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ASSIGNMENT AND MORTGAGE

DATE: MARCH 2, 1987

PARTIES: Janet R. Sherrill
9390 Highway #140
Klamath Falls, OR 97601

Assignor-Mortgagor

Rev. SOUTH VALLEY STATE BANK, an Oregon Banking
Corporation
5215 South Sixth Street
Klamath Falls, OR 97601 Assignee-Mortgagee

R E C I T A L S:

A. The Assignor-Mortgagor is the owner of a real estate mortgage on a parcel real property, a complete description of which is set forth on Exhibit "A" attached hereto, which is dated March 1, 1979 and recorded March 1, 1979 in volume M79 page 4558 mortgage records of Klamath County Oregon wherein Arvil R. Wyrick and Glenda G. Wyrick were the mortgagees.

B. The Assignor-Mortgagor desires to borrow funds from the Assignee-Mortgagee and to use its interests in the mortgage on real property as security for said loan.

C. In consideration of the loan of money hereinafter described, the Assignor-Mortgagor assigns and mortgages and the parties agree as follow:

AGREEMENTS:

SECTION 1. ASSIGNMENT:

1.1 For value received by Assignor from Assignee, Assignor hereby grants, bargains, sells and conveys to Assignee, its successors and assigns, all of Assignors' right, title and interest in her interest on the mortgage above.

1.2 The Assignor warrants that the following amount is now due to it under the encumbrance of \$73,152.26 and that the property has a reasonable value of \$120,000, and that the Assignor will not accept any prepayments or pay-offs upon said encumbrance without applying the excess proceeds to the obligation of the Assignee herein.

1.3 In the event of default of the obligation hereinafter mentioned, the Assignor appoints the Assignee its attorney-in-fact with full power of substitution to enforce the

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obligations of the above-mentioned interests in real property and to collect the amounts due thereunder and apply the same to the obligation of the Assignor herein without prejudice to the other rights of the Assignee here in.

SECTION 2. CONVEYANCE:

For value received by Mortgagor from Mortgagee, Mortgagor hereby mortgages grants bargain, sells and conveys to mortgagee its successors and assigns, her interest in the real property described in Exhibit "A" attached hereto, together with the appurtenances now or hereafter belonging to the property, and all the rents, issues and profits arising or to arise therefrom. All property subject to this Mortgage is hereinafter referred to as the "Mortgaged Premises". Until default, Mortgagor will remain in possession of the mortgaged premises, and may manage and collect all revenues from the Mortgaged Premises.

SECTION 3. PURPOSE:

This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained and contained in any loan agreement, security agreement or other agreement between Mortgagor and Mortgagee, and to secure the payment of a loan or loans in the sum of Ninety five thousand and No 100/ths (\$95,000.00) dollars, as evidenced by a promissory note or notes held by the Mortgagee, together with interest payable on the unpaid balances thereof at the rates specified in the notes or at such other rates prescribed from time to time by Mortgagee in accordance with law and agreement with Mortgagor, any and all renewals or extensions thereof. All covenants and provisions of this Mortgage shall bind the successors and assigns of Mortgage and shall inure to the benefit of the successors and assigns of mortgagee. This mortgage shall also include any and all future advances made by Mortgagee to Mortgagor.

SECTION 4. WARRANTY OF TITLE:

At the time of execution and delivery of this Mortgage, Mortgagor is the owner of the Mortgaged Premises. Mortgagor has the right and authority to mortgage the Mortgaged Premises. Mortgagor will defend Mortgagee's rights against any liens and encumbrances other than those listed in this Mortgage.

SECTION 5. PAYMENT AND PERFORMANCE:

Mortgagor will pay, when due, the indebtedness secured by this Mortgage in accordance with the terms thereof. Mortgagor will strictly perform all obligations of this Mortgage and of any loss agreement or security agreement executed in connection with the indebtedness secured by this

Mortgage. Mortgagor will promptly comply with all existing or future laws, orders and regulations of all state, federal, municipal and local governments or any similar bodies affecting the mortgaged premises or its use.

SECTION 6. ASSIGNMENT OF ISSUES AND PROFITS:

Mortgagor hereby assigns and transfers to Mortgagee the issues and profits, together with full power and authority to demand, sue for and collect the same in the name of Mortgagors, or in its own name, and to take possession of and manage the Mortgaged Premises or to cause a receiver to be appointed for such purpose and apply the income therefrom, after the costs of collection and management, to the reduction of the indebtedness secured hereby. However, the right to collection and management shall not apply as long as this Mortgage is in good standing.

SECTION 7. DEFAULT:

7.1. Events of Default: The occurrence of any one or more of the following events shall constitute a default hereunder:

- (a) Mortgagor's default in the timely payment of any indebtedness to Mortgagee when due;
- (b) Mortgagor's failure to perform or observe all the provisions of this Mortgage;
- (c) The happening of an event of default under any other agreement of security instrument between Mortgagor and Mortgagee;
- (d) Mortgagor's insolvency or inability to pay their debts as they mature or Mortgagor's assignment for the benefit of creditors or filing of a voluntary petition in bankruptcy, or a voluntary petition seeking reorganization, or effecting a plan or other arrangement with creditors, or filing an answer consenting to or taking any other action indicating acquiescence in any involuntary petition pursuant to, or purporting to be pursuant to, any bankruptcy, reorganization or insolvency laws of any jurisdiction, or adjudication of Mortgagor as bankrupt or insolvent by any court of competent jurisdiction or appointment of a receiver for any substantial portion of Mortgagor's property.
- (e) Sale or other transfer of the mortgaged Premises, or any part thereof without the prior written consent of Mortgagee.

7.2. Remedies on Default. If any default occurs, Mortgagee may, at its' option, declare the entire unpaid balance of principal and accrued interest secured by this

Mortgage immediately due and payable, together with any prepayment penalties imposed by any agreement or security agreement between Mortgagor and Mortgagee, and foreclosure proceedings may be immediately commenced. The failure of

Mortgagee to exercise any option given hereunder shall not be taken or deemed a waiver of its right to exercise its option as to any past or subsequent violation of any covenants or stipulations.

In addition to all other remedies provided herein, or by law, the Mortgagee, under the Assignment provisions of this agreement, may notify the payees under the obligations assigned to commence making payment to the Mortgagee.

SECTION 8. ATTORNEY FEES AND OTHER COSTS

In the event suit or action is begun to foreclose this Mortgage, Mortgagor will pay, in addition to the costs and disbursements allowed by law, such sum as the court may adjudge reasonable attorney fees in such suit or action, or any appeal therefrom. Mortgagor will also pay such sums as the court may adjudge reasonable for the necessary examination and search of the public records respecting the title to the mortgaged premises. The plaintiff in such suit or action may take judgment therein for such sums. Mortgagor will pay to Mortgagee all sums, including costs, expenses and reasonable agent and attorney fees, which Mortgagee may expend or become obligated for in any proceedings legal or otherwise, involving the title to the mortgaged premises, or to establish, protect or sustain the lien of this Mortgage, or its priority, or in defending against liens, claims, rights, estates, easements or restrictions, or for evidences of title to the Mortgaged Premises. Interest shall be paid to Mortgagee on all such sums as the rate than payable on the indebtedness secured hereby. This Mortgage shall stand as security for payment of these sums and interest in like manner and effect as for payment of the indebtedness secured.

SECTION 9. MISCELLANEOUS:

9.1. terminology: The word "Mortgagor" and the language of this instrument shall, where there is more than one Mortgagor, be construed as plural and be binding jointly and severally upon all Mortgagors and the word "Mortgagee" shall apply to any holder of this Mortgage.

9.2. Nonwaiver: No condition of this Mortgage shall be deemed waived unless expressly waived in writing by Mortgagee.

9.3. Notices: Whenever any notice, demand or request is required by the terms of this Mortgage or by any law now in existence or hereafter enacted, the notice, demand or

box.

9.4. Substitution of Collateral. Subject to the laws of the State of Oregon, the collateral in the real property and real property interests set forth in Exhibit "A" may be amended and substituted by an addendum to this Agreement, property executed and recorded pursuant to law, from time to time, as the parties may agree.

9.5 Applicable Law. This Mortgage shall be governed by the law of the State of Oregon and any question arising hereunder shall be construed or determined according to such laws.

THE PARTIES have executed this Agreement as of the date first written.

ASSIGNOR-MORTGAGOR

JANET R. SHERRILL

BY: Janet R Sherrill

STATE OF OREGON)

COUNTY OF KLAMATH)

March 3rd, 1987.

Personally appeared the above-named Janet R. Sherrill, and acknowledged the foregoing instrument to be his voluntary act. Before me:

Terrie L Hinckley
Notary Public for Oregon
My Commission expires: 2-12-94

That portion of the N1/2 of Lot 10 in Section 29, Township 39 South, Range 10 E.W.M., Klamath County, Oregon, lying North of the U.S.R.S. Diversion Reservoir, East of Lost River and South of the Crystal Springs County Road, said parcel of land being more particularly described as follows: Beginning at the iron pipe monument marking the corner common to Sections 20, 21, 28 and 29, Township 39 South, Range 10 E.W.M., said point also being the Northeast corner of said Lot 10; thence S. 31 32' W. a distance of 35.17 feet to a 5/8 inch iron pin set in a fence line on the Southerly right of way line of Crystal Springs Road and the true point of beginning of this description; thence continuing S. 31 23' W. a distance of 518.23 feet to a 5/8 inch iron pin; thence North 07 41' East a distance of 322.0 feet, more or less, to a 5/8 inch iron pin set in a fence line of the Southerly right of way of Crystal Springs Road; thence Northeasterly along the Southerly right of way line of Crystal Springs Road to the point of beginning; said description being in accordance with Survey #1861 filed in the office of the Klamath County Surveyor on August 22, 1973.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley State Bank the 16th day
of March A.D., 19 87 at 4:31 o'clock P M., and duly recorded in Vol. M87
of Mortgages on Page 4196.

FEE \$25.00

Evelyn Biehn, County Clerk
By [Signature]