

11

THIS MORTGAGE, Made this 26th day of September, 1986,
by Fairbanks Motel Associates, A Washington Limited Partnership,
to South Valley State Bank, hereinafter called Mortgagor,
WITNESSETH, That said mortgagor, in consideration of One Million Fifty 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 hereto.

(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 26, 1986 to Fairbanks Motel Associates, A Washington Limited Part-
nership in the amount of \$1,050,000.00 with maturity of March 25, 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:
March 25, 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, or for the improvement of real property, or for the purpose of refinancing a mortgage on real property;
(b) for an organization of family or household purposes, or for the purpose of refinancing a mortgage on real property;
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

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; 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
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, administra-
tors 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 disclosure 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.

STATE OF OREGON County of Klamath ss:
Personally appeared the above named Gerald Whitcomb, Managing General Partner of Fairbanks
Motel Associates and acknowledged the foregoing instrument to be his voluntary act and deed.
Before me: Terrie J. Storch, Notary Public for Oregon
My commission expires: 3-14-87

(NOTARIAL SEAL)

MORTGAGE

TO

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

AFTER RECORDING RETURN TO

SOUTH VALLEY STATE BANK
P. O. BOX 5210
KLAMATH FALLS, OREGON 97601

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 document/fee/file/
instrument/microfilm No. .
Record of Mortgages of said County.
Witness my hand and seal of
County affixed.

NAME TITLE
By Deputy

86 OCT 29 PM 2 03

19587

EXHIBIT A

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

PARCEL 1:

Beginning at an iron pin on the North line of Byrd Avenue of Chelsea Addition, a subdivision of Klamath County, State of Oregon, which iron pin is at a point South 0°06' West along the East section line of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, a distance of 688.5 feet and North 89°49' West along the North line of Byrd Avenue a distance of 444.4 feet from the iron axle (with Ball Race) which marks the Northeast corner of said Section 19; thence running North 89°49' West along the North line of Byrd Avenue a distance of 77.2 feet to an iron pin which lies on the Northeastly right of way line of State Highway No. 97, 95 feet at right angles from the Northeastly leg of same; thence North 38°52' West along the Northeastly right of way line of State Highway No. 97 (NOTE: The State Highway bearing of this line shows North 39°07½' West) a distance of 130.55 feet to a point; thence North 51°08' East at right angles a distance of 192.77 feet to an iron pin; thence South 38°52' East 15 feet to an iron pin; thence South 0°06' West parallel to the section line a distance of 211.1 feet, more or less, to the point of beginning, in the NE¼ of Section 19.

PARCEL 2:

A parcel of land lying in the NE¼ of NE¼ of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, and being more particularly described as follows: Beginning at a point in the North line of Byrd St. of Chelsea Addition to the City of Klamath Falls; said point being 688.5 feet South and 234.3 feet West from the Northeast corner of said Section 19; thence North 89°49' West along the North line of said Byrd St. a distance of 208.71 feet; thence North 0°11' East a distance of 208.71 feet; thence South 89°49' East a distance of 208.71 feet; thence South 0°11' West a distance of 208.71 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ October _____ A.D. 19 86 at 2:03 o'clock P. M., and duly recorded in Vol. 1936
on Page 19586
Mortgages

FEE \$9.00

Evelyn Biehn, County Clerk
By _____