

MORTGAGE

DATE: December 27, 1991

PARTIES: Aladdin's Valley Rental Service, Inc.,
an Oregon corporation
3580 Shasta Way
Klamath Falls, Oregon

MORTGAGOR

Robert J. Halvorsen and Lois E. Halvorsen
6622 Verda Vista Drive
Klamath Falls, Oregon

MORTGAGEE

SECTION 1. CONVEYANCE

For value received by Mortgagor 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:

Beginning on the South line of Shasta Way at a point 243 feet West of the Northeast corner of Lot 14 in Block "C" of HOMECREST, Klamath County, Oregon; thence in a Southeasterly direction along the Southwesterly line of a parcel conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded October 14, 1946, Volume 197, Page 89, to a point on the North line of the U. S. Government Right of Way for main irrigation canal, said point being North 76° 10' West 140' from the Southeast corner of said Lot 14; thence Northwesterly along the line of said U. S. Canal to the South line of said Shasta Way; thence East along the South line of Shasta Way to the place of beginning, being all of that portion of Lots 11 and 12 and 13 of Block "C" of HOMECREST, not heretofore conveyed to the Oregon State Highway Commission.

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 to secure payment of a loan in the principal amount of Eighty-Five Thousand (\$85,000.00) DOLLARS, evidenced by a Promissory Note from Mortgagor to Mortgagee, dated January 15, 1992, together with interest payable on the unpaid balance thereof at the rate specified in the Note. 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 those of record and apparent upon the land. Mortgagor will defend Mortgagee's right against any liens and encumbrances other than those listed in this Mortgage.

SECTION 4. CHARGES AGAINST MORTGAGED PREMISES

4.1 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.

4.2 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, which are superior to the lien of this Mortgage.

4.3 Subordination to Line of Credit. Mortgagor will have the right, at any time during the term of this Mortgage, to establish a line of

credit with a banking institution in an amount not to exceed \$100,000.00, which lien shall be superior to the lien of this Mortgage, and the Mortgagees, by acceptance of this Mortgage, agree to execute any documents necessary to subordinate this Mortgage to the Mortgage or Trust Deed of the banking institution which extends the line of credit.

SECTION 5. DEFAULT

5.1 Events of default. The occurrence of any one or more of the following event shall constitute a default hereunder (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) 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.

5.2 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, and foreclosure proceedings may be immediately commenced. 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.

SECTION 6. 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 7. MISCELLANEOUS

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

7.2 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 sufficient if enclosed in a postpaid envelope addressed to Mortgagor at the last address actually furnished to Mortgagee, or at the mortgaged premises, and deposited in any post office station or letter box.

7.3 Transfer. Mortgagor shall have the right to transfer the mortgaged premises at any time, with or without Mortgagee's consent.

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

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

7.6 Disclaimer. This Mortgage has been prepared by William P. Brandsness of Brandsness & Brandsness, P.C. on behalf of the Mortgagor. The

Mortgagees are advised to seek their own legal and financial advice and the Mortgagees hereby acknowledge that they are not depending upon said attorneys for legal or financial advice.

Aladdin's Valley Rental
Service, Inc.

By: Robert L. Laver
President

STATE OF OREGON } ss. December 27, 1991.
County of Klamath }

Personally appeared the above-named Robert L. Laver and acknowledged that he is the President of Aladdin's Valley Rental Service, Inc., and that he signed the foregoing Mortgage on behalf of the corporation by authority of its Board of Directors and he acknowledged said instrument to be its voluntary act and deed.



Kiki D. Vogler
Notary Public for Oregon
My Commission expires: Oct. 26-95

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Brandsness, Brandsness the 2nd day
of Jan. A.D. 19 92 at 4:29 o'clock P.M., and duly recorded in Vol. M92,
of Mortgages on Page 123.
Evelyn Biehn County Clerk
By [Signature]

FEE \$18.00

After Recording Return To:
Brandsness & Brandsness, P.C.
411 Pine Street
Klamath Falls, OR 97601

3. MORTGAGE
aladval1.001