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This Indenture, made this

20

day of

November

19 85

Larry L. Garrett and Patricia A. Garrett, Husband and Wife

called "Mortgagor", and FIRST INTERSTATE BANK OF OREGON, N.A., hereinafter called "Mortgagee" whose address is
 601 Main St., Klamath Falls, OR 97601

WITNESSETH:

For value received by the Mortgagor from the Mortgagee, the Mortgagor has bargained and sold and does hereby grant, bargain, sell and convey unto the Mortgagee, all the following described property situate in Klamath County, Oregon, to wit:

Lot 2 in Block 25 of Fourth Addition to Klamath River Acres, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

together with the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining; also all such apparatus, equipment and fixtures now or hereafter situate on said premises, as are ever furnished by landlords in letting unfurnished buildings similar to the one situated on the real property hereinabove described, including, but not exclusively, all fixtures and personal property used or intended for use for plumbing, lighting, heating, cooking, cooling, ventilating or irrigating, linoleum and other floor coverings attached to floors, and shelving, counters, and other store, office and 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 the Mortgagee, its successors and assigns, forever.

And the Mortgagor does hereby covenant to and with the Mortgagee, that he is lawfully seized in fee simple of the said real property, that he is the absolute owner of the said personal property, and that he 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 a certain promissory note executed by Larry L. Garrett and Patricia A. Garrett

dated November 20, 19 85, in the amount of \$ 9,349.53

which, if not sooner paid, shall be due and payable on

November 20

19 85

08-A-11

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

1. That he will pay, when due, the indebtedness hereby secured, with interest, as prescribed by said note, and all taxes, liens and utility charges upon said premises or for services furnished thereto.
2. That he will not commit or permit strip or waste of the said premises or any part thereof; that he will keep the real and personal property hereinabove described in good order and repair and in tenable condition; that he 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, he 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 the Mortgagor 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.
3. That he will, at his 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 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 he 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, he 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

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1. That the insurance is procured by the acts or omissions of the Mortgagee or that the coverage is inadequate, the Mortgagee 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 he will execute or procure such further assurance of his title to the said property as may be requested by the Mortgagee.

5. That in case the Mortgagee 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 to do so, and without waiver of such default, procure any insurance, pay any 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 per annum specified in the note and shall be secured hereby.

6. That he will not, without the prior written consent of Mortgagee, transfer his 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 then outstanding principal balance of the note and may increase the interest rate on the indebtedness hereby secured.

7. In the event any payment or portion thereof due on the note is not paid within fifteen days from the date the payment is due, Mortgagee agrees to pay to Mortgagee a "late charge" of four cents (4¢) for each dollar so overdue.

8. That, if any default be made (i) in the payment of the principal or interest of the indebtedness hereby secured (ii) in the performance of any of the covenants or agreements of this mortgage (iii) or in payment or performance of any covenants of any other mortgage or trust deed on the property described herein, the Mortgagee may, at its option, without notice, declare the entire sum secured by this mortgage due and payable and foreclose this mortgage.

IN WITNESS WHEREOF, said Mortgagee has executed this indenture the day and year first above written.

9. That, in the event of the institution of any suit or action to foreclose this mortgage, the Mortgagee will pay such sum as the trial court and any appellate court may adjudge reasonable as the Mortgagee's fees in connection therewith and such further sums as the Mortgagee shall have paid or incurred for 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; 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 Mortgagee 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 Mortgagee in one or more of his covenants or agreements herein contained, he may remain in possession of the mortgaged property and retain all rents actually paid to and received by him prior to such default.

10. The word "Mortgagee", and the language of this instrument shall, where there is more than one mortgagee, be construed as plural and be binding jointly and severally upon all mortgagees and the word "Mortgagee" shall apply to any holder of this mortgage. Masculine pronouns include feminine and neuter. All of the covenants of the Mortgagee shall be binding upon his 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 by any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, the Mortgagee may, without notice to the Mortgagee 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 Mortgagee 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 Mortgagee at the last address actually furnished to the Mortgagee or at the mortgaged premises and deposited in any post office, station or letter box.

STATE OF OREGON

County of Klamath

The foregoing instrument was acknowledged before me this 20 day of November, 19 85 by Larry L. Garrett and Patricia A. Garrett

(SEAL) K. Linville
Notary Public for Oregon
My commission expires 11-4-89

STATE OF OREGON

County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 19 _____ by _____ of _____

on behalf of the corporation, _____ corporation,
Notary Public for Oregon
My commission expires: _____ (SEAL)

MORTGAGE

Larry L. Garrett and Patricia A. Garrett

First Interstate Bank of Oregon
601 Main St.
Klamath Falls, OR 97601

AFTER RECORDATION RETURN TO:
FIRST INTERSTATE BANK
OF OREGON, N.A.
601 Main St.
Klamath Falls, OR 97601

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

on this 21st day of November A.D., 19 85
at 8:42 o'clock A M. and duly recorded
in Vol. M85 of Mortgages Page 18880
Evelyn Biehn,
By Pam. Smith County Clerk
Fee, \$9.00 Deputy.