FORM No. 105A—MORTGAGE—Long Form. K-46075

CS 74982 01-26-94A10:43 RCVD

STEVENS-NESS LAW PUBLISHING CO., PORTLAND, OR. 97204

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THIS MORTGAGE, Made this 24th *day of* January, 1994, *by* SESSLER METALS, INC., AN OREGON CORPORATION *Mortgagor, to* WASHBURN ENTERPRISES, INC., AN OREGON CORPORATION *Mortgagee,*

WITNESSETH, That said mortgagor, in consideration of One hundred eighteen thousand and no/100 *Dollars, to him paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in* Klamath *County, State of Oregon, bounded and described as follows, to-wit:*

Lot 2, Block 4, Washburn Park, Tract 1080, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Subject to:

1. Rules, regulations, and assessments of South Suburban Sanitary District.

2. Reservations and restrictions contained in the dedication and as shown on the plat of Washburn Park Tract 1090, as follows: "said plat subject to: Building set-back lines as prescribed in present applicable ordinances; All existing easements and/or as shown on the annexed plat; Additional restrictions as provided for in any recorded protective covenants."

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, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of a *promissory note, of which the following is a substantial copy:*

$ 118,000.00 Klamath Falls, Oregon, January 24, 1994

The undersigned corporation promises to pay to the order of WASHBURN ENTERPRISES, INC., AN OREGON CORPORATION, at KLAMATH COUNTY TITLE COMPANY One hundred eighteen thousand and NO/100---------- DOLLARS, with interest thereon at the rate of 8% percent per annum from January 24, 1994 until paid, payable in monthly installments of not less than $1,500.00 in any one payment; interest shall be paid monthly and is included in the minimum payments above required; the first payment to be made on the 24th day of February, 1994, and a like payment on the 24th day of each month thereafter, until January 24, 1998, when the full balance of principal and interest shall be due and payable; if any of said installments in not so paid, the whole sum of both principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, the undersigned promises and agrees to pay the reasonable collection costs of the holder hereof; and if suit or action is filed hereon, also promises to pay (1) holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.

By /s/ Walter C. Badorek, Secretary

SESSLER METALS, INC.
By /s/ Charles S. Kujawski, President

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: January 24, 1998

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto except a trust deed in favor of Western Bank in the amount of $50,000 on the Southerly 285 feet of the above-described property.

and will warrant and forever defend the same against all persons; that he will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid he 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 he will promptly pay and satisfy any and all liens or encumbrances that now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire and such other hazards as the mortgagee may from time to time require, in an amount not less than the original principal sum of the note or obligation secured by this mortgage, in a company or companies acceptable to the mortgagee, with loss payable first to the mortgagee and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the mortgagee as soon as insured. Now if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies to the mortgagee at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; that he will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

RETURN TO: KLAMATH COUNTY TITLE CO.
422 MAIN ST.
KLAMATH FALLS, OREGON 97601

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

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 upon a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, the mortgagee may at his 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 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 sum 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 appllate court shall adjudge reasonable as 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, successors and/or 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 to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

In construing this mortgage, it is understood that the mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

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

Charles S. Kujawski
CHARLES S. KUJAWSKI

Walter C. Badorek
WALTER C. BADOREK

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable. If warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1318, or equivalent.

STATE OF OREGON }
COUNTY OF KLAMATH } SS

The foregoing instrument was acknowledged before me
this 25th day of January, 19 94
by Charlen S. Kujawski, President
by Walter C. Badorek, Secretary
of Sessler Metals, Inc.
a corporation, on behalf of the corporation.

Debra A. Buckingham
Notary Public for Oregon
My Commission Expires 12-19-96

OFFICIAL SEAL
DEBRA BUCKINGHAM
NOTARY PUBLIC - OREGON
COMMISSION NO. 020140
MY COMMISSION EXPIRES DEC. 19, 1996

STEVENS-NESS LAW PUB. CO., PORTLAND, OR. 97204

to

SPACE RESERVED FOR RECORDING LABEL IN COUNTY OFFICE

AFTER RECORDING RETURN TO

STATE OF OREGON,
County of Klamath } ss.

Filed for record at request of:

Klamath County Title Company
on this 26th day of January A.D., 19 94
at 10:43 o'clock A M. and duly recorded
in Vol. M94 of Mortgages Page 2653
Evelyn Biehn County Clerk
By Lynette Whitney Deputy.

Fee, $15.00