

31809
 THIS MORTGAGE, Made this 24TH day of MAY, 1991
 by PAUL J. ARRITOLA hereinafter called Mortgagor,
 to SOUTH VALLEY STATE BANK hereinafter called Mortgagee,

WITNESSETH, That said mortgagor, in consideration of TWENTY TWO THOUSAND AND NO/100-----
 Dollars, to mortgagee paid by said mortgagee, does hereby grant,
 bargain, sell and convey unto said mortgagee, mortgagee's heirs, executors, administrators and assigns, that certain
 real property situated in MALHEUR County, State of Oregon, bounded and described as follows, to-wit:

SEE EXHIBIT "A" ATTACHED

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining,
 and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said
 premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

To Have and to Hold the said premises with the appurtenances unto the said mortgagee, mortgagee's heirs, executors, administrators
 and assigns forever.

This mortgage is intended to secure the payment of a certain promissory note, described as follows:

PROMISSORY NOTE DATED MAY 24, 1991 IN THE AMOUNT OF \$22,000.00 AND MATURING
 ON DECEMBER 31, 1991.

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit:
 DECEMBER 31, 1991.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:

(a) primarily for mortgagor's personal, family or household purposes (see Important Notice below);

(b) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes.

And said mortgagor covenants to and with the mortgagee, mortgagee's heirs, executors, administrators and assigns, that mortgagor is lawfully seized in fee
 simple of said premises and has a valid, unencumbered title thereto

and will warrant and forever defend the same against all persons; that mortgagor will pay said note, principal and interest according to the terms thereof; that while
 any part of said note remains unpaid mortgagor will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said
 property, or this mortgage or the note above described, when due and payable and before the same may become delinquent; that mortgagor shall fail to
 satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that mortgagor
 will keep the buildings now on or which may be hereafter erected on the premises insured in favor of the mortgagee against loss or damage by fire, with extended

coverage, in the sum of \$ FULL AMOUNT in a company or companies acceptable to the mortgagee, and will
 have all policies of insurance on said property made payable to the mortgagee as mortgagee's interest may appear and will deliver all policies of insurance on said
 premises to the mortgagee as soon as insured; that mortgagor will keep the building and improvements on said premises in good repair and will not commit or suffer
 any waste of said premises. Now, therefore, it said mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its
 terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment
 of said note; it being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose on any lien on said premises or
 any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note and on this mortgage at once due and payable, time being
 of the essence with respect to such payment and/or performance, and this mortgage may be foreclosed at any time thereafter. And if the mortgagee shall fail to
 pay any taxes or charges of any lien, encumbrances or insurance premium as above provided for, the mortgagee may at mortgagee's option do so, and any pay-
 ment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note without waiver, how-
 ever, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee
 at any time while the mortgagor neglects to repay any sums so paid by the mortgagee.

In the event of any suit or action being instituted to foreclose this mortgage, the losing party in such suit or action agrees to pay all reasonable costs
 incurred by the prevailing party therein for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may
 adjudge reasonable as the prevailing party's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein the
 losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal, all such
 sums to be included in the court's decree. Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administra-
 tors and assigns of said mortgagor and of said mortgagee respectively. In case suit or action is commenced to foreclose this mortgage, the court may, upon motion
 of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same,
 first deducting all proper charges and expenses attending the execution of said trust, as the court may direct in its judgment or decree.

In construing this mortgage, it is understood that the mortgagor or mortgagee may be more than one person; that if the context so requires, the singular
 includes the plural, and all grammatical changes shall be made so that this mortgage shall apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b)
 is not applicable; if warranty (a) is applicable, the mortgagee MUST comply
 with the Truth-in-Lending Act and Regulation Z by making required dis-
 closures; for this purpose use S-N Form No. 1319, or equivalent.

STATE OF OREGON,

County of Klamath } SS:

This instrument was acknowledged before me on July 10, 1991,

by J. YERRE LANCHEE
 OFFICIAL SEAL
 NOTARY PUBLIC-OREGON
 COMMISSION NO 003699
 MY COMMISSION EXPIRES FEB 12 1995

(SEAL)

Notary Public for Oregon
 My commission expires 2-12-95

MORTGAGE

PAUL J. ARRITOLA

TO

SOUTH VALLEY STATE BANK

(DON'T USE THIS
 SPACE; RESERVED
 FOR RECORDING
 LABEL IN COUN-
 TIES WHERE
 USED.)

No.

AFTER RECORDING RETURN TO
 SOUTH VALLEY STATE BANK
 801 MAIN ST.
 KLAMATH FALLS, OR. 97601

STATE OF OREGON,

County of } SS.

I certify that the within instru-
 ment was received for record on the
 day of July, 1991,

at 10 o'clock A.M. and recorded
 in book reel volume No. on
 page or as fee/file/instrument/
 microfilm/reception No.
 Record of Mortgage of said County.

Witness my hand and seal of
 County affixed.

By Deputy

EXHIBIT "A"

LAND IN MALHEUR COUNTY, OREGON AS FOLLOWS:

In Township 30 South, Range 46, E. W. M., Section 3: All that portion of the Southwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter and Northwest Quarter of the Southeast Quarter lying North of the State Highway right of way.

ALSO that portion of the Northeast Quarter of the Southeast Quarter described as follows: Beginning at the point of intersection of the North boundary of the State Highway right of way as conveyed by Instrument No. 4622, Deeds, with a point 330 feet West of the East boundary of said Northeast Quarter of Southeast Quarter; thence North, parallel to the said East boundary, 175 feet; thence Northwesterly, parallel to the North boundary of the State Highway right of way, to the intersection with the West boundary of the Northeast Quarter of the Southeast Quarter; thence South, along the said West boundary, to its intersection with the said North highway boundary right of way; thence Southeasterly along the said right of way, to the point of beginning.

EXCEPTING FROM the Southeast Quarter of the Northwest Quarter that certain parcel as conveyed to the State of Oregon, Department of Transportation Highway Division by Deed dated June 25, 1975, recorded June 30, 1975, Instrument No. 6507.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of S. Valley State Bank the 11th day
of July A.D. 19 91 at 2:27 o'clock P M., and duly recorded in Vol. M91
of Mortgages on Page 13491.

FEE \$13.00

Evelyn Biehn County Clerk

By Pauline Mulender