

MORTGAGE

THIS INDENTURE WITNESSETH: That EDWIN J. CLOUGH, III of the County of Klamath, State of Oregon, for and in consideration of the sum of ONE HUNDRED FORTY THOUSAND AND 00/100 Dollars (\$140,000), to him in hand paid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant bargain, sell and convey unto E.J. CLOUGH JR. and ELDA F. CLOUGH of the County of Klamath, State of Oregon, the following described premises situated in Klamath County, State of Oregon, to-wit:

Parcel 1: A tract of land 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 the Southwest corner of the Northwest quarter of the Northwest quarter of Section 10; thence Northerly, along the division line between Sections 9 and 10, a distance of 398.0 feet to a point; thence South 89° 33' 15" East a distance of 62.53 feet, more or less, to the East boundary line of Washburn Way, being the True Place of Beginning; thence Northerly along the East boundary line of Washburn Way a distance of 350.0 feet; thence South 89° 33' 15" East a distance of 300.0 feet; thence Southerly along a line parallel to the East Boundary of Washburn Way a distance of 350.0 feet; thence North 89° 33' 15" West a distance of 300.0 feet to the point of beginning.

SAVING AND EXCEPTING therefrom the South 190 feet thereof.

Parcel 2: A tract of land situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, being more particularly described as follows:

Beginning at a point that is East a distance of 30 feet and N. 0° 34' W. a distance of 398 feet from the Southwest corner of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ said point being the Southwest corner of said parcel in Deed Volume M-73 on page 10206; thence East along the South line of said parcel 300 feet, being the Southeast corner of said deed and the true point of beginning; thence continuing East 322.30 feet; thence N. 0° 34' W. 350 feet; thence West 322.30 feet to the North-East corner of said parcel in Deed Volume M-73 page 10206, thence Southerly along the Easterly line of said parcel 350 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING therefrom that portion granted to RBO Properties, in M-82 on page 6140, records of Klamath County, Oregon.

Parcel 3: Lot 23, Block 19, SECOND RAILROAD ADDITION to the city of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon. Also, that portion of the Northwest Quarter of the Southwest Quarter of Section 33, Township 38 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at a point 1126.5 feet South of the Southwest corner of Block 11 in Railroad Addition to the City of Klamath Falls, Oregon, according to the duly recorded plat in the office of the County Clerk of said Klamath County: thence East 150 feet to the right of way of the California Northeastern Railroad; thence South 150 feet to the North side of the County Road; thence North 55° West, along said County Road 183 feet; thence North 45 feet to the place of beginning.

Also, that portion of vacated South 6th Street more particularly described as follows: Beginning at a point where the East line of Spring Street in the City of Klamath Falls, Oregon, intersects the Northerly line of South 6th Street; thence along the East line of Spring Street extended Southerly to a point on the center line of South 6th Street, which line lies 30 feet Southerly, when measured at right angles, to the Northerly line of 6th Street to a point where parallel to the Northerly line of South 6th Street to a point where it intersects the East line of Block 19, Second Railroad Addition extended; thence North along said extended East line of said Block 19 to the Northerly line of South 6th Street to the point of beginning.

Parcel 4: Lot 18, Except the North 1.51 feet, and Lots 19, 20, and 21 of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Parcel 5: Lots 9, 10, 11 and 12 in Block 45 of Malin, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

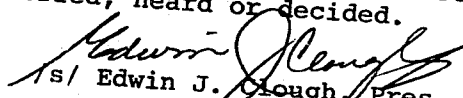
Together with the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining. To have and to hold the same with the appurtenances, unto the said heirs and assigns forever.

THIS CONVEYANCE is intended as a Mortgage to secure the payment of the sum of ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$140,000.00) in accordance with the terms of that

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certain promissory note of which the following is a substantial copy:

\$140,000.00 Clough Oil Co., a Corporation and Edwin J. Clough III, individually, April 17, 1986. We, jointly and severally, promise to pay to the order of Edwin J. Clough Jr. and/or Elda F. Clough at P.O. Box 668, Tulelake, California 96134.....One hundred Forty thousand and no/100 DOLLARS, with interest thereon at the rate of prime rate plus 3% as posted at South Valley State Bank, Klamath Falls from April 17, 1986 until paid, payable in monthly installments of not less than \$2,000.00 in any one payment; interest shall be paid first and is included in the minimum payments above required; the first payment to be made on the 15th day of May 1986, and a like payment on the 15th day of the month thereafter, until the whole sum, principal and interest has been paid; if any of said installments is not so paid, all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; however, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court, or courts in which the suit or action, including any appeal therein, is tried, heard or decided.


/s/ Edwin J. Clough, Pres

Clough Oil Co., Edwin J. Clough III, Pres.


/s/ Edwin J. Clough

Edwin J. Clough III, an individual

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: _____, 19____.


The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are: for an organization or are for business or commercial purposes other than agricultural purposes.

Now, if the sum of money due upon said instrument shall be paid according to the agreement therein expressed, this conveyance shall be void; but in case default shall be made in payment of the principal or interest or any part thereof as above

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provided, then the said E.J. CLOUGH JR. and ELDA F. CLOUGH and their legal representatives, or assigns may foreclose the Mortgage and sell the premises above described with all and every of the appurtenances or any part thereof, in the manner prescribed by law, and out of the money arising from such sale, retain the said principal, interest and attorney's fees as provided in said note, together with the costs and charges of making such sale and the surplus, if there be any, pay over to the said EDWIN J. CLOUGH, III heirs or assigns.

WITNESS my hand this 26 day of June, 1986.


Edwin J. Clough III

STATE OF OREGON)
) ss.
County of Klamath)

BE IT REMEMBERED, that on this 26 day of June, 1986, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named EDWIN J. CLOUGH III known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

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



NOTARY PUBLIC FOR OREGON
My Commission Expires: 8/9/87



MORTGAGE

EDWIN J. CLOUGH III

To

E.J. CLOUGH JR. and
ELDA F. CLOUGH

AFTER RECORDING RETURN TO:

E.J. & Elda F. Clough
P O Box 668
Tulelake, CA 96134

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STATE OF OREGON, County of Klamath) ss.

I certify that the within instrument was received for record on the 3rd day of July, 1986, at 1:13 o'clock P.M., and recorded in book M86 on page 11760 or as file/reel number 63370, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By Bernetha J. Litch Deputy

Fee \$21.00

MORTGAGE -5-

\$ 21.00 Check