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THIS MORTGAGE, Made this 25th day of September, 1986,
by Charles Nelson & Eleanor Nelson, as tenants by the entirety,
to South Valley State Bank hereinafter called Mortgagor,

hereinafter called Mortgagee,
WITNESSETH, That said mortgagor, in consideration of Twenty-Five Thousand and No/100-----
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" by this reference made a part hereof.

(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:

Note dated September 25, 1986 to Charles & Eleanor Nelson for the amount of \$25,000.00
with maturity of September 30, 1987.

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:
September 30, 1987.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(a) for the purchase of real property (b) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural 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 \$ FULL AMOUNT
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, if 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; it 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 the
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 re-
quired disclosures; for this purpose, if this instrument is to be a FIRST
lien to finance the purchase of a dwelling, use S-N Form No. 1305 or
equivalent; if this instrument is NOT to be a first lien, use S-N Form
No. 1306, or equivalent.

Charles S. Nelson
Eleanor S. Nelson

STATE OF OREGON, County of Klamath, ss: September 25, 1986
Personally appeared the above named Charles Nelson and Eleanor Nelson

and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me: Terrie J. Stockton Notary Public for Oregon

My commission expires: 3-14-87

MORTGAGE

TO

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

AFTER RECORDING RETURN TO

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

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 AM, and recorded
in book/reel/volume No. on
page or as document/fee/tile/
instrument/microfilm No.
Record of Mortgages of said County.

Witness my hand and seal of
County affixed.

NAME TITLE
By Deputy

EXHIBIT A

17970

A tract of land situated in the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 4, Township 40 South, Range 13 East of the Willamette Meridian, more particularly described as follows:

Beginning at a 5/8 inch iron pin on the center stripe of the County road, from which the West 1/4 corner of said Section 4 bears South 39° 59' 14" West 744.86 feet; thence North 01° 14' 35" East, along an existing fence and its Southerly extension, 207.18 feet to an existing fence corner; thence North 89° 19' 39" East, along an existing fence, 150.91 feet to an existing fence corner; thence South 01° 48' 00" West, along an existing fence and its Southerly extension, 360.78 feet to a 5/8 inch iron pin on the center stripe of said County Road; thence North 43° 31' 14" West 209.21 feet to the point of beginning.

Charles Nelson and Eleanor Nelson note dated September 25, 1986

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ October _____ A.D., 19 86 at 12:27 o'clock _____ P.M., and duly recorded in Vol. M86
of _____ Mortgages _____ on Page 17969

FEE \$9.00

Evelyn Biehn, County Clerk
By _____