

ON **31810**
 THIS MORTGAGE, Made this **24TH** day of **MAY**, 19**91**,
 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 mortgagor 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 **KLAMATH** County, State of Oregon, bounded and described as follows, to-wit:

SEE EXHIBIT "B" 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 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) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes.
 (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 will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that 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, if said mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note; it being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose on any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note and on this mortgage at once due and payable, time being of the essence with respect to such payment and/or performance, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges of any lien, encumbrances or insurance premium as above provided for, the mortgagee may at mortgagee's option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note without waiver, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee.

In the event of any suit or action being instituted to foreclose this mortgage, the losing party in such suit or action agrees to pay all reasonable costs incurred by the prevailing party therein for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as the prevailing party's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal, all such sums to be included in the court's decree. Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators 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 disclosures; 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 **PAUL J. ARRITOLA**
 NOTARY PUBLIC-OREGON
 COMMISSION NO. 002699
 MY COMMISSION EXPIRES FEB. 12, 1995

Terrie L. Henchey
 Notary Public for Oregon
 My commission expires **2-12-95**

MORTGAGE

PAUL J. ARRITOLA

TO

SOUTH VALLEY STATE BANK

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

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

STATE OF OREGON,

County of **Klamath** } ss.

I certify that the within instru-
 ment was received for record on the
 day of **July**, 19**91**,
 at **10:00** A.M., and recorded
 in book reel volume No. **13493** on
 page **1** or as fee/file/instrument/
 microfilm/reception No. **13493**,
 Record of Mortgage of said County.

Witness my hand and seal of
 County affixed.

By **Terrie L. Henchey** Deputy

EXHIBIT B
DESCRIPTION OF PROPERTY

13494

6817

PARCEL A: The W1/2SW1/4SE1/4 in Section 16, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPT the right of way for the U.S.R.S. East Branch Canal as now constructed across said tract.

PARCEL B: The SW1/4 of the NE1/4 and Lot 3 of Section 21; ALSO, beginning at the Southeast corner of the NW1/4 of NE1/4 of Section 21; thence West 80 rods; thence North 42 rods; thence East 80 rods; thence South 42 rods to the Place of Beginning, and being in Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon; ALSO all of the W1/2 of NW1/4 of NE1/4 of Section 21, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, lying North of that certain tract deeded to Adah Brown, described on page 125, Volume 26, Deed Records of Klamath County, Oregon, EXCEPT rights of ways for canals and laterals as presently located thereon.

PARCEL C: All of the W1/2 of the E1/2 of the SW1/4 of the SE1/4 of Section 16, Township 39 South, Range 10 East of the Willamette Meridian, lying South of the O.C. & E. R. R. right of way and excepting the right of way of the U.S.R.S. East Branch Canal AND The Northerly 38 rods of the W1/2 of the E1/2 of the NW1/4 of the NE1/4 of Section 21, Township 39 South, Range 10 East of the Willamette Meridian.

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 13493.

FEE \$13.00

Evelyn Biehn - County Clerk

By Pauline M. Nielsen