

MZ-
21123PMORTGAGE

LEE R. SUKRAW, an individual, hereinafter called "Mortgagor", hereby mortgages to LEON R. ANDRIEU and MINNIE RUTH ANDRIEU, husband and wife as tenants by the entirety, hereinafter called "Mortgagee", and to their heirs, executors, administrators and assigns, that certain real property situated in the County of Klamath, Oregon, more particularly described in Exhibit "A" Attached hereto and, by this reference, made a part hereof, together with all appurtenances, tenements, hereditaments, rents, issues, profits, water rights, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above-described premises.

This mortgage is intended to secure the payment of a promissory note, a copy of which is attached hereto, marked Exhibit "B" and, by this reference, made a part hereof.

The final payment of principal and interest thereon, if not sooner paid, is due and payable on March 15, 2004.

Mortgagor covenants to and with Mortgagee that he is lawfully seized in fee simple of said premises and that he has a valid, unencumbered title thereto, excepting therefrom those encumbrances described in Exhibit "C" attached hereto and, by this reference, made a part hereof, and Mortgagor will warrant and forever defend the same against all persons.

Mortgagor agrees:

1. That he will pay said promissory note according to the terms thereof;

MORTGAGE -- PAGE 1

After recording return to:
Mountain State Co.

'89 MAR 30 AM 9 09

1 2. That he will pay all taxes, assessments and other
2 charges which may be levied or assessed against said property when
3 due;

4 3. That he will promptly discharge any liens against
5 said property which are superior to the lien of this Mortgage;

6 4. That he will keep the buildings which now exist or
7 which may hereafter be erected upon the premises insured in favor
8 of the Mortgagee against loss of damage by fire, with extended
9 coverage, in a sum not less than the insurable value, in a company
10 reasonably acceptable to the Mortgagee, and that he will name
11 Mortgagee as an additional insured as Mortgagee's interest may
12 appear;

13 5. That he will keep the building and improvements on
14 said premises in reasonably good repair and that he will not commit
15 or suffer any waste of the premises.

16 If the Mortgagor shall keep and perform the covenants
17 herein contained and shall pay said promissory note according to
18 its terms, this conveyance shall be void; otherwise, it shall
19 remain in full force as a mortgage to secure the performance of all
20 of the covenants herein and the payment of said promissory note.
21 Time is of the essence hereof and, if Mortgagor fails to perform
22 any covenant herein or to pay said promissory note according to its
23 terms, Mortgagee shall have the option to declare the whole amount
24 unpaid on the note immediately due and payable and this Mortgage
25 may be foreclosed at any time thereafter. In the event of any suit
26 or action being instituted to foreclose this Mortgage, Mortgagor
27

28 MORTGAGE -- PAGE 2

1 agrees to pay all reasonable costs incurred by Mortgagee for title
2 search and reports and such further sum as the trial court may
3 adjudge reasonable as Mortgagee's attorneys' fees in said suit or
4 action, and any appellate court on appeal of such suit or action,
5 all of said sums to be secured by the lien of this Mortgage.

6 All of the covenants and agreements herein shall apply
7 to and bind the heirs, executors, administrators, successors and
8 assigns of the Mortgagee and Mortgagor, respectively.

9 Whenever the context so requires, the masculine includes
10 feminine and/or neuter and the singular includes the plural.

11 In the event Mortgagor fails to make any payments
12 required under the terms of this Mortgage or to perform any of the
13 acts required of him by this Mortgage, Mortgagee shall have the
14 option of making said payments or performing said acts and adding
15 the amount thereof to the principal balance due under this
16 Mortgage, to bear interest at the rate of ten percent (10%) per
17 annum and to be secured by this Mortgage.

18 In the event that all or any portion of said property
19 shall be taken by eminent domain, the Mortgagee shall have the
20 right to require that all or any portion of the monies payable as
21 compensation for such taking, in excess of the amount required to
22 pay reasonable costs and attorneys' fees incurred by Mortgagor in
23 such proceedings, shall be paid to the Mortgagee and applied by him
24 first to any costs and expenses necessarily paid or incurred by the
25 Mortgagee in such proceedings, and the balance shall be applied to
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28 MORTGAGE -- PAGE 3

1 the note secured hereby against the payments last becoming due
2 thereon.

3 As additional security, Mortgagor hereby assigns to
4 Mortgagee all rents, royalties and other payments, including
5 payments on contracts of sale, arising from said property and, if
6 included in such rent, royalty or other payment, from any personal
7 property located thereon. Until Mortgagor shall default in the
8 payment of the promissory note secured hereby, Mortgagor shall have
9 the right to collect all such rents, royalties and other payments
10 earned prior to default as they become due. Upon default, the
11 Mortgagee may, at any time after ten (10) days notice, either in
12 person or by agent and without regard to the adequacy of the
13 security for said note, enter upon and take possession of said
14 property and sue for or otherwise collect the rents, royalties and
15 other payments and apply the same, less costs and expenses of
16 operation and collection, including reasonable attorneys' fees,
17 upon the promissory note secured hereby.

18 In the event a suit is instituted to foreclose this
19 Mortgage, Mortgagor consents to the appointment by the court of a
20 receiver to collect the rents, royalties and other payments due
21 with respect to said property, without notice to the Mortgagor,
22 upon the giving of such receiver's bond and upon such terms and
23 conditions as may be fixed by the court.

24 The Mortgagor agrees that failure of the Mortgagee at
25 any time to require performance by the Mortgagor of any provision
26 of this Mortgage or said promissory note shall in no way affect
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28 MORTGAGE -- PAGE 4

Mortgagee's rights hereunder to enforce same, nor shall any waiver by the Mortgagee of any breach of any provision hereof be held to be a waiver of any such breach of any such provision, or as a waiver of the provision itself.

The rights and obligations of Mortgagor hereunder shall not be assigned or assumed without prior written permission of Mortgagee hereunder, provided further that said permission shall not be unreasonably withheld.

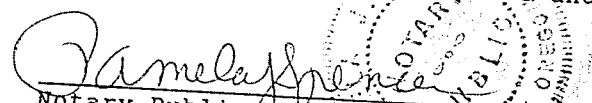
Mortgagor shall have the right to prepay all or any part of this Mortgage at any time without penalty.

IN WITNESS WHEREOF, Mortgagor has hereunto set his hand all on the day and year first above.


LEE, SUKRAW
R.

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

On March 29, 1989, before me, the undersigned Notary Public, personally appeared the above-named LEE SUKRAW and acknowledged the foregoing instrument to be his voluntary act and deed.


Notary Public for Oregon
My commission expires: 8/18/92

MORTGAGE -- PAGE 5

Order No: 21123

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1

Government Lots 3, 5, 6, and 7 in Section 27 Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM a tract of land situated in Government Lot 3 of Section 27 Township 40 South, Range 9 East of the Willamette Meridian, as follows:

Beginning at the Southeast corner of said Government Lot 3; thence North along the East line of Government Lot 3 to the Northeast corner thereof, thence West along the North line of Government Lot 3, 998 feet more or less to an existing fence on the right bank of an irrigation ditch as now constructed, thence South Easterly following said fence and ditch to a point on the South line of Government Lot 3, said point being 147 feet West of the point of beginning, thence East along the South line of Government Lot 3 to the point of beginning.

PARCEL 2

The Southwest Quarter (SW1/4) of the Southeast (SE1/4) and the Southeast Quarter (SE1/4) of the Southeast Quarter (SE1/4) and Lots four (4) and ten (10) of Section 28; all in Township 40 South, Range 9 East of the Willamette Meridian.

Portions of Lots 2, 5, 8 and 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon, being more particularly described as follows: Beginning at a point on the North-South center line of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, from which the quarter-section corner common to sections 21 and 28, Township 40 South, Range 9 East of the Willamette Meridian bears North 0 degrees 06 1/4' East 1839.0 feet distant; thence North 68 degrees 30 3/4' West 34.7 feet to an iron pipe reference monument; thence North 68 degrees 30 3/4' West 25.6 feet to the center line of the Klamath Drainage District North Canal as the same is presently located and constructed; thence, following the center line of said canal, South 0 degrees 06' West 198.5 feet to a point; thence South 89 degrees 06' East 1039.6 feet to a point; thence South 59 degrees 06' East 1039.6 feet to a point; thence South 72 degrees 54 1/2' East 309.7 feet to a point where the center line of said canal intersects the Southerly line of Lot 9 of said Section 28; thence, leaving the center line of said canal, South 89 degrees 48 1/2' East along the Southerly line of said Lot 9 51.0 feet to the Southeast corner of said Lot 9; thence North 0 degrees 02 1/4' West 788.3 feet to a point in the center line of the lower Klamath Lake County Road as the same is presently located and constructed; thence

(continued)

EXHIBIT "A"

North 69 degrees 35' West along the center line as said County Road 533.5 feet to a point; thence, leaving said County Road center line, South 0 degrees 09 1/4' West 31.12 feet to an iron pipe reference monument; thence South 0 degrees 09 1/4' West 400.0 feet to an iron pipe; thence North 74 degrees 59 1/4' West 502.5 feet to an iron pipe; thence North 68 degrees 30 3/4' West 351.1 feet more or less to the point of beginning.

That portion of Lot 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon, lying Southerly from the center line of the Klamath Drainage District North Canal, as the same is presently located and constructed, and being more particularly described as follows: Beginning at a point on the westerly line of Lot 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian, where the same intersects the center line of the Klamath Drainage District North Canal and from which point the quarter-section corner common to sections 21 and 28 bears North 0 degrees 06 1/4' East 2015.5 feet distance, thence South 0 degrees 06 1/4' West 620.8 feet to the Southwest corner of said Lot 9; thence South 89 degrees 48 1/2' East along the South line of said Lot 9 1263.2 feet to a point on the center line of the said Klamath Drainage District North Canal; thence, following the center line of said canal, North 72 degrees 54 1/2' West 309.7 feet to a point; thence North 59 degrees 06' West 1039.6 feet to a point; thence North 89 degrees 54 1/2' West 74.0 feet more or less to the point of beginning.

NW1/4 SE1/4 of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The following property being a portion of Government Lot 2, Section 28, Township 40 South, Range 9 East of the Willamette Meridian described as follows:

Beginning at a point that is South 0 degrees 02' 15" East 1320' from the NE1/4 corner of Government Lot 2; thence West 20 feet; thence South 0 degrees 02' 15" East to North right of way line of Lower Lake Road; thence South 69 degrees 35' East to East line of said Government Lot 2; thence North 0 degrees 02' 15" West 499.5 feet to the point of beginning.

PARCEL 3

5283

Government Lot three (3) of Section Twenty-eight (28), Township Forty
(40) South, Range Nine (9) East of the Willamette Meridian.

Excepting any portion of the property lying within the right of way of
Lower Lake Road.

Tax Account No: 4009 02700 00600
4009 02700 00800
4009 02800 01100
4009 02800 01300
4009 02800 01400
4009 02800 01500
4009 02800 01600
4009 02800 01700

\$ 136,000.00

Klamath Falls, Oregon,

March 15

1989

I (or if more than one maker) we, jointly and severally, promise to pay to the order of Leon R. Andrieu and Winnie Ruth Andrieu, husband and wife,

at Klamath Falls, Oregon.

One Hundred Thirty Six Thousand and no/100

DOLLARS,

with interest thereon at the rate of 10 percent per annum from March 15, 1989 until paid, payable in annual installments of not less than \$17,881.28 in any one payment; interest shall be paid annually and

~~2232222222~~ the minimum payments above required; the first payment to be made on the 15th day of March 1989, and a like payment on the 15th day of March thereafter, until the whole sum, principal and interest has been paid; if any of said installments is not so paid, all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; however, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court, or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

* Strike words not applicable.

Note shall be paid in full
on or about March 15, 2004
NO PREPAYMENT PENALTY.

Lee R. Sukraw

1. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.
2. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Klamath Hills Improvement District.
3. Regulations, including levies, assessment, water and irrigation rights and easements for ditches and canals of Klamath Drainage District.
4. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied; in addition thereto a penalty may be levied if notice of disqualification is not timely given.
5. Right of way for the Klamath Drainage District North Canal as shown on the Klamath County Assessors maps.
6. An easement as disclosed by Warranty Deed, subject to the terms and provisions thereof.
Dated: October 25, 1940
Recorded: November 4, 1940
Volume: 133, page 88, Deed Records of Klamath County, Oregon
Easement for power line along said road
7. An easement created by instrument, subject to the terms and provisions thereof,
Dated: April 17, 1969
Recorded: May 1, 1969
Volume: M69, page 3254, Microfilm Records of Klamath County, Oregon
In favor of: Pacific Power and Light Company
For: Electrical transmission and distribution line
8. Geothermal Lease and Agreement, subject to the terms and provisions thereof,
Dated: June 30, 1971
Recorded: September 7, 1971
Volume: M71, page 9495, Microfilm Records of Klamath County, Oregon
Between Leon R. Andrieu and Minnie Ruth Andrieu, husband and wife and Geothermal Resources International, Inc.

Agreement, subject to the terms and provisions thereof,
Dated: April 5, 1976
Recorded: May 19, 1976
Volume: M76, page 7658, Microfilm Records of Klamath County, Oregon
9. Geothermal Lease and Agreement, subject to the terms and provisions thereof,
Dated: June 19, 1972
Recorded: August 8, 1972
Volume: M72, page 8749, Microfilm Records of Klamath County, Oregon
Between Leon R. Andrieu and Minnie Ruth Andrieu, husband and wife and Geothermal Resources International, Inc.

Agreement, subject to the terms and provisions thereof,
Dated: June 19, 1972
Recorded: April 9, 1976
Volume: M76, page 7668, Microfilm Records of Klamath County, Oregon

10. An easement created by instrument, subject to the terms and provisions thereof,
 Dated: June 21, 1978
 Recorded: June 28, 1978
 Volume: M78, page 13861, Microfilm Records of Klamath County, Oregon
 In favor of: Pacific Power and Light Company
 For: Electric transmission and distribution line

11. An easement created by instrument, subject to the terms and provisions thereof,
 Dated: July 31, 1981
 Recorded: March 1, 1982
 Volume: M82, page 2523, Microfilm Records of Klamath County, Oregon
 In favor of: Lawrence G. Letterman and Margaret K. Letterman, husband and wife
 For: Ingress and egress and the installation, operation, and maintenance of water conduits and electric power transmission lines

12. An easement created by instrument, subject to the terms and provisions thereof, as disclosed by contract of sale, recorded in Volume M82, at page 9223, Microfilm Records of Klamath County, Oregon as follows:

"A perpetual non-exclusive easement for roadway purposes being 22 feet wide along the West boundary of the E1/2 of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, extending from Lower Klamath Lake Road to a point 22 feet South of the South line of the M1/2 of said Section 28."

13. An easement created by instrument, subject to the terms and provisions thereof,
 Dated: July 18, 1980
 Recorded: June 21, 1988
 Volume: M88, page 9549, Microfilm Records of Klamath County, Oregon
 In favor of: Larry Toss and Shirley L. Ross, husband and wife
 For: Road purposes for access to property

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co.
 of March A.D., 19 89 at 9:09 o'clock A. M., and duly recorded in Vol. M89 day
 of Mortgages on Page 5276

FEE \$58.00

Evelyn Biehn County Clerk

By Caroline Mulindau