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THIS MORTGAGE, Made this 1ST day of AUGUST Vol. 16957 Page 16957  
by WILLIAM E. STOVALL, JR. AND PAULA B. STOVALL, AS TENANTS BY THE ENTIRETY, 1989  
to SOUTH VALLEY STATE BANK hereinafter called Mortgagor,

hereinafter called Mortgagee,  
WITNESSETH, That said mortgagor, in consideration of FIFTY FIVE THOUSAND FIVE HUNDRED SIX  
AND 75/100 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 prop-  
erty situated in KLAMATH County, State of Oregon, bounded and described as follows, to-wit:

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:

PROMISSORY NOTE DATED AUGUST 1, 1989 IN THE NAMES OF WILLIAM E. STOVALL, JR. AND PAULA B.  
STOVALL IN THE AMOUNT OF \$55,506.75 WITH A MATURITY OF JANUARY 10, 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:  
JANUARY 10, 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)

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, it 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, administra-  
tors 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 and 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 dis-  
closures; 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 August 1, 1989,

by WILLIAM E. STOVALL, JR. AND PAULA B. STOVALL

(SEAL)

Notary Public for Oregon NOTARY PUBLIC-OREGON  
My commission expires 9-8-90

## MORTGAGE

WILLIAM E. STOVALL, JR.

PAULA B. STOVALL

TO

SOUTH VALLEY STATE BANK

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 COUN-  
TIES WHERE  
USED.)

STATE OF OREGON,

County of } SS.

I certify that the within instru-  
ment was received for record on the  
day of 1989,  
at o'clock M., and recorded  
in book/reel/volume No. on  
page or as fee/tile/instrument/  
microfilm/reception No.  
Record of Mortgage of said County.

Witness my hand and seal of  
County affixed.

NAME TITLE  
By Deputy

MTC No: 21940

EXHIBIT "A"  
LEGAL DESCRIPTION

A parcel of land located in the N1/2 SE1/4 of Section 20, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the East line of Section 20, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, from which point the East one-quarter corner of said Section 20 bears North 01 degrees 07' 21" East 610.03 feet; thence along the East line of said Section 20 South 01 degrees 07' 21" West 697.00 feet to the S1/16 corner common to Sections 20 and 21; thence along the South line of the N1/2 SE1/4 of Section 20 North 88 degrees 13' 07" West 1664.95 feet to a point on the Easterly right-of-way line of Old Fort Road; thence along said right-of-way line North 37 degrees 31' 11" West 17.79 feet; thence following said right-of-way line 294.67 feet along the arc of a 1243.24 foot radius curve to the right, the long chord of which bears North 30 degrees 43' 47" West 293.99 feet; thence continuing along said right-of-way line North 23 degrees 56' 22" West 493.15 feet; thence, leaving said right-of-way line, South 87 degrees 57' 55" East 2040.25 feet to the point of beginning.

Tax Account No: 3709 02000 00600 (Covers other property)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 11th day  
of Sept. A.D., 19 89 at 10:10 o'clock A.M., and duly recorded in Vol. M89,  
of Mortgages on Page 16957.  
By Evelyn Biehn County Clerk  
By Pauline Mulder

FEE \$13.00