

K-41217
MORTGAGE

DATE: November 19, 1989.

PARTIES: UNITED EVANGELICAL FREE CHURCH, a non-profit corporation,
357 East Main Street
Klamath Falls, OR 97601

"MORTGAGOR"

CHRISTIAN INVESTORS FOUNDATION
1515 East 66th Street
Minneapolis, MN 55423

"MORTGAGEE"

AGREEMENTS:

SECTION 1. CONVEYANCE

For value received from Mortgagee, Mortgagor hereby mortgages, grants, bargains, sells and conveys to Mortgagee, its successors and assigns, the following described real property, situated in the County of Klamath, State of Oregon, to-wit:

A parcel of land situated in the NE¼NW¼ of Section 34, Township 38 South, Range 9 E.W.M., more particularly described as follows: Beginning at the Southeast corner of the said NE¼NW¼; thence North 00°03'56" West a distance of 1000.41 feet to a point; thence South 89°34'54" West a distance of 600 feet to a point; thence South 00°03'56" East 1000 feet, more or less, to a point on the South line of NE¼NW¼; thence East along the South line of said NE¼NW¼ a distance of 600 feet, more or less, to the point of beginning. SAVING AND EXCEPTING that portion thereof lying within Beverly Drive.

together with the appurtenances now or hereafter belonging to the property, and all the rents, issues and profits arising or to arise therefrom. All property subject to this Mortgage is hereinafter referred to as the Mortgaged Premises. Until default, Mortgagor may remain in possession of the Mortgaged Premises and may manage and collect all rents and revenues from the Mortgaged Premises.

SECTION 2. PURPOSE

This conveyance is intended as a mortgage to secure performance of the covenants and agreements herein contained and contained in any loan agreement, security agreement or other agreement between Mortgagor and Mortgagee, and to secure payment

of a loan or loans in the principal amount of Two Hundred Sixty Thousand and No/100ths (\$260,000.00) DOLLARS, evidenced by the following described promissory note from Mortgagor to Mortgagee:

Date of Note	Amount	Maturity Date
November 19, 1989	\$260,000.00	March, 2010

together with interest payable on the unpaid balance thereof at the rate specified in the Note or at such other rate prescribed from time to time by Mortgagee in accordance with law and agreement with Mortgagor, any and all renewals, modifications, substitutions and extensions thereof. Larger payments and prepayments, partial or total, may be made at any time without premium or penalty. All covenants and provisions of this Mortgage shall bind the successors and assigns of Mortgagor and shall inure to the benefit of the successors and assigns of Mortgagee.

SECTION 3. WARRANTY OF TITLE

At the time of execution and delivery of this Mortgage, Mortgagor is the owner of the Mortgaged Premises in fee simple, Mortgagor has the right and authority to mortgage the Mortgaged Premises as provided in this Mortgage, and the Mortgaged Premises are free and clear of liens and encumbrances, except easements and rights of way of record and apparent upon the land; Agreement relative to irrigation, recorded November 22, 1924, in Volume 64 at page 639; said land is specially assessed as farm land and all deferred taxes will be due and payable when the reason for deferment no longer exists; 291st Improvement Assessment of the City of Klamath Falls. Mortgagor will defend Mortgagee's right against any liens and encumbrances other than those listed in this Mortgage.

SECTION 4. PAYMENT AND PERFORMANCE

Mortgagor will pay, when due, the indebtedness secured

by this Mortgage in accordance with the terms thereof. Mortgagor will strictly perform all obligations of this Mortgage and of any loan agreement or security agreement executed in connection with the indebtedness secured by this Mortgage. Mortgagor will promptly comply with all existing or future laws, orders and regulations of all state, federal, municipal and local governments or any similar bodies affecting the Mortgaged Premises or their use.

SECTION 5. CHARGES AGAINST MORTGAGED PREMISES

5.1 Taxes and Utilities. Mortgagor will pay, when due, all taxes, assessments, water and other charges for utility services that may be levied, assessed or charged upon or against the Mortgaged Premises, or any part thereof. Upon request, Mortgagor shall deliver to Mortgagee evidence of payment of the taxes, assessments or other charges.

5.2 Liens and Encumbrances. Mortgagor will promptly pay and satisfy any construction liens or other encumbrances that might, by operation of law or otherwise, become a lien upon the Mortgaged Premises, whether or not superior to the lien of this Mortgage. Mortgagor may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Mortgagee's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Mortgagor shall, within ten (10) days after knowledge of the filing, secure the discharge of the lien, or deposit with Mortgagee cash or a sufficient corporate surety bond or other security satisfactory to Mortgagee in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

5.3 Insurance and Other Charges. Mortgagor will pay when due all premiums upon insurance policies on the mortgaged property and all licenses or fees legally owing by it.

5.4 Failure to Pay. In case of default in payment of any charges Mortgagor is required to pay pursuant to this Mortgage, Mortgagee, its successors and assigns, may, at its option, pay any insurance premiums, or re-insure the Mortgaged Premises and pay all premiums therefor; and pay licenses, fees, rentals, charges, taxes and/or assessments due or claimed to be due under any legislative power of authority or under any valid contract; and any amounts so paid by Mortgagee shall become part of the principal debt and amounts so paid by Mortgagee shall bear interest at the rate of 10.50 from the date of payment.

SECTION 6. CONDITION OF MORTGAGED PREMISES

6.1 Repairs and Maintenance. Mortgagor will keep all improvements erected on the Mortgaged Premises in good order and repair.

6.2 First-Class Condition. Mortgagor will maintain the Mortgaged Premises in first-class condition.

6.3 Waste. Mortgagor will not permit waste of the Mortgaged Premises or do or suffer anything to be done to depreciate or impair the value of the Mortgaged Premises during the life of this Mortgage.

6.4 Changes and Alterations. Mortgagor will not make any changes in or alterations to the improvements on the Mortgaged Premises which will materially decrease the value of the same. Before making any changes in or alterations to the improvements, Mortgagor shall give notice to Mortgagee of the nature and extent of the changes or alterations and shall provide evidence of Mortgagor's ability to finance the changes or alterations.

6.5 Removal of Improvements Prohibited. Mortgagor will not remove or permit to be removed any improvements from the mortgaged premises, without the prior written consent of Mortgagee.

6.6 Right of Inspection. Mortgagee shall have the right to enter upon the Mortgaged Premises at all reasonable times and with prior written notice to determine Mortgagor's compliance with this Mortgage.

SECTION 7. INSURANCE

7.1 Insurance Required. Mortgagor will keep the building improvements now erected, or which may hereafter be erected, on the Mortgaged Premises insured against loss or damage by fire with extended coverage endorsement, written by a responsible insurance company or insurance companies satisfactory to Mortgagee in an amount satisfactory to Mortgagee, naming Mortgagor and Mortgagee insured parties as their interests may appear, and will cause to be executed and attached to all policies of insurance issued thereon a clause in form satisfactory to Mortgagee, making loss payable to Mortgagee as its interest may appear. The policy or policies of insurance shall be delivered to Mortgagee and shall contain a provision requiring at least ten (10) days' notice to Mortgagee before cancellation. Mortgagor agrees to notify Mortgagee of any casualty affecting the Mortgaged Premises.

7.2 Disposition of Insurance Proceeds. Any insurance funds paid to Mortgagee as a result of damage or loss to the Mortgaged Premises covered may, at the option of Mortgagor, be expended in the repair, restoration or replacement of the Mortgaged Premises so damaged or lost, or be applied toward the payment of all or such of the items indebtedness secured as Mortgagor may elect.

SECTION 8. TAX ON MORTGAGES OR MORTGAGEES

If any tax is levied by any governmental authority on account of this Mortgage, whether imposed on Mortgagee or Mortgagor, Mortgagor agrees to pay such tax with and in addition to the monthly payments of principal and interest and any other

amounts payable by Mortgagor, or to pay the entire unpaid balance of principal and accrued interest secured by this Mortgage, together with any prepayment penalties imposed by any agreement or security agreement between Mortgagor and Mortgagee.

SECTION 9. DEFAULT

9.1 Events of Default. The occurrence of any one or more of the following events shall constitute a default

(a) Mortgagor's default in the timely payment of any indebtedness to Mortgagee when due;

(b) Mortgagor's failure to perform or observe all the provisions of this Mortgage;

(c) The happening of an event of default under any other agreement or security instrument between Mortgagor and Mortgagee;

(d) Mortgagor's insolvency or inability to pay its debts as they mature or Mortgagor's assignment for the benefit of creditors or filing of a voluntary petition in bankruptcy, or a voluntary petition seeking reorganization, or effecting a plan or other arrangement with creditors, or filing an answer consenting to or taking any other action indicating acquiescence in any involuntary petition pursuant to, or purporting to be pursuant to, any bankruptcy, reorganization or insolvency laws of any jurisdiction, or adjudication of Mortgagor as bankrupt or insolvent by a court of competent jurisdiction or appointment of a receiver for any substantial portion of Mortgagor's property.

(e) In the event the Mortgagor ceases its affiliation with the EVANGELICAL FREE CHURCH OF AMERICA.

9.2 Remedies on Default. If any default occurs, Mortgagee may, at its option, declare the entire unpaid balance of principal and accrued interest secured by this Mortgage immediately due and payable, together with any prepayment

penalties imposed by any agreement or security agreement between Mortgagor and Mortgagee, and foreclosure proceedings may be immediately commenced, subject to the notice requirements of Section 9.3. All rights and remedies of Mortgagee shall be cumulative and nonexclusive and in addition to any other right or remedy contained in this Mortgage or otherwise available under applicable law. The failure of Mortgagee to exercise any option given hereunder shall not be taken or deemed a waiver of its right to exercise its option as to any past or subsequent violation of any covenants or stipulations.

9.3 Notice. The Mortgagee must give Mortgagor notice, as prescribed in Section 12.3, of any nonmonetary default under this Mortgage, and the Mortgagor will have a twenty (20) day grace period to correct the default.

SECTION 10. ATTORNEY FEES AND OTHER COSTS

In the event suit or action is begun to foreclose this Mortgage, Mortgagor will pay, in addition to the costs and disbursements allowed by law, such sum as the Court may adjudge reasonable attorney fees in such suit or action or upon any appeal or petition for review. Mortgagor will also pay such sum as the Court may adjudge reasonable for the necessary examination and search of the public records respecting the title to the Mortgaged Premises. The Plaintiff in such suit or action may take judgment therein for such sums. Mortgagor will pay to Mortgagee all sums, including costs, expenses and reasonable agent and attorney fees, which Mortgagee may expend or become obligated for in any proceedings, legal or otherwise, involving the title to the mortgaged premises, or to establish, protect or sustain the lien of this Mortgage, or its priority, or in defending against liens, claims, rights, estates, easements or restrictions, or for evidences of title to the mortgaged premises. Interest shall be paid to Mortgagee on all such sums

at the rate then payable on the indebtedness secured hereby. This Mortgage shall stand as security for payment of these sums and interest in like manner and effect as for payment of the indebtedness secured.

SECTION 11. CONDEMNATION

If the Mortgaged Premises, or any part thereof, are condemned under any power of eminent domain or acquired for public use, the damages, proceeds, and the consideration for such acquisition, to the extent of the full amount of the indebtedness secured by this Mortgage, are hereby assigned by Mortgagor to Mortgagee to be applied by it to the payment any balance on account of the last maturing portion of the indebtedness secured hereby.

SECTION 12. MISCELLANEOUS

12.1 Terminology. The word "Mortgagor" and the language of this instrument shall, where there is more than one Mortgagor, be construed as plural and be binding jointly and severally upon all Mortgagors and the word "Mortgagee" shall apply to any holder of this Mortgage.

12.2 Nonwaiver. No condition of this Mortgage shall be deemed waived unless expressly waived in writing by Mortgagee.

12.3 Notices. Whenever any notice, demand or request is required by the terms of this Mortgage or by any law now in existence or hereafter enacted, the notice, demand or request shall be by certified mail, return receipt requested, enclosed in a postpaid envelope addressed to Mortgagor at the last address actually furnished to Mortgagee, or at the Mortgaged Premises.

12.4 Time of Essence. Time is of the essence of this Mortgage.

12.5 Applicable Law. This Mortgage shall be governed by the law of the State of Oregon, and any question arising hereunder shall be construed or determined according to such law.

12.6 Disclaimer. This Mortgage has been prepared by Reginald R. Davis of Brandsness, Brandsness & Davis, P.C. on behalf of the Mortgagor. The Mortgagee is advised to seek its own legal and financial advice and the Mortgagee hereby acknowledge that they are not depending upon said attorneys for legal or financial advice.

The parties have executed this agreement as of the date first written above.

MORTGAGOR:

UNITED EVANGELICAL FREE CHURCH,
a non-profit corporation

By: Kent R. Graham
Chairman of the Board

By: J. Robin Maxson
Senior Pastor

By: Todd W. Malone
Secretary

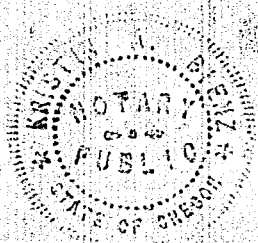
STATE OF OREGON)

County of Klamath)

) ss. November 19, 1989.

Personally appeared Kent R. Graham, who, being sworn, stated that he is Chairman of the Board; and J. Robin Maxson, who, being sworn stated that he is Senior Pastor, and Todd W. Malone, who, being sworn stated that she is Secretary of United Evangelical Free Church, and that said instrument was signed in behalf of said corporation; and they acknowledged said instrument to be its voluntary act and deed.
Before me:

Kristin A. Benz
Notary Public for Oregon
My Commission expires: 11/15/92



After Recording Return to:
Christian Investors Foundation
1515 East 66th Street, #23
Minneapolis, MN 55423

This mortgage has been prepared by Reginald R. Davis of Brandenburg, Brandenburg & Davis, P.C. on behalf of the Mortgagor. The Mortgagor is advised to seek its own legal and financial advice and the Mortgagee hereby acknowledges that they are not depending upon said attorneys for legal or financial advice.

The parties have executed this agreement as of the date

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 21st day of Dec. A.D. 19 89 at 11:07 o'clock AM, and duly recorded in Vol. 889 of Mortgages on Page 24606

FEE \$53.00

Evelyn Biehn, County Clerk
By Charles Mueller

By: Kurt R. Galt
Chairman of the Board

By: John Miller
Senior Pastor

By: John Miller
Secretary

STATE OF OREGON)
County of Klamath) ss. November 19, 1989.

Personally appeared Kurt R. Galt, who, being sworn, stated that he is Chairman of the Board and Senior Pastor, who, being sworn, stated that he is Senior Pastor, and John Miller, who, being sworn, stated that she is Secretary of United Evangelical Free Church, and that said instrument was signed in behalf of said corporation, and they acknowledged said instrument to be its voluntary act and deed.

Before me:

Notary Public for Oregon
My Commission expires: 11/21/92

After recording return to:
Christian Investors Foundation
1115 East 26th Street
Minneapolis, MN 55423

