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WHEN RECORDED MAIL TO:

STANDARD INSURANCE COMPANY
P.O. Box 711
Portland, OR 97207

ATTN: Terri Eisenhower, V-31

MTC 24065

MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE made this 6th day of September 19 90, is between

Rodney J. Wright

60 CH 117 11 1001 001

("Mortgagor"), and STANDARD INSURANCE COMPANY, an Oregon corporation, ("Mortgagee").
Mortgagor mortgages to Mortgagee that property in the City of Merrill, County of
Klamath, State of Oregon, described as follows:

See page 7 for legal description.

Together with (a) all rents, income, contract rights, issues and profits now due or which may become due under or by virtue of any lease, rental agreement or other contract, whether written or oral, for the use or occupancy of the Property or any part thereof, together with all tenant security deposits, subject, however, to the right, power and authority hereinafter given to and conferred upon Mortgagor to collect and apply such rents, issues and profits prior to any default hereunder; (b) all buildings and improvements now or hereafter thereon, and all appurtenances, easements, right in party walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; (c) all fixtures and property now or hereafter attached to or used in the operation of the Property, including but not limited to machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, all wallbeds, wallsafes, built-in furniture and installations, shelving, lockers, partitions, doorstops, vaults, elevators, dumbwaiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems, all installations for which any such building is specifically designed; (d) all awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property; (e) all trade names by which all or any part of the Property is known, any books and records relating to the use and operation of all or any portion of the Property, all present and future plans and specifications and contracts relevant to the design, construction, management or inspection of any construction on any improvements on the Property and all present and future licenses, permits, approvals and agreements with or from any municipal corporation, county, state or other governmental or quasi-governmental entity relevant to the development, improvement or use of all or any portion of the Property; (f) all rights of Mortgagor in and to any escrow or withhold agreements, surety bonds, warranties, management contracts, leasing or sales agreements with any real estate agents or brokers, and service contracts with any entity, which are any way relevant to the development, improvement, leasing, sale or use of the Property or any personal property located thereon; and

all of said items whether now or hereafter installed being hereby declared to be, for all purposes of this Mortgage, a part of the realty; and all the estate, interest or other claim or demand including insurance, in law as well as in equity, which Mortgagor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general. The above described real property and all of the foregoing shall constitute the "Property".

This Mortgage is made for the purpose of securing, in such order of priority as Mortgagee may elect: (a) payment of the indebtedness in the sum of \$ 180,000.00 evidenced by that certain Promissory Note of even date herewith (the "Note") made by Mortgagor, delivered to Mortgagee, with the final payment due on the _____ day of _____ which is the maturity date of this Mortgage, and any and all modifications, extensions, or renewals thereof, whether hereafter evidenced by the Note or otherwise; (b) payment of interest on the indebtedness; (c) payment of all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Mortgagee; (d) performance of each and every condition, obligation, covenant, promise and agreement of Mortgagor contained herein, or in the Note, or in any loan agreement relative to any indebtedness evidenced by the Note, or in any security agreement, or mortgage at any time given to secure any indebtedness hereby secured or any part thereof; (e) payment of such additional sums with interest thereon as may be hereafter borrowed from Mortgagee, its successors or assigns, by the then record owner or owners of the Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Mortgage. To the extent permitted by law, any sums hereafter advanced by or borrowed from Mortgagee, its successors or assigns, shall have the same priority as the original sums advanced by Mortgagee and secured hereby.

Mortgagor's Covenants and Warranties. Mortgagor hereby warrants that: (a) Mortgagor is the owner in fee simple absolute of the Property and every part thereof; (b) the property is free, and will be kept free, from all liens and encumbrances, except those accepted by Mortgagee in writing, and Mortgagor will defend the title hereby granted to and in favor of Mortgagee as against all and every person claiming or to claim the same; (c) the loan proceeds are not for use primarily for personal, family or household purposes; (d) to the best of Mortgagor's knowledge after due inquiry into previous ownership and uses of the Property, there are no Hazardous Substances (as defined below) located on the Property and Mortgagor will not place or permit to be placed on the Property any Hazardous Substances (as defined below); (e) the Property is zoned for the existing or contemplated use of the Property; (f) the Property is in compliance with all zoning, subdivision, and environmental laws, regulations, and ordinances applicable thereto; all deed restrictions, subdivision and building ordinances and other applicable governmental laws have been fully complied with; and Mortgagor has all licenses and permits required by governmental authorities with respect to the Property, its operation, improvement and use; (g) the Property has infeasible access to public rights of way as now improved and open to public passage, and is not encroached upon by improvements or rights of others; nor do the improvements on the Property encroach upon the property of others; (h) there are no actions, lawsuits, or other proceedings pending or threatened against or affecting the Property or Mortgagor which might adversely affect the ability of Mortgagee's first lien on the Property; (i) consummation of the loan secured hereby and performance under the loan documents will not conflict with or result in a breach of any law, regulation or court order applicable to the Property; (j) no condemnation proceeding is pending, or to the knowledge of Mortgagor, threatened with respect to the Property; (k) there has been no material adverse change in the financial condition of Mortgagor which might adversely affect the ability of Mortgagor to perform its obligations under the loan documents, or which might adversely affect the priority of Mortgagee's first lien on the Property; (l) all services and utilities, such as water, electricity and sewer, are available to the Property; and (m) with respect to each Mortgagor who is an individual, no part of the Property constitutes any part of Mortgagor's business homestead or residential homestead as used in this Mortgage. Hazardous Substances means: (a) any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (c) radon, asbestos, polychlorinated biphenyls (PCB's), explosives, radioactive substances, and material quantities of petroleum products; (d) any substance the presence of which on the Property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.

Mortgagor further warrants that: If located in Idaho, the Property either is not more than twenty (20) acres in area or is located within an incorporated city or village; if located in Washington, the Property is not more than fifteen (15) acres; and if located in Iowa, the Property is not more than fifteen (15) acres; and if located in Montana, the Property is not used principally for agricultural or farming purposes; if located in Montana, the Property is not more than fifteen (15) acres; and if located in Iowa, the Property is not agricultural land as defined in IC 172C.1.

A. Mortgagor agrees as follows:

- 1. Payment of Indebtedness; Performance of Covenants.** Mortgagor shall pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and to perform and observe all of the covenants, agreements and provisions contained herein, in the Note and any other instrument given as security for the payment of the Note.
- 2. Maintenance; Compliance; Liens.** Mortgagor shall: keep the Property in good condition and repair; not permit or suffer any extraordinary repairs, or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Property; comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or requiring any alteration or improvements to be made thereon; not commit or permit waste thereon; not commit, suffer or permit any act upon the Property in violation of law; cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumeration herein not excluding the general; and keep the Property free from all encumbrances, except those accepted by Mortgagee in writing.
- 3. Hazardous Waste and Substances; Environmental Requirements.** Mortgagor shall comply with all laws, governmental standards and regulations applicable to Mortgagor or to the Property in connection with occupational health and safety, hazardous waste and substances, and environmental matters. Mortgagor shall promptly notify Mortgagee of its receipt of any notice of (a) a violation of any such law, standard or regulation; (b) all claims made or threatened by any third party against Mortgagor or the Property relating to any loss or injury resulting from any Hazardous Substances; and (c) Mortgagor's discovery of any occurrence of condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any environmental law. The use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of Hazardous Substances by Mortgagor, Mortgagor's agents, or any tenant or sublessee occupying part or all of the Property shall be an event of default under this Mortgage, and Mortgagor shall not engage in or permit such activities or events to occur upon the Property. Mortgagor shall indemnify and hold Mortgagee, its directors, officers, employees, agents, successors and assigns harmless from all loss, cost, damage, claim and expense (including attorney fees and costs, whether at trial, on appeal or otherwise) incurred by Mortgagee in connection with the falsity in any material respect of the covenants contained herein or of Mortgagor's failure to perform the obligations of this paragraph 3. This indemnity shall not survive the release or satisfaction of the lien of this Mortgage, or the extinguishment of the lien by foreclosure or action in lieu thereof.

4. **Casualty Loss/Restoration; Construction.** Mortgagor shall complete or restore promptly and in good and workman like manner any buildings or improvements which may be constructed, damaged, or destroyed on the Property, and pay when due all costs incurred therefor. If the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on the Property, Mortgagor further agrees: to complete same in accordance with plans and specifications satisfactory to Mortgagee, to allow Mortgagee to inspect the Property at all times during construction and to replace any work or materials unsatisfactory to Mortgagee within fifteen (15) days after written notice from Mortgagee of such fact, which notice may be given to the Mortgagor by certified mail, sent to Mortgagor's address hereinafter specified, or by personal service of the same. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, Mortgagee may, at its option, also enter into and upon the Property and complete the construction or restoration of said building or buildings. Mortgagor hereby gives to Mortgagee full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by Mortgagee in connection with such completion or restoration shall be added to the principal thereto advanced under the Note and secured by these presents and shall be payable by Mortgagor on demand with interest as provided in the Note.

5. **Insurance.**

(a) **Property and Other Insurance.** Mortgagor shall obtain and maintain in full force and effect during the term of this Mortgage all risk property insurance together with endorsements for replacement cost coverage, inflation adjustment, and vandalism and malicious mischief coverage, all in amounts not less than the full replacement cost of all improvements including the cost of debris removal, and comprehensive general liability insurance with limits, coverages, risks insured and waiver of subrogation clauses acceptable to Mortgagee. Mortgagor shall obtain and maintain such other insurance as Mortgagee from time to time shall reasonably require, including without limitation rent and rental interruption insurance (equal to twelve (12) months annualized income) and flood insurance. If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement.

(b) **Insurance Companies and Policies.** All such insurance shall be written by a company or companies acceptable to Mortgagee, shall contain a mortgagee clause in favor of Mortgagee with loss proceeds under any policy payable to Mortgagee, shall be satisfactory to Mortgagee as to form, substance, and, except as specifically designated above, amount, shall provide for thirty (30) days' prior written notice of cancellation to Mortgagee, shall contain endorsements that no act or negligence of Mortgagor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Mortgagee, shall be in full force and effect on the date of this Mortgage, shall contain such additional provisions as Mortgagee deems necessary or desirable to protect its interest, and shall be accompanied by proof of premiums paid for the current policy year. All such insurance shall be written in amounts sufficient to prevent Mortgagor from becoming a co-insurer under the applicable policies.

(c) **Blanket Policy.** If a blanket policy is issued, a certified copy of said policy shall be furnished together with a certificate indicating that Mortgagee is the insured under said policy in the proper designated amount.

(d) **Notice of Loss.** In the event of loss, Mortgagor shall immediately notify Mortgagee. Mortgagee may make proof of loss if it is not made promptly by Mortgagor.

(e) **Insurance Proceeds.** All insurance proceeds may be applied by Mortgagee upon any indebtedness secured hereby and in such order as Mortgagee may determine, without regard to whether or not its security is impaired or, at the sole and absolute option of Mortgagee, the entire amount so collected or any part thereof may be released to Mortgagor, but in any event Mortgagee may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with the collection and/or payment of such proceeds. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. **Defense.** Mortgagor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee; and pay all costs and expenses, including cost of evidence of title and attorney fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Mortgagee may appear.

7. **Taxes and Assessments.** Mortgagor shall pay, at least ten (10) days before the due date (and in the case of annual property taxes, before the first installment thereof becomes due) all taxes and assessments affecting the Property or upon this Mortgage or the debt secured thereby, or against Mortgagee by reason of the ownership of this Mortgage and the Note, or either of them, including assessments on appurtenant water stock. Mortgagor shall also pay when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto and to deliver to Mortgagee upon request the official receipt or receipts showing payment thereof; and all costs, fees and expenses of this Mortgage.

8. **Monthly Deposits.** Unless this covenant is prohibited by law or waived in writing by Mortgagee, Mortgagor shall pay each year to Mortgagee, together with and in addition to the ~~monthly~~ payments of principal and interest payable under the terms of the Note until the Note is fully paid, in equal ~~monthly~~ installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next due (and in the case of annual property taxes, or the due date of the first installment thereof), as estimated by Mortgagee. If at any time Mortgagee determines that such payments will not be sufficient to account for each such charge on its due date (and, in the case of annual property taxes, on the due date of the first installment thereof), Mortgagor shall pay to Mortgagee, upon demand, additional sums as necessary to account for such deficiency. Mortgagee may retain the sums received under this paragraph 8 and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of beneficiary. If Mortgagee is required by law to pay interest on these sums Mortgagee may, to the extent permitted by law, impose a charge for holding and disbursing such funds. In the event of default under the Note, this Mortgage or any other instrument securing the Note, Mortgagee may apply the sums required under this paragraph 8 (without prepayment charge and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the principal balance secured hereby. As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Mortgagee, or Mortgagor fails to make payments in the full amount required under this paragraph 8, Mortgagor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Mortgagee with satisfactory evidence of payment and coverage. *annual

9. **Leases.** Mortgagor shall fully perform all the terms and conditions on Mortgagor's part to be performed in any existing or future lease with respect to which Mortgagor is lessor covering all or a portion of the Property. Mortgagor shall not, without the prior written consent of Mortgagee, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Mortgagor further covenants and agrees not to enter into any lease for a term in excess of three (3) years of all or any portion of the Property without the prior written consent of Mortgagee.

10. **Payment of Premiums.** Mortgagor shall pay all premiums upon any life insurance policy which may be held by Mortgagee as additional security for the debt herein referred to.

11. **Fees for Information.** Mortgagor shall pay Mortgagee, to the extent permitted by law, a reasonable fee, as determined by Mortgagee, for providing to Mortgagor or a third party a statement concerning the obligations secured by this Mortgage or any other information requested by Mortgagor or the third party.



12. Security Agreement.

(a) **Grant of Security Interest.** With respect to any portion of the Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the state in which the Property is located (hereinafter called the "Code"), this Mortgage shall constitute a security agreement between Mortgagor as Debtor and Mortgagee as Secured Party, and Mortgagor hereby grants to Mortgagee a security interest in such portion of the Property. Cumulative of all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the Code. Mortgagor shall execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee.

(b) **Rights of Mortgagee.** Mortgagee may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Mortgagee shall proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' written notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Mortgagee may at its option dispose of such property in accordance with Mortgagee's rights and remedies with respect to the real property pursuant to the provisions of this Mortgage, in lieu of proceeding under the Code.

(c) **Change in Mortgagor's Name.** Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity, or corporate structure and shall execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any Property described or referred to herein.

(d) **Fixture Filing.** With respect to those items of the Property that are or will become fixtures upon the Property and those items, if any, specifically described in attached Exhibit B, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Property or Exhibit B property is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as Secured Party, at the address of Mortgagee stated below. The mailing address of Mortgagor, as Debtor, is as stated below.

B. It is mutually agreed that:

1. **Proceeds of Condemnation, Injury to Property.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Property or any part thereof, or for the conveyance in lieu of condemnation thereof, are hereby assigned to and shall be paid to Mortgagee. In addition, all causes of action, whether accrued before or after the date of this Mortgage, or all claims for damages or injury to the Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Mortgagee and the proceeds shall be paid to Mortgagee. Mortgagee may elect, in its sole discretion, without regard to whether its security is impaired, to apply such sums to the indebtedness secured by this Mortgage, whether then matured or subsequently to mature, or to release such sums or any part thereof.

2. **Non-Waiver.** No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the indebtedness secured hereby shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time.

3. **Assignment of Rents.** Mortgagor hereby assigns the rents, income, issues and profits of the Property and hereby gives to and confers upon Mortgagee the right, power and authority, during the continuance of this Mortgage, to collect the rents, income, issues and profits of the Property, reserving unto Mortgagor the right, prior to any default by Mortgagor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, income, issues and profits as they become due and payable. Upon any such default, Mortgagee may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, the solvency of Mortgagor, or the presence of waste or danger of loss or destruction of the Property, enter upon and take possession of the Property or any part thereof, and any personal property in which Mortgagee has a security interest as additional security for the indebtedness secured by this Mortgage and in Mortgagee's own name sue for or otherwise collect such rents, income, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. In the exercise of any of the foregoing rights and powers, Mortgagee shall not be liable to Mortgagor for any loss or damage thereby sustained unless due solely to the willful misconduct of Mortgagee. The entering upon and taking possession of the Property, the collection of such rents, income, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. To the extent the provisions of this paragraph are inconsistent with the terms of a separate Assignment of Lessor's Interest in Leases, if any, the terms of the Assignment of Lessor's Interest in Leases shall control.

4. **Mortgagee's Right to Cure and Defend.** Should Mortgagor fail to make any payment or to do any act as provided in this Mortgage or in the Note or in any other instrument securing the Note, Mortgagee, without obligation so to do and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security thereof, Mortgagee being authorized to enter upon the Property for such purpose. The Mortgagee may at all times, prior to full payment of all sums secured by this Mortgage, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any power conferred by this Mortgage, pay necessary expenses, employ counsel and pay reasonable fees therefor. Mortgagor agrees to repay immediately and without demand all sums so expended by Mortgagee with interest from date of expenditure at the Default Rate as herein provided.

5. Default; Acceleration; Default Rate. Time is material and of the essence hereof. Each of the following shall be an Event of Default under this Mortgage: (a) failure of Mortgagor to pay the secured indebtedness as provided; (b) failure of Mortgagor to comply with the provisions of this Mortgage; (c) a proceeding under any bankruptcy, receivership or insolvency law instituted by or against Mortgagor; (d) if Mortgagor makes an assignment for the benefit of creditors; (e) if any laws impose what Mortgagee may deem to be a substantial tax upon Mortgagee by reason of its interest in this Mortgage (unless Mortgagee may lawfully pay such tax and does so); or (f) if any warranty contained in the fifth paragraph of this Mortgage is false in the material respect or any representation, warranty or information furnished by the Mortgagor or its agents to Mortgagee in connection with the indebtedness secured hereby is false in any material respect. Any default under this Mortgage shall constitute a default under the Note and under all of the security instruments securing the Note. Any default under such other security instruments or the Note shall constitute a default under this Mortgage. In the event of default, Mortgagee may (but if the property is located in Iowa or Nevada only after the period of time required by law) declare all sums secured hereby immediately due and payable, and this Mortgage may be foreclosed. Any sum not paid as provided herein or in the Note or any other instrument securing the Note shall bear interest from such due date at a rate of interest (the "Default Rate") equal to four (4) percentage points per annum greater than the then current Note Rate or the maximum rate permitted by law, whichever is the lesser. If a default occurs during a period of time in which prepayment is permitted only on payment of a prepayment charge, such charge shall be computed as if the sum declared due on default were a prepayment and shall be added to the sums due and payable under the Note. Mortgagee consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Property, unless such judgment is prohibited by law.

6. Expenses and Attorney Fees. If Mortgagee refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; if Mortgagee is the prevailing party in any litigation instituted in connection with the Note; or if Mortgagee or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced hereby or the security therefor, and an attorney is employed by Mortgagee to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Mortgage any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, or in connection with any state or federal tax lien), then in any such event to the extent allowed by law, Mortgagor shall pay attorney fees and costs and expenses incurred by Mortgagee and/or its attorney in connection with the above-mentioned events or any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. If not paid within ten days after such fees, costs and expenses become due and written demand for payment is made upon Mortgagor, such amount may, at Mortgagee's option, be added to the principal of the Note and shall bear interest at the Default Rate.

7. Binding Effect; Waiver of Defenses; Interpretation. This Mortgage applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Mortgage or arising therefrom or by reason of any default of Mortgagor, is hereby waived to the full extent permissible by law. The term Mortgagee shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Mortgagee herein. In this Mortgage, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

8. Due on Sale or Encumbrance.

(a) This loan is personal to Mortgagor and not assignable. In making it, Mortgagee has relied on Mortgagor's credit, Mortgagor's interest in the Property, and financial market conditions at the time this loan is made. In the event of a sale, conveyance, transfer or encumbrance of the title to or possession of all or part of the Property, directly or indirectly, either voluntarily, involuntarily or by operation of law, without the prior written consent of Mortgagee (which consent may be withheld at Mortgagee's sole discretion), Mortgagee may declare the entire balance of this loan immediately due and payable. In such event, and to the extent permitted by law, a prepayment charge as specified in the Note shall be added to the sums due and payable in the Note and this Mortgage.

(b) Mortgagee will waive its right under the foregoing provisions of this paragraph if the following conditions are met: (i) the credit of the proposed transferee is satisfactory to Mortgagee; (ii) the proposed transferee shall assume full personal liability for payment and performance of the Note, this Mortgage and any other security instruments securing the Note; (iii) Mortgagee's reasonable administrative costs, as determined by Mortgagee, are paid to Mortgagee; (iv) at Mortgagee's sole option, either the interest rate on the secured loan is increased to a rate not in excess of the then current market rate for comparable loans under comparable circumstances (the amount of the increase to be determined solely by Mortgagee), or Mortgagee is paid a lump sum compensation not to exceed five percent (5%) of the loan balance; and (v) the provisions in the Note, this Mortgage and any other instrument securing the Note regarding the maturity, amortization or prepayment of this loan shall be modified, at Mortgagee's sole option, to conform to provisions being offered by Mortgagee in similar loans at the time Mortgagee's waiver is sought, or in the event Mortgagee is not offering similar loans at such time, on such reasonable terms as Mortgagee may determine. Without limiting the generality or effect of the foregoing, waiver by Mortgagee of its right to accelerate the loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph (b), shall not be deemed a waiver by Mortgagee of its right to accelerate the loan upon any other transfer or contract to transfer or of its right upon such transfer to require satisfaction of the conditions set forth above in subparagraph (b).

(c) Any changes in the provisions in the Note, this Mortgage, or any other instrument securing the Note resulting from the satisfaction of the conditions set forth in paragraph 8 (b) above shall entitle Mortgagee to increase the amount of the monthly installment to an amount determined by Mortgagee to be sufficient to amortize this Loan within the remainder of the amortization period originally used by the Mortgagee to establish the original monthly payment amount for this Loan. *annual

(d) For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Mortgagee's prior written consent, shall be deemed to be a transfer of title to the Property.

- (i) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Property;
- (ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of the Mortgagor;
- (iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Mortgagor; or
- (iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more of all limited partnership interests in Mortgagor.

(e) Assumption shall NOT release Mortgagor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan.

INITIAL

9. **Late Charges.** The Note provides that if any payment is not received by Mortgagee (or by the correspondent if a correspondent has been designated by Mortgagee to receive payments) within fifteen (15) days after its due date, Mortgagee, at its option, may assess a late charge equal to five cents for each \$1.00 of each overdue payment of the maximum late charge permitted by the laws of the state in which the Property is located, whichever is less. Such late charge shall be due and payable on demand, and Mortgagee at its option, may (a) refuse any late payment or any subsequent payment unless accompanied by such late charge, (b) add such late charge to the principal balance of the Note or (c) treat the failure to pay such late charge as demanded as a default hereunder. If such late charge is added to the principal balance of the Note, it shall bear interest at the Default Rate.

10. **Deficiency.** Mortgagor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Property, unless such judgment is prohibited by law. Any Mortgagor who is a married person hereby expressly agrees that recourse may be had against his or her other property, whether or not separately owned, but without hereby creating any lien or charge thereon, for any deficiency due after sale of the property hereunder; except that this provision shall not apply in the case of a Mortgagor who executes this Mortgage but not the Note secured hereby.

11. **Waiver of Rights Regarding Property.** To the extent permitted, Mortgagor hereby releases and waives (a) all rights to any homestead exemption in the Property; (b) all rights of dower and curtesy in the Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

12. **Waiver of Right to Marshal.** Mortgagor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Mortgage or of any other security for any of said indebtedness.

13. **Severability.** In the event any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. **Signature on Mortgage Only.** Notwithstanding any other provision of this Mortgage, any person who executes this Mortgage, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Mortgage. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Mortgagor, without notice to them or their consent, and upon such terms as Mortgagee may deem advisable, and without affecting in any way Mortgagee's rights hereunder as against the Property, may:

(a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Mortgage or any other instrument securing this loan, or

(b) Take any other action which Mortgagee may deem reasonably appropriate to protect its security interest in the Property.

15. **Nevada Provisions.** If the Property is located in Nevada, then to the extent not inconsistent with the foregoing provisions of this Mortgage, the following covenants, numbers 1, 2 (a reasonable percentage), 3 (the Default Rate), 4, 5, 6, 7 (full replacement value), 8, 9, 10, 11 and 12 of NRS 106.025 are hereby adopted and made a part of this Mortgage.

16. **Governing Law.** The law of the state in which the Property is located shall govern the validity, interpretation, construction and performance of this Mortgage.

17. **Books and Records.** Upon demand, Mortgagor will provide Mortgagee with operating statements and other financial information relevant to the use, operation and income of the Property, including reasonable access to the books and records.

18. **Prepayment Charges.** Prepayment charges will be imposed, as specified in the Note, to the extent permitted by law, whether the prepayment is (a) voluntary, involuntary, or by operation of law, (b) in connection with a default in performance of the payment obligations or any other obligations under the Note or under any instrument securing the Note, or (c) required by Mortgagee as provided herein in connection with a transfer or contract to transfer the Property, provided that no prepayment charges shall be added to sums prepaid with casualty insurance proceeds or condemnation awards.

19. **Notice.** Except as otherwise provided in this Mortgage, all notices and consents required or permitted under this Mortgage shall be in writing and may be telecopied, telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Mortgagor/Debtor: Rodney J. Wright
7330 Washburn Way
Klamath Falls, OR 97603

If to Mortgagee/Secured Party: Standard Insurance Company
P.O. Box 711
Portland OR 97207

Changes in the respective addresses to which such notices may be directed may be made from time to time by either party by notice to the other party. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given on the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

20. **Required Statement Regarding Tax Account Number.** The address of the Mortgagee is as provided in paragraph 18. The Tax Account Number of the Property is 4010-03200-00200 and 4010-02900-00700.

21. **Oregon Provision.** If the Property is located in Oregon, indicate whether document is being filed as a fixture filing with an effective period of ☐ five years, ☐ ten years, or ☒ until this mortgage is reconveyed or satisfied of record or its effectiveness otherwise terminates as to the Property.

22. **Entire Agreement.** This Mortgage, the Note and any other security agreements securing the Note constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Mortgage shall bind and inure to the benefit of the parties to this Mortgage and any successor or assignee acquiring an interest hereunder consistent with paragraph B. 8 above.

23. See Exhibit "A" for the Agricultural Rider attached hereto and by this reference made a part hereof.

LEGAL DESCRIPTION:

23090

PARCEL 1:

SW1/4, N1/2 SE1/4 of Section 29, Township 40 South, Range 10 East of the Willamette Meridian.

Tax Account No.: 4010 02900 00700

PARCEL 2:

W1/2 NW1/4 of Section 32, Township 40 South, Range 10 East of the Willamette Meridian, EXCEPTING THEREFROM that portion conveyed to the United States of America by deed recorded January 29, 1957 in Deed Book 289 at page 373, described as follows:

Beginning at a point which lies on the East boundary line of the county road and South at a distance of 280.0 feet along said boundary line from an iron pipe marking the intersection of the East boundary of the county road with the North line of said Section 32, said pipe being East 26.2 feet from the Northwest corner of said Section 32; thence East, parallel with the North line of Section 32, 380 feet; thence South, parallel to said county road, 100 feet; thence West, parallel with said North line of Section 32, a distance of 380 feet to a point on the East boundary line of said county road; thence North along said East boundary line, 100 feet to the point of beginning.

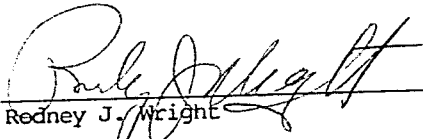
ALSO EXCEPTING THEREFROM a parcel of land situate in the West half of the Northwest quarter of Section 32, Township 40 South, Range 10 East of the Willamette Meridian, more particularly described as follows:

Beginning at the Southwest corner of W1/2 NW1/4 Section 32, Township 40 South, Range 10 East of the Willamette Meridian; thence North 00 degrees 59' 08" West along the West line of said Section 32, 1512.78 feet to a point; thence South 73 degrees 45' 21" East, 247.8 feet to a point; thence South 60 degrees 10' 54" East, 138.38 feet to a point; thence South 54 degrees 39' 24" East, 317.05 feet to a point; thence South 49 degrees 17' 04" East, 323.80 feet to a point; thence South 84 degrees 30' 02" East, 473.61 feet to a point on the East line of W1/2 NW 1/4 of said Section 32; thence South 00 degrees 47' 19" East along the East line of W1/2 NW 1/4 of said Section 32, 939 feet to the Southeast corner of W1/2 NW1/4 of said Section 32; thence North 89 degrees 47' 30" West along the South line of W1/2 NW 1/4 of said Section 32, 1320.36 feet to the point of beginning, together with the property described in the attached Exhibit "B".

EXCEPT THEREFROM any portion lying within railroad or highway right of way.

Tax Account No. 4010 03200 00200

Signature of Mortgagor


Rodney J. Wright

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

STATE OF OREGON,

County of.....Klamath.....

ss.

BE IT REMEMBERED, That on this.....7th.....day of.....November....., 1990, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named.....Rodney J. Wright.....

known to me to be the identical individual.....described in and who executed the within instrument and acknowledged to me that.....he.....executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

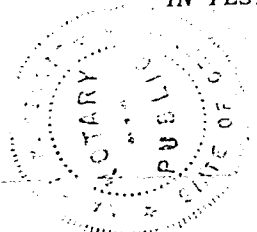

Nancy M. Minnich
Notary Public for Oregon.
My Commission expires.....6/8/92.....



EXHIBIT "A" TO
MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
DATED SEPTEMBER 6, 1990, BETWEEN
STANDARD INSURANCE COMPANY, BENEFICIARY,
AND RODNEY J. WRIGHT, TRUSTOR,
WITH A LOAN IN THE AMOUNT OF \$180,000.00
(AGRICULTURAL LOAN RIDER)

1. **Cultivation, Waste.** Trustor shall keep the arable land on the Property in a high state of cultivation and production. Trustor agrees to observe at all times the best practices as to seed selection, crop rotation, weed control, fertilization of the soil, drainage, prevention of erosion, and pasture maintenance, and to adopt approved scientific practices and methods which have been demonstrated to be practical to the end that the fertility and productivity of the Property shall be increased from year to year. Should Trustor fail to perform any act required of Trustor hereunder, Beneficiary may, at its option, make advisable or necessary repairs or remedy any waste, or do any other acts which from the character or use of the Property may be reasonably necessary, and Beneficiary, acting through its employees, agents or attorneys, is hereby authorized to enter upon and take possession of the Property for such purposes.

2. **Compliance With Reclamation Law.** In the event the Property is receiving irrigation water under the provisions of Federal Reclamation laws, Trustor covenants that none of the lands secured hereby are "excess land" or "formerly excess lands" under the Federal Reclamation Law and/or rules and regulations promulgated by the Secretary of the Interior. Trustor further covenants, on behalf of itself, its assigns and successors, to comply with all Federal Reclamation Laws and such rules and regulations and requirements adopted by the Secretary of the Interior so as to enable Trustor, its assigns and successors to be eligible for the continued delivery of irrigation water to the Property.

3. **Designation of Land.** If Trustor is or becomes the owner of irrigable lands subject to and in excess of the land limitation provisions of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess lands, Trustor agrees to designate the irrigable lands on the Property, or so much thereof as may be so designated within said limitation provisions, as non-excess lands.

4. **Water Rights.** Trustor shall not impair existing or future water rights by non-usage or otherwise, including, without limitation, by transferring the use of the water to other property without appropriate approvals. Trustor shall not apply to alter in any manner the use of such water rights or cause or allow the Property to be placed into an irrigation district without the prior written consent of Beneficiary. Trustor shall immediately upon receipt forward to Beneficiary any notices, correspondence or other communications with third parties relating to the water rights to

the Property. At Beneficiary's request, but not more frequently than annually, Trustor shall provide to Beneficiary a report on the use of water on the Property in the form and containing such information as may be required by Beneficiary.

5. **Beneficiary's Right to Perfect.** In the event of any failure on the part of Trustor to perfect any existing or future water right or permit appurtenant to the Property into a complete appropriation, then and in that event Beneficiary is hereby authorized to prosecute and perfect such right or permit so that the same may ripen into a complete appropriation.

6. **Default Regarding Water Rights.** If in the opinion of Beneficiary Trustor (a) fails to proceed with due diligence in perfecting any existing or future water right or permit into a complete appropriation, or (b) takes any other action that causes Beneficiary, in its sole discretion, to deem itself insecure, then in that event Beneficiary shall have the right to proceed in perfecting any water right or permit into a complete appropriation as set out in the preceding paragraph or the entire debt secured hereby shall at the election of Beneficiary and without notice, become immediately due and payable and this Deed of Trust may be foreclosed, or both.

7. **Grazing Rights.** Trustor shall perfect any existing or future grazing right(s) or permit(s) appurtenant to the Property into a complete appropriation. Trustor shall perform such quantity and/or quality of usage necessary to keep such right(s) and/or permit(s) in full force and effect. In the event Trustor fails to so proceed to perfect such grazing right(s) or permit(s), Beneficiary may (but shall not be required to) so perfect such right(s) or permit(s). Trustor shall not impair existing or future grazing rights by non-usage or otherwise.

8. **Financing Statements.** To the extent permitted by the law, Trustor hereby authorizes Beneficiary to sign and file financing statements at any time in respect of any of the Property without such financing statements being executed by or on behalf of Trustor, but Trustor will at any time upon request of Beneficiary, execute, or cause to be executed, financing statements in respect of any of the Property. Trustor agrees to pay all filing fees, including fees for filing continuation statements in connection with such financing statements, and to reimburse Beneficiary for all costs and expenses of any kind incurred in connection therewith.

EXHIBIT "B" TO
MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
DATED SEPTEMBER 6, 1990, BETWEEN
STANDARD INSURANCE COMPANY, BENEFICIARY,
AND RODNEY J. WRIGHT, TRUSTOR,
WITH A LOAN IN THE AMOUNT OF \$180,000.00



1. All water, water rights, whether riparian, appropriative or otherwise and whether or not appurtenant, all water service contracts, certificates, permits, and licenses now or hereafter relating to or used in connection therewith, all ditch rights, and any shares of stock evidencing any such water or ditch rights, including, but not limited to Trustor's rights to water in the Klamath Irrigation District and the Klamath Basin Improvement District, all ditches, pipes, pen-stocks and pumping stations located on the easements and rights-of-ways.

2. All leases, permits, allotments, licenses and privileges, whether or not appurtenant, from the United States or the State of Oregon, or any Department or other agency of either for the purpose of grazing, pasturing or feeding livestock on any of the public lands of the United States or the State of Oregon;

3. All maintenance supplies and repair equipment; all building materials and supplies now or hereafter delivered to said real property (it being understood that the enumeration of any specific items of property shall in no way be held to exclude any items of property not specifically enumerated), as well as renewals, replacements, proceeds, additions, accessories, increase, parts, fittings, insurance payments, awards and substitutes hereafter, together with all interests Trustor has in any such items hereafter acquired together with the Trustor's interest in any lease or conditional sales agreement under which the same is acquired;

4. All the estate and rights of Trustor in and to the land lying in streets and roads adjoining the Property, and all access rights and easements appertaining thereto;

5. All irrigation equipment now or hereafter located or used for the production of water on the Property or for the irrigation or drainage thereof, including but not limited to windmills, pumps, pumping stations, motors, switch boxes and transformers, engines, machinery, tanks, reservoirs, pipes, flumes, panels, valves, mainlines, laterals and sprinkler heads. Existing equipment is described as follows:

68 pcs. (2040') used 4"x30' main line 1.15 (34.50 ea.)	\$ 2,346.00
2 pcs. (60') used 3"x30' handline .90' (27.00 ea.)	54.00
15 pcs. (960') used 3"x40' handline .80' (32.00 ea.)	480.00
1 - 1560'x4"x58" Trunnell Wheelline	3,765.00
1 - 1240'x5"x76" Western Wheelline	3,975.00
1 - 1200'x5"x76" Crown-Am Wheelline	3,875.00
1 - 1200'x4"x76" Western Wheelline	3,200.00
1 - 1280'x4"x58" Wheelline	3,250.00
1 - 1289 ft. Valley Pivot serial #25909	16,000.00
1 - 75hp Cornell pump w/Marathon motor	2,400.00
1 - 50hp Cornell pump with G.E. motor	1,800.00
900 ft. 8"x30' circle lock mainline w/60' valves 2.85'	2,565.00
330 ft. 6"x30' circle lock mainline w/60' valves 2.00'	660.00
1 - 40hp model 4wb Rain-O-Flow pump, 40hp G.E. motor and panel	1,425.00
1 - 30hp Layne turbine pump, motor and panel	2,000.00
1 - 20hp Johnston turbine pump, motor and panel	1,500.00
1 - Manual priming valve	40.00
Total	\$49,335.00

6. All additions, accessions, replacements, substitutions, proceeds and products of the conversion, voluntary or involuntary, of any of the Property secured by this Deed of Trust into cash or liquidated claims.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 19th day
of Nov. A.D., 19 90 at 10:08 o'clock A M., and duly recorded in Vol. M90,
of Mortgages on Page 23084.

Evelyn Biehn County Clerk

By Darlene Mueller

FEE \$53.00