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WPNG35 (9-91)

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MORTGAGE (SECURING WEATHERIZATION INSTALLMENT LOAN AGREEMENT)

THIS MORTGAGE is made this 23rd day of OCTOBER, 19 92, by WILLARD J. & DEBORAH K. CARNEY ("Mortgagor"), whose address is 1039 ALAMEDA KLAMATH FALLS OR 97601 to THE WASHINGTON WATER POWER COMPANY, a Washington corporation doing business as WP NATURAL GAS ("Mortgagee"), whose address is E. 1411 Mission Spokane, WA 99202.

WITNESSETH, that in consideration of Seventeen Hundred Forty Eight Dollars & 50/100 Dollars (\$ 1748.50), Mortgagor does hereby grant, bargain, sell and convey unto Mortgagee and its successors and assigns, that certain real property situated in County of KLAMATH, State of Oregon, described as follows, to-wit:
LT 19, BLK 13 HOT SPRINGS' ADD

together with all and singular the buildings, improvements, fixtures, tenements, hereditaments and appurtenances now or hereafter located thereupon or belonging or in anywise appertaining thereunto and all rents, issues and profits therefrom, including without limitation all proceeds of insurance and condemnation awards, TO HAVE AND TO HOLD unto Mortgagee and its successors and assigns forever.

Mortgagor is indebted to Mortgagee in a principal amount equal to the amount set forth above under the Weatherization Installment Loan Agreement(s) dated OCTOBER 23rd, 19 92 (the "Agreement(s)"), and this Mortgage shall secure the payment and performance of all indebtedness and obligations of Mortgagor presently existing or hereafter arising under the Agreement(s) and this Mortgage. The date of maturity of the indebtedness secured by this Mortgage is the date on which the last scheduled principal payment becomes due, to-wit November 23, 2002. If any payment under the Agreement(s) is not made within 15 days after its due date, Mortgagor agrees to pay a \$5.00 late charge.

Mortgagor agrees to pay before delinquency all taxes, assessments, charges, liens or encumbrances upon said premises. If Mortgagor shall fail to pay any taxes, charges, liens, or encumbrances as provided above, Mortgagee may at its option do so, and any such payment shall become a part of the indebtedness secured by this Mortgage, and shall bear interest at the rate provided in the Agreement(s), without waiver of any other remedy of Mortgagee for failure by Mortgagor to perform its obligations hereunder.

NOW, THEREFORE, if Mortgagor shall pay all indebtedness (including all principal, interest and other amounts) and perform all obligations under the Agreement(s) and this Mortgage according to their terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure such payment and performance; it being agreed that upon a failure to pay or perform any such indebtedness or obligation when due, Mortgagee shall have the option to declare all indebtedness secured hereby immediately due and payable, without notice of any kind (which notice Mortgagor hereby waives), and this Mortgage may be foreclosed by Mortgagee at any time thereafter in the manner prescribed by law. Mortgagee shall have the right to become the purchaser at any foreclosure sale, whether public or private. Mortgagor agrees to pay all costs of Mortgagee to collect the indebtedness secured by this Mortgage and to foreclose this Mortgage, including without limitation title report and search costs, statutory costs and disbursements and reasonable attorney's fees, whether suit is brought or not. Any judgment shall bear interest at the maximum lawful rate.

In the event of any sale or transfer, whether voluntary or involuntary, of any part of said premises or any interest therein without Mortgagee's prior written consent, to the extent permitted by applicable law all indebtedness secured hereby shall become immediately due and payable, without notice of any kind to Mortgagor (which notice Mortgagor hereby waives).

This Mortgage shall bind the heirs, executors, administrators, successors and assigns of Mortgagor and inure to the benefit of Mortgagee and its successors and assigns.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage the day and year first above written.

MORTGAGOR ACKNOWLEDGES RECEIPT
OF A COPY OF THIS MORTGAGE.

MORTGAGOR

Willard J. & Deborah K. Carney

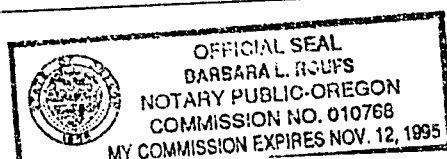
STATE OF OREGON)

) ss.

County of Klamath)

This instrument was acknowledged before me on October 26, 19 92, by

(SEAL)



Barbara L. Raup
Notary Public for Oregon
My commission expires: 11/12/95

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 12th day
of Nov. A.D., 19 92 at 11:42 o'clock A.M., and duly recorded in Vol. M92
of _____ Mortgages on Page 26842.

Evelyn Biehn - County Clerk

By Deborah K. Carney

FEE \$10.00

Return: Washington Water Power
P.O. Box 3727, Spokane, Wa. 99220