

THIS MORTGAGE, made this 9th day of April, 1993, by Thomas Andrew Putnam, Mortgagor, to Lisa Marie Putnam, Mortgagee, jointly referred to as parties.

WITNESSETH

That said Mortgagor to secure his agreement to establish and fund Thomas Andrew Putnam Educational Trust (TRUST) and as security for stock redemption and employment guarantees contained in that MARITAL SETTLEMENT AGREEMENT (SETTLEMENT AGREEMENT) between the parties dated the 9th day of April, 1993, 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, described as follows, to-wit:

See attached Exhibit A

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter 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 his agreement to establish and fund the TRUST and the stock redemption and employment guarantees contained in the SETTLEMENT AGREEMENT. The date of maturity of the obligations secured by this mortgage is May 1, 2000.

Mortgagor covenants and agrees to and with the Mortgagee and those claiming under him; that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto except:

(1) That Trust Deed dated March 29, 1991, from Thomas A. Putnam to Trustee, Aspin Title & Escrow Inc., in favor of Ned and Juanita Putnam in the amount of \$1,106,721.00 including the terms and provisions thereof, recorded in Klamath County Mortgage Records, Book M-91, Page 5661, Fee No. 27571.

(2) Covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, if any, and apparent upon the land.

that he will warrant and forever defend the same against all persons whomever.

To protect the security of this mortgage, Mortgagor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

2. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property.

3. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent.

4. To provide and maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards for replacement value when said insurance is available at reasonable cost. In the event that all or a portion of the security is damaged as a result of a fire or casualty, Mortgagor at his election shall (1) complete and restore any building or improvements damaged or destroyed; (2) pay to Mortgagee all insurance proceeds after payment to prior encumbrances necessary to satisfy outstanding obligations owing

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under the TRUST and SETTLEMENT AGREEMENT; or (3) provide other adequate security to Mortgagee to secure outstanding obligations under the TRUST and SETTLEMENT AGREEMENT.

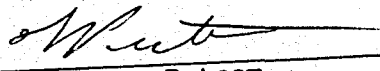
Should Mortgagor fail to establish and fund the TRUST or Mortgagee fail to receive any stock redemption or employment monies or benefits to which she is entitled under the SETTLEMENT AGREEMENT, Mortgagee shall give Mortgagor thirty (30) days written notice specifying with reasonable detail the nature of breach. If Mortgagor fails to remedy the breach within thirty (30) days of his receipt of the notice, a default will have been deemed to have occurred and Mortgagee at her election may declare the outstanding monies to fund the TRUST and all or portion of her stock or employment monies or benefits owing under the SETTLEMENT AGREEMENT to be immediately due and payable. Mortgagee may judicially foreclose and obtain judgment foreclosing this Mortgage and obtain judgment of foreclosing Mortgagor's interest in all or any part of the property and giving Mortgagee the right collect any deficiencies remaining due after deposition of the mortgaged property.

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 to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

In the event of any suit or action being instituted to foreclose this mortgage, the losing party therein agrees to pay all reasonable costs incurred by the prevailing party for title reports and title search, all statutory costs and disbursements and such further sums as the trial court may adjudge reasonable as 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 therein further promises to pay such sum as the appellate court shall adjudge reasonable as prevailing party's attorney's fees on such appeal as 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, successors and/or assigns of said Mortgagor and of said Mortgagee respectively.

IN WITNESS WHEREOF, said Mortgagor has executed this mortgage this day and year first above written.


Thomas Andrew Putnam

STATE OF OREGON)
County of Klamath) ss.

April 9, 1993, This instrument was acknowledged before me on this day, 1993, by Thomas Andrew Putnam.


NOTARY PUBLIC FOR OREGON
My Commission Expires: 10-2-93

Thomas Andrew Putnam
2742 Homedale
Klamath Falls, OR 97601

TO

Lisa Marie Putnam
3665 Pine Tree Drive
Klamath Falls, OR 97601

After recording return to:

William J. Claussen
Attorney at Law
1415 Commercial St. SE
Salem, OR 97302

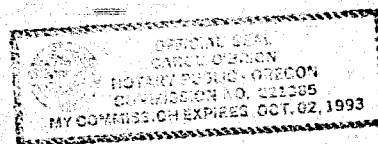


Exhibit A

Parcel 1 of Land Partition 4-92
situated in the S 1/2 of Section 8,
Township 39 South, Range 9 East of
the Willamette Meridian.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Wm. J. Claussen the 21st day
of April A.D., 19 93 at 11:38 o'clock AM., and duly recorded in Vol. M93
of Mortgages on Page 8369.

Evelyn Biehn, County Clerk

By Daniel T. Mulender

FEE \$20.00