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FORM No. 755A—MORTGAGE.

OK

THIS MORTGAGE, Made this 9TH day of NOVEMBER, 1987, by DANIEL G. BROWN and ELOUISE BROWN, as tenants by the entirety, as to an undivided 1/2 interest; and F. J. DANFORTH and MARY JANE DANFORTH, as tenants** 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 property situated in KLAMATH County, State of Oregon, bounded and described as follows, to-wit:

** by the entirety, as to an undivided 1/2 interest, all as tenants in common

SEE ATTACHED EXHIBIT "A"

(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 NOVEMBER 9, 1987 IN THE NAMES OF DANIEL G. BROWN AND ELOUISE BROWN IN THE AMOUNT OF \$300,000.00 WITH MATURITY OF MAY 1, 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: MAY 1, 1988.

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

(b) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes. And said mortgagee 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, 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 payment 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 premises 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, encumbrance or insurance 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, administrators 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 disclosures; for this purpose use S-M Form No. 1319, or equivalent.

STATE OF OREGON,

County of KLAMATH

SS:

X Daniel G. Brown
DANIEL G. BROWN
X Eloise Brown
ELOUISE BROWN
X F. J. Danforth
F. J. DANFORTH
X Mary Jane Danforth
MARY JANE DANFORTH

NOVEMBER 11, 1987.

This instrument was acknowledged before me on

by DANIEL G. & ELOUISE BROWN AND F. J. & MARY JANE DANFORTH

Notary Public for Oregon

My commission expires 9/12/89

STATE OF OREGON
COUNTY OF KLAMATH
MORTGAGE

TO

(DON'T USE THIS SPACE; RESERVED FOR RECORDING LABEL IN COUNTIES 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 instrument was received for record on the day of 19, at o'clock M., and recorded in book/reel/volume No. on page or as fee/title/instrument/microfilm/reception No. Record of Mortgage of said County.

Witness my hand and seal of County affixed.

NAME TITLE
By Deputy

EXHIBIT "A"

20721

Those certain parcels of land situated in the Northwest quarter of Section 16, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

PARCEL 1:

Beginning at the point of intersection of a line concentric with and distant 50 feet Southwesterly, measured radially from the original located "D" center line of Southern Pacific Transportation Company's main track (Klamath Falls to Flanigan) with the Easterly line of the United States Reclamation Service Drain Ditch, 1-G-2; thence Southwesterly and Southeasterly along said Easterly line on the courses and curvature thereof as follows: South 23° 09' West 580 feet to a point, Southwesterly on a curve to the right, having a radius of 366.84 feet, and a central angle of 17° 55' (tangent to said curve at last mentioned point is last described course), an arc distant of 114.71 feet to a point South 41° 04' West tangent to said curve at last mentioned point 377 feet, and South 40° 35' 15" East 125 feet to the Northerly line of the certain 60 foot wide, unoccupied County Road (of record), as said road existed prior to the year of 1929; thence leaving said Easterly line South 89° 43' 15" East along said Northerly line 1305 feet to a line parallel and concentric with and distant 50 feet Southwesterly, measured radially at right angles, from said center line; thence Northwesterly along said parallel and concentric line 1321 feet to the point of beginning, more or less.

PARCEL 2:

Commencing at the point of intersection of a line concentric with and distant 50 feet Southwesterly, measured radially, from the original located "D" center line of Southern Pacific Transportation Company's main track (Klamath Falls to Flanigan) with the Easterly line of the United States Reclamation Service Drain Ditch, 1-G-2; thence Southwesterly and Southeasterly along said Easterly line on the courses and curvature thereof as follows: South 23° 09' West 580 feet to a point, Southwesterly on a curve to the right, having a radius of 366.84 feet, and a central angle of 17° 55' (tangent to said curve at last mentioned point is last described course), an arc distant of 114.71 feet to a point, South 41° 04' West tangent to said curve at last mentioned point 377 feet and South 40° 35' 15" East 205 feet to the Southerly line of that certain 60 foot wide, unoccupied County Road (of record), as said road existed prior to the year of 1929, and the true point of beginning of the parcel to be described; thence leaving said Easterly line South 89° 43' 15" East along said Southerly line 1305 feet to a line parallel with and distant 50 feet Southwesterly, measured at right angles, from said center line; thence South 40° 35' 15" East along said parallel line 264.47 feet to a line parallel with and distant 200 feet Southerly, measured at right angles, from the Easterly prolongation of said Southerly line; thence North 89° 43' 15" West along last said parallel line and the Westerly prolongation thereof 1305 feet to said Easterly line herein above described as having a bearing of South 40° 35' 15" East; thence North 40° 35' 15" West along said Easterly line, 264.47 feet to the true point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Company
of November A.D. 19 87 at 11:36 o'clock A M., and duly recorded in Vol. M87 day
of November Mortgages on Page 20720

FEE \$10.00

Evelyn Biehn, County Clerk
By Ram Smith