FORM No. 755A—MORTGAGE. STEVENS-NESS LAW PUB. CO., PORTLAND, OR. 97204

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THIS MORTGAGE, Made this 15TH day of MARCH, 1989,

by ALLAN L. CRAIGMILES AND JANE A. CRAIGMILES, HUSBAND AND WIFE hereinafter called Mortgagor,

to SOUTH VALLEY STATE BANK hereinafter called Mortgagee,

WITNESSETH, That said mortgagor, in consideration of ONE HUNDRED THOUSAND EIGHT HUNDRED 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:

LOT 20 IN BLOCK 3 OF TRACT 1120 - SECOND ADDITION TO EAST HILLS ESTATES, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON. TAX ACCOUNT NO: 3909 001AD 02800

(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:

PROMISSORY NOTE DATED MARCH 15, 1989 IN THE AMOUNT OF $100,800.00 IN THE NAMES OF ALLAN L. CRAIGMILES AND JANE A. CRAIGMILES WITH A MATURITY OF OCTOBER 1, 1990.

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:

OCTOBER 1, 1990 WITH RIGHTS TO FUTURE ADVANCES AND RENEWALS

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) ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

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, 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 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, time being of the essence with respect to such payment and/or performance, 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 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.

Allan L. Craigmiles
ALLAN L. CRAIGMILES

Jane A. Craigmiles
JANE A. CRAIGMILES

* 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-N Form No. 1319, or equivalent.

STATE OF OREGON, County of KLAMATH } ss.

This instrument was acknowledged before me on March 15, 1989

by Allan L. Craigmiles & Jane A. Craigmiles

Gale L. Clark
Notary Public for Oregon
My commission expires 12-13-91

(SEAL) NOTARY PUBLIC OF OREGON

MORTGAGE

ALLAN L. CRAIGMILES

JANE A. CRAIGMILES

TO

SOUTH VALLEY STATE BANK

No.

AFTER RECORDING RETURN TO

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

(DON'T USE THIS SPACE; RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED.)

STATE OF OREGON, County of Klamath } ss.

I certify that the within instrument was received for record on the 28th day of March, 1989, at 11:14 o'clock AM., and recorded in book/reel/volume No. M89 on page 5145 or as fee/file/instrument/microfilm/reception No. 98488, Record of Mortgage of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk
NAME TITLE

By Pauline Muchendorfer Deputy

Fee $8.00

8.00