

with interest. The interest rate, payment terms and balance due under the note(s) may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the note(s) and on account of any extensions and renewals of the note(s).

To secure payment of the Indebtedness and performance of all obligations of Mortgagor under this Mortgage, Mortgagor hereby mortgages to the Lender on the terms set out below the following property, Tax Account No. Klamath _, located in . _ County. State of Oregon:

See "Exhibit B" attached hereto.

which has the address of ____

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Together with all appurtenances, all existing or subsequently erected or affixed improvements or fixtures, and, unless this Mortgage is being given to secure an extension of consumer credit requiring disclosures under the Federal Truth-in-Lending Act, Mortgagor also hereby grants to Lender a Uniform Commercial Code security interest in all fixtures, equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property; all of the foregoing is collectively referred to as the Property. Mortgagor hereby assigns to Lender as additional security for the Indebtedness all present and future rents, leases, and profits from the Property.

1. Maintenance of the Property.

1.1 The Property shall be maintained in good condition at all times. Mortgagor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Mortgagor shall not commit or permit any waste on the Property. Mortgagor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property, Mortgagor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use.

1.3 Mortgagor shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any improvement on the Property, Mortgagor agrees:

2.1 To commence construction promptly and in any event within 30 days from the date of this instrument, and complete the same in accordance with any agreements relating to construction and plans and specifications satisfactory to Lender within 8 months of the date of this instrument;

2.2 To allow Lender to inspect the Property at all times during construction; 2.3 To replace any work or materials unsatisfactory to Lender within 15 calen-

dar days after written notice to the Mortgagor of such fact;

2.4 That work shall not cease on the construction of such improvements for any reason whatsoever for a period of 15 consecutive days.

Taxes and Liens.

3.1 Mortgagor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Lender under this Mortgage, or Lender gives its pricr written consent to the deferral. Mortgagor shall maintain the Property free of any lices having priority over or equal to the interest of the Lender under this Mortgage, except for "Permitted Encumbrances" as defined in 8.1, the lien of

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Mortgagor shall carry such insurance as the Lender may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risks. Insurance on the Property shall be carried in companies and under policies approved by the Lender and shall be for an amount equal to the remaining unpaid portion of the Indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy. 4.2 All policies of insurance on the Property shall bear an endorsement in a

form satisfactory to the Lender making loss payable to the Lender and shall be deposited with the Lender. In the event of loss, Mortgagor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Mortgagor. Proceeds shall be paid directly to the Lender who may compromise with any insurance company and make a final settlement which shall be binding upon Mortgagor. The Lender may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Mortgagor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Mortgagor and Lender do not otherwise expressly agree in writing, Lender may require Mortgagor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to the Lender of an amount determined by the Lender to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Mortgagor shall upon demand pay such additional sum as the Lender shall determine to be necessary to cover the required payment.

5.2 If the Lender carries mortgage (default) insurance covering the repayment of all or any part of the Indebtedness, the premiums for such insurance shall be paid by the Mortgagor, and if allowed by law, the Lender may require Mortgagor to maintain a reserve for such purposes in the same manner as for taxes and property insurance, and subject to the same agreements. 5.3 If Mortgagor desires to carry a package plan of insurance that includes

coverage in addition to that required under this Mortgage, the Lender, if allowed by law, may at its option establish and administer a reserve for that purpose. In such event the premium attributable to the required insurance coverage shall be quoted

need not pay Morigagor interest on reserves, unless applicable statutes require payment of interest normal any contrary agreement. agrees that Lender may commingle reserve funds with other funds of Lender, and need not invest them for the benefit of Mortgagor. Mordgagor agrees that Lender need not nav Mortnanor interest on reserves, unless annicable statutes remite navment

shall be payable on demand small be added to the mideoness. Amounts so added shall be payable on demand with interest at the same rate as porvided in the note thom the date of expenditure. The influx provided for in this paragraph shall be in addition to any other rights or any remedies to which the Lender may be entitled on account of the default, and the Lender shall not by taking the required action cure the default so as to bar it from any remedies that it otherwise would have had. T a take action to have the addition to the the tender that it otherwise would have had. 6. Expenditures by Lender. If Mortgagor shall rail to comply with any provision of this Mortgage, the Lender and any amount array. If Mortgagor shall have being take the required action and any amount that it texperies to Monorate and any amount so added that it expends in so doing shall be added to the Indebtedness. Amounts so added that it expends in so doing shall be indepted at the same rate as provided in the note and any amount so added that it expends in so doing and the indepted at the same rate as provided in the note as a single because the state and any amount so added that it expends in so doing shall be indepted at the same rate as provided in the note and any action action action and any action act

1. Let regiment unarges. To cover the extra expenses involved in handling delinquent payments, Lender may charge a late charge on any scheduled payment which Lender does not receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be a schedia?

or under this Mortgage shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Lender's right to pursue any other right or remedy available on account of the definitionency be as specified in the note or, if the note specifies no late charge, percent of the payment of principal and interest, or portion of such payment, which Lender does not receive within the 15-day period. The late charge under the note Lender does not receive within the vent exceed the maximum charme it any snectified or under this Mortnane shall in no event exceed the maximum charme.

of the delinquency.

1.8 Mortgagor warrante the holds merchantable title to the Property in 1.8 Property in the second se Warranty; Detense of Title.

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accepted by the Lender; and (b) the encumbrances described as: to make the second of the benefit of the Lender in connection with this transition and the provident of the

(hereinafter reterred to as "Permitted Encumbrances"). 8.2 Mortgagor warrants and will forever detend the title against the lawful claims, other than Permitted Encumbrances, to all persons, in the event any action or pro-ceeding is commenced that questions Mortgagor's title or the interest of the Lender B.3 If any Permitted Encumbrance is a lien, Mortgagor's expense. 8.3 If any Permitted Encumbrance is a lien, Mortgagor's any any any any any do any other acts necesary to prevent a default or prevent any action or condition do any other acts necesary to prevent a default or prevent any action or condition

do any other acts necessary to prevent a default or prevent any action of condition with the lapse of time, the giving of notice, or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Forumbiance which is a lien.

mitted Encumbrance which is a lien.

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and warrants to Lender as follows: 9.1.1. no hazardous substances are stored, located, used or produced on Hazardous Substances. 9.1 Except as previously disclosed to Lender in writing, Mortgagor represents 9.1 Except as proved as follows:

the Property; 9.1.2 to the best of Mortgagor's knowledge after due and diligent inquiry 9.1.2 to the best of Mortgagor's knowledge of produced on any adjacent pro-

perty nor have any hazardous substances been stored, located, used, produced on any adjacent pro-perty nor have any hazardous substances been stored, located, used, produced, or perty nor have any hazardous substances been stored. In Morthrandr's ownership

teleased on the Property or any adjacent property prior to Mortgagor's ownership, possession or control of the Property. 9.2 Mortgagor will not cause nor permit any activities on the Property which 9.2 Mortgagor will not cause nor permit any activities on the Property which directiv or indirectiv could result in the release of any hazardous substance onto or directiv or indirective could result in the release of any hazardous substance onto or

directly or indirectly could result in the release of any instantous trader in the relevant of the relevant of

ue required to remeay any such mighty or compensate montgagon therefor, montgagon shall pay shall cooperate in all respects in the performance of the audit. Montgagor shall pay the costs of any environmental audit if either a default exists under this Montgage at the time. Lender arranges to have the audit performed or the audit reveals a default perfamining to hazardous substances. If Montgagor refuses to permit Lender or its perfamining to hazardous unbustances. If Montgagor refuses to permit Lender or its perfamining to the audit version refuses to permit Lender or its perfamining to the audit version refuses to permit Lender or its perfamining to the statement of the property. Lender may representatives to conduct an environmental audit on the Property. Lender may be required to remedy any such injury or compensate Mortgagor therefor. Mortgagor to a least on the second least Propose of conducting an environmental audit, committing only such injury to the Propose of conducting an environmental audit, committing only such injury to the environmental audit. Lender shall not be required to remety any such injury or commentate Mortnaror therefor. Mortnaror Mortnaror iscent property is being or has been subject to a release of any hazardous subjaces. Jacent property is being or has been subject to a release of any hazardous subjaces. 9.3 Lender and its representatives may enter the Property at any time for the support of ronducting an environmental suith committing on a support of the support of conducting and support of the support of the

pertaining to hazardous substances. If Mortgagor reluses to permit Lender or its representiatives to conduct an environmental audit on the Property, Lender may approximately enforce performance of this provision. 9.4 Mortgagor will indemnity and hold Lender harmless from and against any and all claims, demonce performance of this provision. 9.4 Mortgagor will indemnity and hold Lender harmless from and against any and all claims, demandes fines, laws, and other costs, expenses, losses, liens, and all claims, demandes and other costs, expenses, losses, liens, and all claims, demandes changes, clean-up and other costs, expenses, losses, liens, and all claims, demandes fines, laws and other costs, expenses, losses, liens, and all claims, demander and tother proceedings (including attorneys fees) field of any representation, warranty, covenant executed by Mortgagor in con-substances contained free of any hazardous substance which of the breach substances contained free of any hazardous substance which of the Breach there indirect result of the acts or omiscions of Mortgagor is direct or concerning the Property of any the loss evidenced which occurs during Mortgagor's ownership, posses-indirect result of the acts or omiscions of Mortgagor's ownership, posses-of any hazardous substance which occurs during Mortgagor's ownership, posses-indirect result of the acts or omiscions of Mortgagor's ownership, posses-agents, and independent contractors, and any any clease onto or under the property or other property or ownership, posses-indirect result of the acts or omiscions of Mortgagor's ownership, posses-indirect result of the forentiation when the acts or ownership, posses-indirect result of the acts or omiscions of Mortgagor's ownership, posses-tion and any and active counter to active the property or and attemption and the forentiation occurs during Mortgagor's ownership, posses-tion and any advertion occurs during Mortgagor's ownership, posses-tion and active counter to actine to a the acts or ownership any

of any hazardous substance which occurs during Mortgagor's ownership, posses-

of any hazaroous substance which could the exercise of any of its remedies under sion, or nonvolue shall at any time, through the exercise of any of its remedies under 0.5 It leader shall at any time, through the exercise of any of its remedies this Mortgage, or by taking a deed in the of foreclosure, hold the Property of Property in Lender sown ight, Lender may, at its option, convey the Property of any in-property in the ender sown ight, Lender may, at its option, convey the Property of horigagor. Mortgagor covenants and agrees that it shall accept tailvery of any in-thorigagor. Mortgagor covenants and agrees that it shall accept tailvery of any in-thorigagor. Mortgagor and resume ownership of the Property in the event Lender the strument of convevance and resume ownership of the Property in the event strument of the convevance and resume ownership of the Property in the event strument of the convevance and resume ownership of the Property in the event theory of the strument of the property in the event strument of the property in the event strument of the convevance and resume ownership of the property in the event theory of the strument of the property in the event strument of the property in the event strument of the strument of the convevance and resume ownership of the property in the event tender's theory of the strument of the property in the event strument of the property in the event tender's the strument of the property in the event tender's theory of the strument of the property in the event tender's tender is the strument of the property in the event tender's tender is the strument of the property in the event tender's tend

to Mortgagor and such recordation shall be deemed acceptance of the instrument strument of conveyance and resume ownership of the Property in the event lender strument of conveyance and resume ownership of the Property in the event lender sole discretion, shall have the right to record any instrument conveying the Property to Mortdagor and such recordation shall be deemed accentance of the instrument to mortdagor and such recordation shall be deemed accentance of the instrument

tained herein regarding hazardous substances, including but not limited to Mortgagr's agreement to accept conveyance of the Property from Lender and resume ownership shall survive foreclosure of this Mortgage or acceptance by Lender of a deed in lieu of foreclosure 9.6 All Mortgager's representations, variantian put and support of the support апа сопуеуалсе by Morigagor.

or however long Mortgagor remains in possession, custody, or control of the Property following either foreclosure of this Mortgage or acceptance by Lender of a deed in or ordinance now in effect or in effect at any time during either the term of this Mondage any substance or miserial defined or designated as hazardous or toxic waster, hazardous or toxic material, or toxic material, frazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation any other similar term) by any applicable federal, state or local statute, regulation any other similar term) by any applicable federal, state or local statute, regulation any other similar term) by any applicable federal, state or local statute, regulation any other similar term) by any applicable federal, state or local statute, regulation any other similar term of this Mortanae. 9.7 For purpose of this Mordgage, the term "hazardous substances" maarvanin of foreclosure.

rught to indectose by judicial totectosure in accordance with applicable law. (c) With respect to all or any part of the Property that constitutes preconality. (d) The right, without notice to Mortgagor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the right to foreclose by judicial foreclosure in accordance with applicable law. (b) With respect to all or any part of the Property that constitutes reality, the aldeved bne and visiteinamm

of termination of any financing statements on the evidencing the Lender's security It is belowed by the state of t

14.9 Default by Mortgagor or any predecessors in title of Mortgagor, as lessee or sublessee, under the terms of any lease or sublesse of the Property to which phortgagor is a party or through which Mortgagor's interest in the Property is derived.

in bankruptcy, become subject of an involuntary petition in bankruptcy, make an assign-ment for the banefit of creditors, or consent to the appointment of a receiver or trustee for any portion of the Property or all or a substantial part of Mortgagor's or Borrower's assets noitiger Vistrinier Mortgagor or Borrower become insolvent, file a voluntary perinn-14.7 Detault in any obligation secured by a lien which has or may have priority over this Mortgage, or the commencement of any action to foreclose any prior lien.

the failure. 14.6 If this Mortgage secures a construction loan, any failure of Mortgagor of builder or any other person or entity to comply with or perform any provision of any construction loan agreement executed in connection with the loan within 20 days construction of writen notice from Lender specifying the failure.

in this Mortgage within 20 days after receipt of written notice from Lender specifying egarding hazardous substances. P4.5 Mortgagor fails to perform any other covenant or agreement contained the forthore for the substance of the receipt of written notice trum Lender specifying 14.4. Mortgagor breaches any covenant or agreement contained in this Mortgage

4.3 Mortgagor breaches any resteanations or warranties contained in this payment for taxes, insurance, or mortgage insurance premiums or for taxes in ware any payment for taxes, insurance, or mortgage insurance, to prevent filling of or any payment necessary to prevent filling of or discharge any len.

The following shall constitute events of default: The following shall constitute events of default: TA, havy portion of the Indebtedness is not paid when it is due. TA, Montgagor fails within the time required by this Montgage to make any the the fourthane insurance or montgane insurance or eminime or for reserves for nearly insurance or montgane insurance or eminime or for reserves for

interest of the Lender in any personal property and fixtures under the Uniform Com-

For the purpose of this instrument being effective as a financing statement, Mor-tigagor is the "debtor" and Lender is the "secured party". Set More financing one or more financing is the statement at Mor-statements under the Unitorn Commercial Code and shall file the statement at Mor-tigagor's expense in all public offices where filing is required to perfect the security ugagor's expense in all public offices where filing is required to perfect the security there is the Unitorn Commercial Code and shall file the statement at Mor-tigagor's expense in all public offices where filing is required to perfect the security there is the Unitorn Commercial property and fixtures under the Unitorn finiterest of the Lender in any personal property and fixtures under the Unitorn Com-

an interest of record in the real property the name of the record owner is

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under this Due-On-Sale provision each time all or any part of the Property, or an interest in the Property, is solid, transferred, further encumbered, or alienated whether or not Lender previously exercised Lender's rights under this or any other Due-On-Sale provision. desorte applicable two states are also applicable temedies permitted under this Mortgage trade and the Mortgage trade and the Mortgage trade and the Mortgage trade and the trade and th or and such a declare the entire indebtedness immediately due and payable. Mortnane Mortgagor agrees that Lender may, at Lender's option, declare the entire in-debtedness immediately due and payable it all or any part of the Property, or an in-tgrest therein, is sold, transferred, turher encumbered, or alienated. It Lender exer-teres the ontion to declare the entire indebtedness immediately due and payable. Mor-

(b) Mortgagor pays or offers to pay the tax or charge within 30 days after notice from the Lender that the tax law has been enacted.

(a) Mortgagor may lawfully pay the tax or charge imposed by the state

Security Agreement, Financing Statements. 13.1 In addition to its status as a Mortgage this instrument shall also constitute 13.1 in addition to its status as a mortgage this instrument included within

after receipt of written notice from Lender specifying the failure.

 (a) The right at its option by notice to Borrower to declare the entire indebtedness the Lender may exercise any one or more of the following nights and remedies: 16.1 Upon the occurrence of any event of the following a any time thereafter,

Alghts and Remedies on Default.

interest in personal property.

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10.1 If all or any part of the Property is condemned, the Lender may at its elec-tion require that all or any portion of the net proceeds of the award be applied on the number of the net necessary of the sward shall may be avaited and after nav-.nollenmabnod .01 lieu of foreclosure.

 (a) A specific tax of a floor monitoring good of approximation and participation into the work of the monitoriage of the monitoriage of the monitoriage which the taxpayer is authorized or required to deduct from payments on the monitogae.
(b) A specific tax on the owner of property covered by a mortgage, which is taxpayer is authorized or required to deduct from payments on the monitogae.
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wordgages under the mortgage or the holder or the hole secured. (d) A specific tax on all or any portion of the indebtedness or on payments of pincipal and interest made by a Mortgagor under a mortgage. 11.2. It any toderal, state or host itax to which this paragraph applies is enacted subsequent to the date of this Mortgage, this statilitate the same effect as a default, and the choler may exercise any or all of the remedies available to it in the event and the choler may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met: (a) Mortgagor may lawfully pay the tax or charge imposed by the state (a) Mortgagor may lawfully pay the tax or charge imposed by the state (b) Mortgagor may lawfully pay the tax or charge imposed by the state

the indebtedness. The net proceeds of the avaid shall mean the avaid after pay-

10.2 If any proceeding in condemnation is filed, Mortgagor shall promptly take to 2 if any broceeding in condemnation is filed. Mortgagor shall promptly take such steps as may be necessary to defend the action and obtain the award. Mortgagor house the sections to 1 and a the net proceeds of any condemnation and all and a the section and prompt asserts are a section and the sections to 1 and a the net proceeds of any condemnation and a section a section and a section and a section a section and a section a secti ment of all reasonable costs, expenses and attorneys' fees necessarily paid or incur-ment of all reasonable costs, expenses and attorneys' fees necessarily paid or incur-red by Mortgagor and the Lender in connection with the condemnation.

hereby assigns to Lender the net proceeds of any condemnation award.

net proceeds, over and above the Lender's costs, against the Indebtedness. In furtherance of this right the Lender may require any tenant or other user to make payments of rent or use fees directly to the Lender, and payments by such tenant or user to the Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. (e) The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount.

exist whether of not apparent value of the property entered a substantial amount. (f) The right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid Indebtedness. (g) Any other right or remedy provided in this Mortgage, the promissory notes evidencing the Indebtedness, any construction loan agreement, any other security document, or under the law.

document, or under the law. 16.2 In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Pro-perty and refrain from selling other portions. The Lender shall be entitled to bid at any public sale on all or any portion of the Property. 16.3 The Lender shall give Mortgagor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition. 16.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Lender to pur-sue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Mortgagor under this Mortgage after failure of Mortgagor to perform shall not affect the Lender's right to declare a default and exercise its remedies under this paragraph 16.

16.5 In the event suit or action is instituted to enforce any of the terms of this Mortgage the Lender shall be entitled to recover from Mortgagor such sum as the court may adjudge reasonable as attorney's fees at trial and on any appeal. All reasonable expenses incurred by the Lender that are necessary at any time in the Lender's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the Indebtedness payable on demand and shall bear interest at the highest rate as provided in any note from the date of expen-diture until paid. diture until paid.

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17. Nouce. Any notice under this Mortgage shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Mortgage. Either party may change the address for notices by written notice to the other party.

Succession; Terms.
18.1 Subject to the limitations stated in this Mortgage on transfer of Mortgagor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties,

their successors and assigns 18.2 In construing this Mortgage the term Mortgage shall encompass the term security agreement when the instrument is being construed with respect to any personal

property. 18.3 Attorneys' fees. "Attorneys' fees," as that term is used in the note and in this Mortgage, shall include attorneys' fees, if any, which may be awarded by an appellate court.

Lichard & Merina Pres

INDIVIDUAL ACKNOWLEDGEMENT

CORPORATE ACKNOWLEDGEMENT

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STATE OF OREGON) ss.	19	County of Deschutes) ssMar.	
County of)		Personally appearedRicl	hard E. Gervais	, and
Personally appeared the above-name	d and any	nowledged the foregoing			who, being sworn,
	und us.	IIOMIEOÜEG IIIE IOIEgoing	stated thathe, the said]	Richard E. Gerva	andhe, the said
instrument to be	voluntary act.		President		
				hat the seal affixed hereto is as	seal and that this Mortgage
			was voluntarily signed and sea	led in behalf of the corporation	Dy Automy of the beard
			of Directors.		1. 1. 1. 2. May 1.
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STATE OF OREGON)) SS.				
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"EXHIBIT A" TO LINE OF CREDIT MORTGAGE - OREGON

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- Loan and Security Agreement dated March 31, 1989, under which the maximum indebtedness is \$950,000, and which is due on demand, or if no demand, on July 31, 1990;
- (2) Optional Advance Note dated March 31, 1989, under which the maximum principal balance is \$250,000, and which is due on demand, or if no demand, on July 31, 1990;
- (3) Promissory note dated March 31, 1989, in the principal amount of \$134,238.05, under which payment in full is due on January 23, 1991;
- (4) Promissory note dated March 31, 1989, in the principal amount of \$1,359,336.53, under which payment in full is due on March 23, 1995; and
- (5) Any and all extensions or renewals of (1) through (4) above.

"EXHIBIT B" TO LINE OF CREDIT MORTGAGE - OREGON

PARCEL 1: That portion of Lot 2, Section 3, Township 35 South, Range 7 East of the Willamette Meridian, described as follows: Commencing at the Northwest corner of Lot 2 described above; thence South 356.9 feet; thence East 270.0 feet; thence North 160.0 feet; thence East 160.0 feet; thence North 196.9 feet; thence West 430.0 feet to the point of beginning. All points marked with iron rod.

EXCEPTING Railroad Right-of-way.

PARCEL 2: That part of Lot 2, Section 3, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, particularly described as follows: Beginning at the Southwest corner of said Lot 2, thence East 430.0 feet to a point; thence North 303.1 feet to a point; thence West 430.0 feet to a point due North of the point of beginning; thence South 303.1 feet to the place of beginning.

PARCEL 3: All of Lot 12, and that portion of Lots 3 and 7 lying East of the Southern Pacific Company's right-of-way, in Section 3, Township 35 South, Range 7 East of the Willamette Meridian, together with the easement for road purposes over and along the existing road which is an extension of Second Avenue and which runs through Lots 11 and 16 in a South and Westerly direction to the East line of said Lot 12, for ingress to and egress from the above property.

> STATE OF OREGON, County of Klamath ss.

Filed for record at request of:

Klama	th County Title Co.
on this <u>7th</u>	day of April A D to 89
at <u>3:01</u>	O'clock P. M and duly recorded
III VOIPIO9	of <u>Mortgages</u> Page 5975
Everyn Bienn	County Clerk
By 📿	auline mulanolars
Fee, \$28.00	Deputy.

Return: Transamerica Title Co. 555 S.W. Oak Portland,Or. 97204