute events of default:

12.41 Mortgagee shall constitute events of default:

12.42 Mortgagee shall constitute events of default:

12.43 Mortgagee shall constitute events of default:

12.44 Mortgagee shall constitute events of default:

(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.

GLAMRR PROPERTIES (a partnership)

Glamrr Properties by
Walter D. Alter, Partner

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)

County of _____) ss. _____, 19____
Personally appeared the above-named _____
and acknowledged the foregoing instrument to be _____ voluntary act.

Before me:

Notary Public for Oregon
My commission expires:

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON)

County of _____) ss. _____, 19____
Personally appeared _____, and
stated that _____, who, being sworn,
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 Klamath) ss. _____, 19 83, personally appeared
THIS CERTIFIES that on this 4th day of November
before me, the undersigned, a Notary Public in and for said County and State, the within named
Martin D. Alter
known to me to be the person named in and who executed the foregoing instrument and who is known to me to be
member of the partnership of GLAMRR PROPERTIES
acknowledged to me that he executed said instrument freely and voluntarily for the purposes and use therein mentioned, on
behalf of said partnership.

IN TESTIMONY WHEREOF, I have hereunto set my hand and notarial seal the day and year last above written.

Before me:

Notary Public for Oregon
My commission expires: 2-28-1985

PARCEL 1

A tract of land situated in the Northwest Quarter of the Northwest quarter of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a cased monument at the intersection of Hilyard Avenue and Washburn Way marking the Northwest corner of said Section 10; thence East along the North line of Section 10, 60 feet; thence South 30 feet to the intersection of the Easterly line of Washburn Way with the Southerly line of Hilyard Avenue and the true point of beginning of this description; thence South $00^{\circ} 29' 35''$ East 564.57 feet to a point; thence East 798.58 feet to a point South $00^{\circ} 26' 25''$ West of a point on the South line of the aforementioned Hilyard Avenue; thence North $00^{\circ} 26' 25''$ East 558.36 feet to a point on the South line of Hilyard Avenue; thence North $89^{\circ} 33' 35''$ West along the South line of Hilyard Avenue 807.74 feet to the point of beginning.

EXCEPTING THEREFROM a parcel of land situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, being more particularly described as follows:

Beginning at a 5/8 inch iron pin on the Easterly right of way line of Washburn Way, from which a bolt in a cased monument marking the section corner common to Sections 3, 4, 9 and 10 of said Township and Range, bears North $00^{\circ} 02' 42''$ West 594.75 feet and North $89^{\circ} 05' 00''$ West 64.11 feet; thence South $89^{\circ} 33' 43''$ East 297.15 feet; thence North $00^{\circ} 09' 42''$ West 115.00 feet; thence North $89^{\circ} 33' 43''$ West 297.15 feet to the Easterly right of way line of said Washburn Way; thence South $00^{\circ} 02' 42''$ East 115.00 feet to the point of beginning, with bearings based on the recorded map of survey of Major Land Partition No. 79-37.

PARCEL 3

A tract of land situated in the Northwest quarter of the Northwest quarter of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the South line of Hilyard Avenue, 807.74 feet East of the intersection of the South line of Hilyard Avenue and the East line of Washburn Way; thence South $00^{\circ} 26' 25''$ West 908.36 feet to a point; thence East 60.00 feet to a point; thence North $00^{\circ} 26' 25''$ East 907.89 feet to a point on the South line of Hilyard Avenue; thence West 60.00 feet to the point of beginning.

EXCEPTING THEREFROM, a parcel of land situated in the Northwest quarter of the Northwest quarter of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, and being more particularly described as follows:

Beginning at a point which lies 557.89 feet Southerly from the Southerly right of way line of Hilyard Avenue, said point being South $89^{\circ} 33' 35''$ East 932.35 feet and South $00^{\circ} 26' 25''$ West 587.89 feet from the Northwest corner of said Section 10; thence South $00^{\circ} 26' 25''$ West 350.00 feet; thence West 60.00 feet; thence North $00^{\circ} 26' 25''$ East 350.00 feet; thence South $89^{\circ} 33' 35''$ East 60.00 feet to the point of beginning.

Return to:
U.S. NAVAL BANK
740 MAIN
KFM 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss

I hereby certify that the within instrument was received and filed for record on the 17th day of November A.D., 1983 at 3:37 o'clock P.M., and duly recorded in Vol M83, of Mortgages on page 19776.

EVELYN BIEHN, COUNTY CLERK

by Sam Smith deputy

FEE \$ 16.00