Vol.m89 Page 19795

RECORDATION REQUESTED BY:

First Interstate Bank of Oregon, N.A. 2809 SOUTH SIXTH STREET PO BOX 238 KLAMATH FALLS, OR 97601

WHEN RECORDED MAIL TO:

First Interstate Bank of Oregon, N.A. 2809 SOUTH SIXTH STREET PO BOX 238 KLAMATH FALLS, OR 97601

SEND TAX NOTICES TO:

Gary L. Guggenmos and Sally L. Guggenmos Rt. 1 Box 564 Bonanza, OR 97623

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MTC 22447

MORTGAGE

THIS MORTGAGE IS DATED OCTOBER 11, 1989, between Gary L. Guggenmos and Sally L. Guggenmos, Gary L. & Sally L. Guggenmos, whose address is Rt. 1 Box 564, Bonanza, OR 97623 (referred to below as "Grantor"); and First Interstate Bank of Oregon, N.A., whose address is 2809 SOUTH SIXTH STREET, PO BOX 238, KLAMATH FALLS, OR 97601 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in Klamath County, State of Oregon (the "Real Property"):

Lot 3, Block 8, TRACT NO, 1039, YONNA WOODS NO. 2, according to the official plat therof on file in the Office of the County Clerk of Klamath County, Oregon

The Real Property or its address is commonly known as Rt. 1 Box 564, Bonanza, OR 97623.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

DEFINITIONS. The following words shall have the following meanings when used in this Mortgage:

Grantor. The word "Grantor" means Gary L. Guggenmos and Sally L. Guggenmos. The Grantor is the mortgagor under this Mortgage.

Guarantor. The word "Guarantor" means and includes without limitation all guarantors, sureties, and accommodation parties.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Lender to enforce obligations of Grantor under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Note. The word "Note" means the promissory note or credit agreement dated October 11, 1989, in the original principal amount of \$8,950.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of this Mortgage is October 25, 1995. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property owned by Grantor, now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Grant of Mortgage" section.

Rents. The word "Rents" means all rents, revenues, income, issues, and profits from the Property.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due, and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until in default, Grantor may remain in possession and control of and operate and manage the Real Property and collect the Rents. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs and maintenance necessary to preserve its value.

Nulsance, Waste. Grantor shall not cause, conduct or permit any nulsance nor commit, permit, or suffer any stripping of or waste on or to the

Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any

timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender. DUE ON SALE - CONSENT BY LENDER. Lender may at its option, declare immediately due and payable all sums secured by this Mortgage upon the DUE ON SALE - CONSENT BY LENDER. Lender may at its opilion, declare immediately due and payable an sums secured by this mortgage dynamic and payable and secured by this mortgage dynamic and secured by the result of the Real Property, or any interest in the Real Property. A "sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. sale of manister, windout the Lender's prior without consent, of an of any part of the near riopetry, of any interest in the near riopetry. A sale of transfer means the conveyance of real property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract for deed, leasehold interest with a term greater than three (3) years, whether by odulght sale, deed, installment sale contract, and contract, contract for deed, lease-notion interest with a term greater than thee (a) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any rease-upuon contract, or by sale, assignment, or transler of any beneficial interest in or to any latter dust noticing the to the real Property interest. If any Grantor is a corporation or partnership, transfer also includes any change in ownership of the rest of the property interest. If any Grantor is a corporation or partnership, transfer also includes any change in ownership of the property interest. order than twenty-five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. However, this option shall not be more than twenty-five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. However, this option shall not be more than twenty-five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. exercised by Lender if exercise is prohibited by federal law or by Oregon law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Mortgage.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services and sewer service charges levied against of on account of the Property, and shall pay when due an chains for work done off of the services rendered or material furnished to the Property. Grantor shall maintain the Property free of all fiens having priority over or equal to the interest of the transfer of the property. Grantor shall maintain the Property free of all fiens having priority over or equal to the interest of the transfer of the property. Grantor shall maintain the Property free of all fiens having priority over or equal to the interest of the property free of all fiens having priority over or equal to the interest of the property free of all fiens having priority over or equal to the interest of the property. Grantor shall maintain the Property free of all fiens having priority over or equal to the interest of the property.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on an actual cash value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of adular cash value pasis for the full insurable value covering an improvements on the near Flopeny in an amount semicer to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Policies shall be written by such insurance companies and in any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Policies shall be written by such insurance companies and in any consulance clause, and with a standard mongagee clause in lavoi of Lender. Folicies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a such form as may be reasonably acceptable to Lender. such toth as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certaincates of coverage non-easily stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor Application of Proceeds. Granior snail promptly notify Lender of any loss of damage to the Property. Lender may, at its election, apply the proceeds fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Mortgage, or if any action or proceeding is commenced that would represent the property of the p materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by appropriate. Any amount that Lemos expents in so doing will bear interest at the rate charged under the Note from the date of the balance of the Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Lender's option, will (a) be payable on demand, (b) the torse of any applicable incurrence. Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedia that it otherwise would have had

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the

DEFAULT. Each of the following, at the option of Lender shall constitute an Event of Default under this Mortgage:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness. Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant, or condition contained in this Mortgage, the Note, or

Insolvency. The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, Insolvency. The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creations, the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor, or the dissolution or the death of Grantor's existence as a going business (if Grantor is a business). Except to the extent prohibited by federal law or Oregon law, the death of Grantor is a sistence as a going business (if Grantor is a business). Except to the extent prohibited by federal law or Oregon law, the death of Grantor is an individual) also shall constitute an Event of Default under this Mortgage. However, the death of any Grantor will not be an Event of Default if as a result of the death of Grantor the Indebtedness is fully covered by credit life insurance. in any other agreement between Grantor and Lender.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or such Guarantor

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any event of default and at any time thereafter, Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property. the Oregon Uniform Commercial Code.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Attorneys' Fees; Expenses. In the event of foreclosure of this Mortgage, Lender shall be entitled to recover from Grantor Lender's attorneys' fees andactual disbursements necessarily incurred by Lender in pursuing such foreclosure.

MORTGAGE (Continued)

Page 3

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Applicable Law. This Mortgage has been delivered to Lender and accepted by Lender in the State of Oregon. This Mortgage shall be governed by and construed in accordance with the laws of the State of Oregon.

Walver of Homestead Exemption. Grantor hereby releases and walves all rights and benefits of the homestead exemption laws of the State of Oregon as to all Indebtedness secured by this Mortgage.

TERMS. GRANTOR:				0			
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		NDIVIDUAL	ACKNOW	LEDGMENT			
STATE OF (Oregon				i if a		
COUNTY OF,I	Kl⁄amath) \$\$)					
On this day belore me individuals described in for the uses and burbs	n the undersigned Notary F n and who executed the M	Public, personally a ortgage, and acknowledge	ppeared Gary owledged that t	L. Guggenmos and hey signed the Mor	I Sally L Guggen Igage as their free	mos, to me know and voluntary act	n to be the and deed,
Given under my hand		11th	day of	October	, 19	89	
By 2/197	acte	wen/	Residir	gat Klamat	h Falls		<u> </u>
Notary Public in and f	orthe State of Ore	egon		ımısslon expires _	3-25-93		
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