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K-37571

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LEASEHOLD MORTGAGE

Vol. MS Page 3218

THIS INDENTURE, made this 4th day of March, 1985, between RUTH H. TEASDEL, hereinafter called "Mortgagor", and FIRST INTERSTATE BANK OF OREGON, N.A., hereinafter called "Mortgagee";

WITNESSETH:

For value received by Mortgagor from Mortgagee, the Mortgagor has bargained and sold and does hereby grant, bargain, sell and convey unto Mortgagee, all of her right, title and interest in and to that certain real property situate in Klamath County, Oregon, described on Exhibit "A" which is attached hereto and made a part hereof, together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any wise appertaining; also all fixtures and personal property now or hereafter situate on the premises and used or intended for use for plumbing, lighting, heating, cooling, ventilation, floor coverings attached to floors, and shelving, counters, and other trade fixtures; also the rents, issues and profits arising from or in connection with the said real and personal property or any part thereof.

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

And Mortgagor does hereby covenant to and with Mortgagee that she is lawfully in possession of said real property under a lease dated May 23, 1968 by and between Great Northern Railway Company, a Minnesota Corporation, as Lessor, and Klamath Ice & Storage Company, as Lessee, and by Assignment of Lease by and between Burlington Northern, Inc., successor in interest to Great Northern Railway Company and Klamath Ice & Storage Company, as Assignors, to Klamath Cold Storage Division of Modoc Lumber Company, an Oregon corporation, as Assignee, dated July 8, 1974, and by Assignment of Lease by and between Klamath Cold Storage Division of Modoc Lumber Company, an Oregon corporation, as Assignor, to Ruth H. Teasdel, as Assignee, dated August 31, 1979. The lease of May 23, 1968 and assignments thereto, is hereafter referred to as "Ground Lease".

Mortgagor warrants and represents that no default in the performance of the terms of the Ground Lease has been made or will be made or suffered while this mortgage continues in effect, that the Railroad is lawfully seized in fee simple of the said real property, that Mortgagor is the record owner of the title to the improvements located on said property, that the said real property is free from encumbrances of every kind and nature except those permitted as described in attached Exhibit B, which encumbrances were disclosed by Klamath County Title Company's title report No. K-37571, dated as of January 25, 1985.

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 \$150,000.00 and interest thereon in accordance with the tenor of that certain promissory note ("Note") executed by Ruth H. Teasdel dated March 4, 1985, which indebtedness is payable to the order of the Mortgagee with

the final payment of principal and interest due and payable on or before
March 15, 1988.

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

1. That she will pay, when due, the indebtedness hereby secured, with interest, as prescribed by the Note, and all taxes, liens and utility charges upon said premises or for services furnished thereto, and the rentals and all other sums required by the Ground Lease, and the principal, interest and other sums required to be paid pursuant to the terms of any other lien instrument executed by Mortgagor encumbering said premises.
2. That she will not enter into additional secondary financing or additional lease obligations without prior written consent of the Mortgagee.
3. That she will perform or cause to be performed each and every term, covenant and condition of the Ground Lease to be kept and performed.
4. That she will not commit or permit strip or waste of the said premises or any part thereof; that she will keep the real and personal property hereinabove described in good order and repair in tenantable condition; that she will promptly comply with any and all municipal and governmental rules and regulations with reference thereto; that if any of the said property be damaged or destroyed by any cause, she 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 against which insurance is carried, the obligation of Mortgagee shall to repair or reconstruct shall not arise unless the Mortgagee shall consent to the application of insurance proceeds to the expense of such reconstruction or repair.
5. That she will, at her own cost and expense, keep the building or buildings now or hereafter upon said premises insured against loss by fire (with extended coverage endorsement), in one or more insurance companies satisfactory to 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 Mortgagee shall require, and shall provide, in such form as Mortgagee may prescribe, that loss shall be payable to Mortgagee; that all such policies and receipts showing full payment of premiums therefor shall be delivered to and retained by Mortgagee during the existence of this mortgage; that at least ten (10) days prior to the expiration of any policy or policies she will deliver to Mortgagee satisfactory renewals thereof together with premium receipts in full; that 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.

6. That she will execute or procure such further assurance of her interest in or title to the said property as may be requested by Mortgagee.

7. That she will not surrender her leasehold estate and interest hereinabove described, nor terminate or cancel the lease and will not, without the express written consent of Mortgagee, modify, change, supplement, alter or amend the Ground Lease either orally or in writing.

8. That in case Mortgagor shall fail, neglect or refuse to do or perform any of the acts or things herein required to be done or performed, 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 rentals and other sums required under said Ground Lease, pay any principal, interest or other sums required to be paid pursuant to the terms of any other lien instruments executed by Mortgagor encumbering said premises, taxes or liens or utility charges, make any repairs, or do any other of the things required, and any expenses so incurred and any sums so paid shall bear interest at the rate specified in the Note and shall be secured hereby.

9. That, if any default be made in the payment of the principal or interest of the indebtedness 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.

10. That, in the event of the institution of any suit or action to foreclose this mortgage, Mortgagor will pay such sum as the court may adjudge reasonable as attorney's fees in connection therewith and such further sums as Mortgagee shall have paid or incurred for title reports or examination fees in connection therewith, and all such sums are secured hereby; 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 Mortgagor or anyone 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 towards 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 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 it prior to such default.

11. All of the covenants of Mortgagor shall be binding upon her heirs, successors and assigns and inure to the benefit of the successors and assigns or Mortgagee. In the event of any transfer of the property herein described or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, Mortgagee

may, without notice of Mortgagor or anyone else, extend the time of payment, execute releases or partial releases from the lien of this mortgage or in any other respect modify the terms hereof without thereby affecting the personal primary liability of Mortgagor for the payment of the indebtedness hereby secured. No condition of this mortgage shall be deemed waived unless the same be expressly waived in writing by Mortgagee. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, such notice, demand or request shall be sufficient if enclosed in a postpaid envelope addressed to Mortgagor at the last address actually furnished to Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

12. If the property, or any part thereof, be condemned under any power or eminent domain, or acquired for a public use, the damages, proceeds and the consideration of such acquisition, to the extent of the full amount of the indebtedness secured by this mortgage, including any expenses and attorney's fees incurred by Mortgagee on account of such condemnation are hereby assigned by the Mortgagor to the Mortgagee and shall be paid forthwith to the Mortgagee to be applied by it to the payment of such expenses and attorney's fees and any balance on account of the last maturing portion of the indebtedness secured hereby.

13. Notwithstanding any provision to the contrary above, whenever in this Leasehold Mortgage, Mortgagee or Mortgagor is given the opportunity to exercise remedies to avail of rights provided, reasonable notice of the intent to exercise such remedies shall be given by one party to the other.

IN WITNESS WHEREOF, Mortgagor, has caused these presents to be executed the day and year first hereinabove written.

Ruth H. Teasdel
Ruth H. Teasdel

State of *California*)
) ss.
County of *Alameda*)

February 25, 1985

Personally appeared RUTH H. TEASDEL, who being duly sworn did acknowledge the foregoing instrument to be her voluntary act and deed.
Before me:

Valerie J. Pitcock
Notary Public for
My Commission Expires: *Dec. 18, 1987*

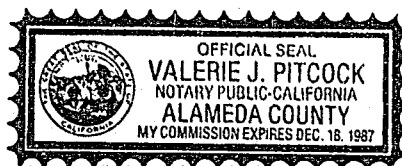


Exhibit A

Legal Description

3222

PARCEL 1:

Building and improvements located on a parcel of land situated in the NW1/4 of Section 33, Township 38 South, Range 9 E.W.M., in the City of Klamath Falls, Klamath County, Oregon; said premises being included in, and made a part of, that certain Lease Agreement (GN) 75938, by and between Great Northern Railway Company, "Lessor", and Klamath Ice & Storage Company, "Lessee", dated May 23, 1968, and by Assignment of Lease by and between Burlington Northern, Inc., successor in interest to Great Northern Railway Company and Klamath Ice & Storage Company, "Assignors", to Klamath Cold Storage Division of Modoc Lumber Company, an Oregon corporation, "Assignee", dated July 8, 1974, as disclosed by the above described Assignment dated August 31, 1979, recorded August 31, 1979, in Volume M79 page 20869, Deed Records of Klamath County, Oregon.

PARCEL 2:

Beginning at a point in a line parallel with and distant 53.70 feet westerly measured at right angles, from the center line of main track of the Central Pacific Railway Company, at Engineer's Station 3364+54.30 (said point of beginning being also the southeast corner of an ice house); thence South 89°02'30" West at right angles from said parallel line, 37.43 feet to a point distant 10 feet easterly, measured at right angles from the center line of said Railway Company's industrial spur track; thence North 9°11'30" West parallel with the tangent portion of last said center line and the northerly prolongation thereof, 241.07 feet; thence North 24°33'30" East 107.30 feet; thence North 27°31'30" West, 112.27 feet; thence North 56°05'30" West, 25.00 feet to a point on the westerly line of Central Pacific Railway Company's land; thence North 0°57'30" West along said westerly line, 24.36 feet; thence South 56°05'30" East 117.38 feet to a point in said line parallel with and distant 53.70 feet westerly, measured at right angles from said center line of main track; thence South 0°57'30" East along last said parallel line, 407.45 feet to the point of beginning, containing an area of 23,200 square feet, more or less.



EXHIBIT B
PERMITTED ENCUMBRANCES

1. The underlying fee title of the record owner of the real property.
2. Lease No. 75938, including the terms and provisions thereof, by and between Great Northern Railway Company, a Minnesota Corporation, lessor and Klamath Ice & Storage Company, lessee, dated May 23, 1968, and assigned to Klamath Cold Storage Division of Modoc Lumber Co. by Burlington Northern, Inc., successor in interest to Great Northern Railway Company, on July 8, 1974, all as disclosed by Assignment of Lease, given by Modoc Lumber Co., to Ruth Teasdel, dated August 31, 1979, recorded August 31, 1979, in Volume M79 page 20869, Deed Records of Klamath County, Oregon.
3. A 30 day lease as set out in Lease No. 115871, dated July 1, 1958, between Central Pacific Railway Company and is Lessee, Southern Pacific Transportation Company, Lessor, and Klamath Ice & Storage Company, Lessee, which was assigned to Klamath Cold Storage Division of Modoc Lumber Co. in April, 1974, as disclosed by Assignment of Lease, given by Modoc Lumber Co., an Oregon corporation, to Ruth H. Teasdel, dated August 31, 1979, recorded August 31, 1979, in Volume M79 page 20881, Deed Records of Klamath County, Oregon.
4. Leasehold Mortgage, including the terms and provisions thereof, executed by Ruth H. Teasdel, to First National Bank of Oregon, a national banking association, dated August 31, 1979, recorded August 31, 1979, in Volume M79 page 20914, Mortgage Records of Klamath County, Oregon.
5. Financing Statement, recorded in the office of the County Clerk, indicating a security agreement, given by Ruth H. Teasdel, debtor, to First National Bank of Oregon, as secured party, recorded in Volume M79 page 20921, Mortgage Records of Klamath County, Oregon.

STATE OF OREGON,)
County of Klamath)
Filed for record at request of

on this 4th day of March A.D. 19 85
at 4:20 o'clock P M, and duly
recorded in Vol. M85 of Mortgages
Page 3218

EVELYN BIEHN, County Clerk

By [Signature] Deputy

Fee 25.00

Return to:
First Interstate Bank
601 Main Street
Klamath Falls, OR 97604



Exhibit B to Leasehold Mortgage