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THIS INDENTURE, made this

herein called "Mortgagor", and WESTERN BANK, an Oregon banking corporation, herein called "Mortgagee",

ende an enterix constant of sectors. The constant, an organic banking corporation, herein called "Mortga a fact all-graphent of the next sector banking of the abbeaute of the sector of the sector of the sector of the a banker fact were sector of the sector of an and the second of the second state time state of the area and second set. A base were the table the second second set by TAS states were 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 <u>Klamath</u> County, Oregon, to-wit:

See Attached legal description which is marked Exhibit B. the said property of the consent of Mortganes, that if any of the said property of the consent of Mortganes, that if any of the said property to the consent of Mortganes, that if any of Aufligger will but rate or ferring the catting of removal of any presentation of the met of substrate in a reference thereig, that Merigagor will scorphy comply with and soft all manaparants In good order and repair cont in tenance is condition; that will leap the rial and partoral property foreners we described as a second of the manual and the manual tradition that as a second the solid characteristic second as the statement of the statement of the statement of the statement A That Medicized will not commit of action commit -

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Merinden i Station de la seconda de la Station de la Brene Marchel de la seconda de la Station de la seconda de shud Real motor providence of shed download impose one share pra-Marchenes and a comparison of shed download imposed on the protogether with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining, ander were state for the foreign enterpresent the file consults of the same Ander were state for the foreign enterpresent the file consults of the same together with the tenenteness, nerentaments and appartenances now or nerenter mercuric belonging or in anywise appertaming, 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 bultuings situated upon said property, including out not innited to electric wiring and lixtures; iurnace and neating system, wither heaters, fuel storage receptacles; plumbing, ventilating, water and irrigating systems; screens, doors; window shades and blinds, nearers, fuer storage receptacies; plumping, ventuating, 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, rees, ountrins, molecums and noor coverings, ountrin sloves, ovens, garoage disposals, air conditions, reingerators, ashers; and all other fixtures now or hereafter installed in or on the premises; and any shrubbery, flora or timber now reafter planted or growing thereon; and any and all replacements of any one or more of the foregoing items, in whole

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or in part, all of which are hereby declared to b The Mortgagor does hereby covenant to and with the Mortgagee that the Mortgagor is lawfully seized in fee simple of the TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns forever. mortgaged property. and real property, that it is the absolute owner of all items of property described hereinabove, that the said property described hereinabove and thereinabove and the said property described hereina

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 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 \$450,000.00all persons whomsoever.

accordance with the tenor of a certain promissory note executed by <u>BATSELL BROS. OIL CO., INC.</u> $19_85_$, payable to the order of the Mortgagee in installments of not less than \$ 5,993.00 *

August 25 19 85 interest, on the <u>2011</u> day of each <u>multin</u> commencing <u>peptemper 25</u>, 19 85 intil <u>August 25 19 88</u> when the balance then remaining unpaid shall be paid. *An Interest only payment shall be due August 25, 1985 Mortgager is also given as security for the payment of any and all other indebtednesses, obligations or liabilities of the Mortgager to the Mortgage now evisting or becaute avising mutured or to mature absolute or contingent and whereas a sub-Mortgage is also given as security for the payment of any and an other indeptednesses, obligations or naonities of the Mortgage to the Mortgage now existing or hereafter arising, matured or to mature, absolute or contingent and wherever payable, Mortgagor to the mortgagee now existing or nereatter arising, matured or to mature, ausolute 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 provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, promissory notes, or other provide but not limited to such as may arise from endorsements, guarantees, acceptances, bills of exchange, provide but her the Morter of the such as the provide but her the Morter of the such as the provide but her ther the such as t including but not limited to such as may arise from endorsements, guarantees, acceptances, onis of exchange, promissory notes of 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.

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other paper discounted by the Mortgarce of held by the Mortgater, erithen as security for any lower of advances of **TS30** description and security including but not similed to such as may arise from endorsoments, genenices, arceptances, buts of exchange, a

Mouthan. The Morigagor does hereby covenant and agree to and with the Morigagee, its successors and assigns: Win 1. That Mortgagor will pay, when due, the indebtedness, insured against loss by fire and against loss by such other hazards hereby secured, with interest as prescribed by said note, and will as the Mortgagee may from time to time require, in one or more pay, when due, all other sums secured hereby, and all taxes, liens, insurance, companies satisfactory to or designated by the 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 Mortgagor 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 herein-

That Mortgagor will not commit or permit strip or 2 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, 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,

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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

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.



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 and 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

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



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.

ment shall, where there is more than one mortgagor, be construed as plural and be binding jointly and severally upon all mortgagors and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagor shall be binding upon its heirs, executors, administrators, successors and assigns and inure to the benefit of the successors and assigns of the 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, the Mortgagee may, without notice to the Mortgagor or any one else, once or often, extend the time of payment or grant renewals of indebtedness hereby secured for any term, 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 the 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 the 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 personally served on one or more of the persons who shall at the time hold record title to the property herein described or if enclosed in a postpaid envelope addressed to one or more of such persons or to the Mortgagor at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

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.	
	BATSELL BROS. OIL CO., INC.
	J Betutte
	By Larry D. Batsell, President
	Larry D. A. D. A. M
	BY: MLAND N. DALSUL
(Corporate Seal)	BY: MIANA N. Batsell, Vice President
	By
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STATE OF OREGON	
County of <u>Klamath</u>)	
August 5, A. D. 19 <u>85</u> .	
	and <u>Richard R. Batsell</u>
Personally appeared Larry D. Batsell	
Presidenc	
who being duly sworn, did say that they are President	spectively of Batsell Bros. Oil Co., Inc.
and Vice President , res	spectively of <u>Decodence</u>
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	s the corporate seal of said corporation and that said instrument was directors and they
instrument, if any, is	s the corporate seal of said corporation and that are
and that the seal affixed to the foregoing instrument, and	they
and that the seal arrived to the terres with the seal of signed in behalf of said corporation by authority of its board of	directors and <u>Lifey</u>
signed in behalf of said corporation of	
acknowledged said instrument to be its voluntary act and deed.	() and Buschild
Return to:	Notary Public for Oregon.
Before me: Western Bank	12/287
	My Commission Expires: 2-26-87
(Notary Seal) D. Klamath Falls, OR 97601	
	•

PARCEL 6

EXHIBIT B

A piece or parcel of land situated in the NEL of Section 25, Township 37 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being more particularly 12908 Beginning at an iron pipe on the Easterly right of way line of State Highway No. U.S. 97, as the same is presently located and constructed On the ground, from which the monument marking the meander corner common to Section 25, Township 37 South, Range 8 East of the Willamette Meridian and Section 30, Township 37 South, Range 9 East of the Willamette Meridian bears South 51°02-3/4' East 628. Last of the willamette Meridian Dears South States/4 Last 020. feet distant (said point of beginning being also 50.0 feet distant from when mercured at might spales to Station 320/2/ 3 of the from when measured at right angles to, Station 329/24.3 of the from when measured at right angles to, Station 529/24.5 of the Centerline of said Highway No. 97); thence North 69°12-1/3, East 230.0 feet, more or less, to the Westerly right of way line of the County Bood (Old Wighway No. 97), which point is 70.0 foot of the County Road (Old Highway No. 97), which point is 30.0 feet Of the County Road (UIG Highway No. 9//, Which Point is Solo if from, when measured at right angles to, the centerline of said from, when measured at right angles to, the centerline of Salu County road, and from which point an iron pipe reference mounument county road, and from which point an from pipe reference mountained bears North 69°12-1/3' East 10.0 feet distant; thence following the said Westerly right of way line of said County Road in a Northerly and Westerly direction to its intersection with the Easterly right of way line of said State Highway No. U.S. 97; thence Southerly and Easterly along the said Easterly right of way line of said State Highway to the point of beginning. The basis of bearings for the above description being South 1°31 East for the centerline of the said State Highway from the said Station 329/24.3 Southerly.

EXCEPT THEREFROM any portion lying within the State Highway right

Date: August 5, 1985

BATSELL BROS. OIL CO., INC. abets President _____Vice President

STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of _______ of _______August ______A A.D., 19 85 of Mortgages 4:09 at _ _ o'clock P M., and duly recorded in Vol. FEE \$17.00 15th on Page 12905 day M85 Evelyn Biehn County Clerk By Andra An