

OK

THIS MORTGAGE, Made this 14TH day of JANUARY, 19 87,  
by WALTER C. BADOREK AND SHARON D. BADOREK, PARTNERS DOING BUSINESS AS BADOREK  
ENTERPRISES, 2521 S. SIXTH STREET, KLAMATH FALLS OR 97601 hereinafter called Mortgagor,  
to SOUTH VALLEY STATE BANK

hereinafter called Mortgagee,  
WITNESSETH, That said mortgagor, in consideration of THREE HUNDRED 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" FOR DESCRIPTION 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 JANUARY 14, 1987 IN THE NAME OF FARMERS STEEL CO. IN THE AMOUNT OF \$300,000  
WITH MATURITY OF JANUARY 15, 1988.

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:  
JANUARY 15, 19 88.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:

(a) primarily for mortgagor's personal, family or household purposes (see Important Notice below),

(b) 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 \$ 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 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 JANUARY 14, 19 87,

by WALTER C. BADOREK AND SHARON D. BADOREK

(SEAL)

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.)

No.

AFTER RECORDING RETURN TO

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

STATE OF OREGON,

County of KLAMATH } SS.

I certify that the within instru-  
ment was received for record on the  
day of January, 19 87,

at 10 o'clock AM, 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 Terrie L. Stodilton Deputy

926  
OK  
JUN 27 PM 2 25

Beginning on the South line of a County Road, at a point which is 1354.00 feet South 00°54' East and 1166.32 feet South 89°46' West and 25.00 feet South 00°43' East from the Northeast corner of the Jean B. Petit DeGobin Donation Land Claim No. 75, Township 6 South, Range 2 West of the Willamette Meridian, in Marion County, Oregon; thence South 00°43' East 500.00 feet; thence North 89°46' East 174.25 feet; thence North 00°43' West 500.00 feet to a point on the South line of said County Road; thence South 89°46' West 174.25 feet to the place of beginning.

TOGETHER WITH an easement for road, roadway and railroad spur line purposes, in common with others, over the following described parcel:

Beginning at an iron rod which is 1354.00 feet South 00°54' East and 611.82 feet South 89°46' West and 525.00 feet South 00°43' East from the Northeast corner of the Jean B. Petit DeGobin Donation Land Claim No. 75, in Township 6 South, Range 2 West of the Willamette Meridian, Marion County, Oregon; and running thence South 89°46' West 1600.85 feet to an iron rod; thence South 89°55' West 527.00 feet to an iron rod at the Southeast corner of that certain tract of land conveyed to Shell Oil Co. by Deed recorded in Volume 603, Page 65, Marion County Deed Records; thence South 89°36' West along the South line of said Shell Oil Co. tract, as extended 732.87 feet to an iron pipe in the easterly line of Market Road No. 36; thence South 23°20' West along said easterly line, 92.85 feet to an iron pipe; thence North 89°36' East 769.95 feet to a point; thence North 89°55' East 526.88 feet to a point; thence North 89°46' East 1601.68 feet to an iron pipe; thence North 00°43' West 85.00 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_  
of January A.D., 19 87 at 2:25 o'clock P M., and duly recorded in Vol. M87,  
of Mortgages on Page 1008.

FEE \$9.00

Evelyn Biehn, County Clerk  
By [Signature]