

OK

51439

28TH

APRIL

Page

8369

19 86

THIS MORTGAGE, Made this

VINCENT O. CHEYNE

day of

to SOUTH VALLEY STATE BANK

hereinafter called Mortgagor,

WITNESSETH, That said mortgagor, in consideration of NINE HUNDRED FIFTY THOUSAND AND NO/100--
with rights to renewals and future advances Dollars, to him paid by said mortgagee, does hereby grant,
bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real prop-
erty situated in KLAMATH County, State of Oregon, bounded and described as follows, to-wit:

SEE ATTACHED EXHIBIT "A" DESCRIPTION

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining,
and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said
premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

To Have and to Hold the said premises with the appurtenances unto the said mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of a certain promissory note, described as follows:

SEE REVERSE SIDE FOR PHOTO OF NOTE.

MAY 1

19 91

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit:

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(a) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said
premises and has a valid, unencumbered title thereto

and will warrant and forever defend the same against all persons; that he will pay said note, principal and interest according to the terms thereof; that while
any part of said note remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property,
or this mortgage or the note above described, when due and payable and before the same may become delinquent; that he will promptly pay and satisfy any
and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the
buildings now on or which may be hereafter erected on the premises insured in favor of the mortgagee against loss or damage by fire, with extended coverage,
in the sum of \$ 950,000.00 in a company or companies acceptable to the mortgagee, and will
have all policies of insurance on said property made payable to the mortgagee as his interest may appear and will deliver all policies of insurance on said
premises to the mortgagee as soon as insured; that he will keep the building and improvements on said premises in good repair and will not commit or suffer
any waste of said premises. Now, therefore, it said mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its
terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the pay-
ment of said note; if being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose on any lien on said prem-
ises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note and on this mortgage at once due and payable,
and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges of any lien, encumbrances or insur-
ance premium as above provided for, the mortgagee may at his option do so, and any payment so made shall be added to and become a part of the debt
secured by this mortgage, and shall bear interest at the same rate as said note without waiver, however, of any right arising to the mortgagee for breach of
covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay
any sums so paid by the mortgagee.

In the event of any suit or action being instituted to foreclose this mortgage, the losing party in such suit or action agrees to pay all reasonable costs
incurred by the prevailing party therein for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may
adjudge reasonable as the prevailing party's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein the
losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal, all such
sums to be included in the court's decree. Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, adminis-
trators and assigns of said mortgagor and of said mortgagee respectively. In case suit or action is commenced to foreclose this mortgage, the court may, upon motion
of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same,
first deducting all proper charges and expenses attending the execution of said trust, as the court may direct in its judgment or decree.

In construing this mortgage, it is understood that the mortgagor or mortgagee may be more than one person; that if the context so requires, the singular
pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made,
assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b)
is not applicable; if warranty (a) is applicable, the mortgagee MUST comply
with the Truth-in-Lending Act and Regulation Z by making required dis-
closures; for this purpose use S-N Form No. 1319, or equivalent.

STATE OF OREGON,

County of Klamath

SS.

This instrument was acknowledged before me on

5/6

by Vincent O. Cheyne

(SEAL)

Notary Public for Oregon

My commission expires

7/13/89

MORTGAGE

VINCENT O. CHEYNE

TO

SOUTH VALLEY STATE BANK

AFTER RECORDING RETURN TO

SOUTH VALLEY STATE BANK
5215 SOUTH SIXTH STREET
KLAMATH FALLS, OR 97603

(DON'T USE THIS
SPACE, RESERVED
FOR RECORDING
LABEL IN COUN-
TIES WHERE
USED.)

STATE OF OREGON,

County of } SS.

I certify that the within instru-
ment was received for record on the
day of 19 ,
at o'clock M., and recorded
in book/reel/volume No. on
page or as fee/file/instrument/
microfilm/reception No.
Record of Mortgage of said County.

Witness my hand and seal of
County affixed.

NAME

TITLE

By

Deputy

CHEYNE, VINCENT O. CHEYNE, DORRINE RT 1 BOX 517 KLAMATH FALLS, OR 97603 BORROWER'S NAME AND ADDRESS ("I" includes each borrower above, jointly and severally.	SOUTH VALLEY STATE BANK 5215 SOUTH SIXTH STREET KLAMATH FALLS, OR 97603 LENDER'S NAME AND ADDRESS ("You" means the lender, its successors and assigns.	Loan Number 8370 Date APRIL 28 , 19 86 Maturity Date MAY 1 , 19 91 Loan Amount \$ 950,000.00 Renewal Of
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I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of **NINE HUNDRED FIFTY THOUSAND AND NO/100** Dollars \$ **950,000.00**

- ☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.
- ☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

- ☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.
- ☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is **PAY USNB, 1ST MORTGAGE & IRS TAXES**

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

- ☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.
- ☒ **Variable Rate:** I agree to pay interest at the initial simple rate of **11.5** % per year. This rate may change as stated below.
- ☒ **Index Rate:** The future rate will be **2.5% ABOVE** the following index rate: **SOUTH VALLEY STATE BANK PRIME**
RATE AS SET PERIODICALLY BY THE BOARD OF DIRECTORS. THE BANK WILL NOT
NOTIFY YOU OF ANY CHANGE IN PRIME RATE.

- ☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

- ☒ **Frequency and Timing:** The rate on this note may increase as often as **DAILY**
 An increase in the index will take effect **SAME DAY AS CHANGE**

- ☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

- ☐ **Maximum Rate:** The rate will not go above _____
- ☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

- ☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).
- ☒ at a rate equal to **24.0 APR**

☒ **ADDITIONAL CHARGES:** In addition to interest, I ☐ have paid ☒ agree to pay the following additional charges **LOAN FEE: \$14,250.00**
LATE CHARGES: 3% OF PAYMENT DUE OR \$10.00, WHICHEVER IS GREATER. TITLE REP: \$2020.00

PAYMENTS: I agree to pay this note as follows:

- ☐ **Interest:** I agree to pay accrued interest _____

- ☐ **Principal:** I agree to pay the principal _____

- ☒ **Installments:** I agree to pay this note in **60** payments. The first payment will be in the amount of \$ **13,000.00**
 and will be due **JUNE 1**, 19 **86**. A payment of \$ **13,000.00** will be due on the **1ST** day of
 each **MONTH** thereafter. The final payment of the entire unpaid balance of
 principal and interest will be due **MAY 1**, 19 **91**.

- ☒ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

- ☐ The amount of each scheduled payment will be increased.
- ☒ The amount of the final payment will be increased.
- ☐ _____

ADDITIONAL TERMS:

A BALLOON PAYMENT OF APPROX. \$647,000.00 WILL BE DUE AT MATURITY.

☒ **SECURITY:** This note is secured by: **MORTGAGE DATED**
APRIL 28, 1986, ASSIGNMENTS OF LEASE
AND GUARANTEE OF KPD, INC.

☐ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

/s/ Vincent O. Cheyne

8370A

EXHIBIT "A"

That portion of the S $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 16, Township 41 South, Range 12 East of the Willamette Meridian described as follows: Beginning at the intersection of the Northeasterly line of the Great Northern Railroad right of way, 300 feet wide, as described in deed recorded in Volume 96, page 109, of Deed Records of Klamath County, Oregon, with the Northwesterly line of the Depot Road, 80 feet wide, as described in Deed recorded in Volume 96, page 173, of Deed Records of said County; thence North 71° 45' East along said Depot Road a distance of 263.29 feet to the true point of beginning of this description; thence North 165.23 feet; thence West 549.60 feet to the Northeasterly line of said Railroad right of way; thence following the boundary line of said Railroad right of way to its intersection with the North line of the South Half of the Southwest Quarter of Section 16; thence East along said North line to the Northeast corner of the Southeast Quarter of the Southwest Quarter; thence South along the East line of said Southeast Quarter of the Southwest Quarter 277.90 feet, more or less, to its intersection with the Northwesterly line of the Depot Road; thence Southwesterly along the Northwesterly line of the Depot Road to the point of beginning, EXCEPTING therefrom an additional portion conveyed to the Great Northern Railway by deed recorded in Volume 193 of Deeds, Page 209, Records of Klamath County, Oregon.

RESERVING unto the Grantor, his successors, heirs and assigns, an easement for ingress and egress across the most Easterly 30 feet of the above-described real property to the Grantor's property lying Northerly of the above-described premises.

INITIAL HERE

(X)

STATE OF OREGON: COUNTY OF KLAMATH: ss

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 15th day
of May A.D., 19 86 at 1:06 o'clock P.M., and duly recorded in Vol. M86,
of Mortgages on Page 8369.

FEE \$13.00

Evelyn Biehn, County Clerk
By [Signature]