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THIS MORTGAGE IS DATED MAY 16, 1994, between Robert Jay Brazil, whose address is 1405 Lookout Ave., Klamath Falls, OR 97601 (referred to below as "Grantor"); and South Valley State Bank, whose address is 801 Main Street, Klamath Falls, OR 97601 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and apputtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located

in Klamath County, State of Oregon (the "Real Property"):

Lot 7, Block 12, FAIRVIEW ADDITION NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. 詞

The Real Property or its address is commonly known as 1405 Lookout Ave., Klamath Falls, OR 97601.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

DEFINITIONS. The following words shall have the following meanings when used in this Mortgage. Terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America. I protective contrained performed precored of clauters and optimized to an experience of

Grantor, The word "Grantor" means Robert Jay Brazil. The Grantor is the mortgagor under this Mortgage.

Guarantor. The word "Guarantor" means and includes without limitation, each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness. Handle and organized state and mutant surginal size

Improvements." The word "improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

successful to show the second second second and the second second to second the second s Lender to discharge obligations of Grantor or expenses incurred by Lender to enforce obligations of Grantor under this Mortgage, together with interest on such amounts as provided in this Mortgage. sale or of terror provided in this Mortgage.

Lender. The word "Lender" means South Valley State Bank, its successors and assigns. The Lender is the mortgagee under this Mortgage.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender, and includes without limitation all assignments and security Interest provisions relating to the Personal Property and Rents was thread to the terror and the second to the

Note:"The word "Note" means the promissory note or credit agreement dated May 16, 1994, in the original principal amount of \$15,400.00 from Grantor to Lender, together with all renewats of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of the Note is May 5, 1998. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegoliation.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or atfixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property. THE Web HOudry 15 Cit.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Property.

÷ 35 Real Property. The words "Real Property" mean the property interests and rights described above in the "Grant of Mortgage" section.

Belated Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan bog agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or sa hereafter existing, executed in connection with the indebtedness. To more the more that a

avia Rents. VaThe word "Rents", means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the مرجعه وبالبعد بتجعر والمسحوة فالاستخار

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND THE SECURITY INTEREST IN THE REALS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE AND THE RELATED DOCUMENTS. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

ROPLOYCE VID THE BETVIED BOCONVENTED THE MOLEGYDE TO CALL AND ACCEPTED ON THE FOULD AND 19566 THE Page 2 05-16-1994 THE THE NEW YOR THE INCERTEDUES MORTGAGE WAY CE DE VID CALL AND 1008 19566 THE Page 2 Kortoage and the related documents. This mortoage is Loan No 205512 CONDUCTING THE VORIGHMENT OF BEALS V(Continued) ALA INTEREDE IN THE SEARCH VAD DED CAST FROM AND

PAYMENT AND PERFORMANCE. Exceptias otherwise provided in this Mongage, Grantor shall pay to Lender all amounts secured by this Mongage as they become due, and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the

Possession and Use. Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents from the Property. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Mortgage, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardeus waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (II) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnity and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Morigage, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nulsance, Waste. Grantor shall not cause, conduct or permit any nulsance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Granter shall not demolish or remove any Improvements from the Real Property without the prior written consent of D()4 Lender. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace ់លំយំរា such improvements with improvements of at least equal value. 1110

Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's Interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in ic is effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good failh any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in

writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, declare immediately due and payable all sums secured by this Morigage upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer? means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Mortgage.

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Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Mortgage, except for the lien of taxes and assessments not due, and except as otherwise provided in the following paragraph.

Right To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the iten arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if Encrequested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and altorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surely bond furnished in the contest proceedings.

Loan No.205512 ματώδια στο διαδολυβού δείται Αγμάτιμα του Continued) εφτά δεκ

Evidence of Payment*/ Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall bill authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property reside in door plug geolet pay increase.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are turnished, or any materials are supplied to the Property, it any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$1,000.00. Grantor will upon request of Lender turnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE, The following provisions relating to insuring the Property are a part of this Mortgage.

Maintenance of Insurance,: Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any consumance clause, and with a standard mortgage clause in favor of Lender. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender, Grantor shall deliver, to Lender, certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, to the extent such insurance is required by Lender and is to become savailable, for the term of the loan and for the full unpaid platerie of the loan, or the maximum limit of coverage that is available; whichever is less:

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casually. Whether or not Lender's security is impaired, Lender may at its election; apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the receipt and which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender this Moridgae, then to prepay accrued interest, and the remainder, if any, shall be paid to the indebtedness, such proceeds shall be used first to pay any amount owing to Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.

Unexpired insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Mortgage at any trustee's sale or other sale held under the provisions of this Mortgage, or at any foreclosure sale of such Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Mortgage, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable, with any installment payments to become due during either (i) the term of any applicable insurance of the policy or (ii) the remaining term of the Note, or, (c) be treated as a balloon payment which will be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had. Action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had. Action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had. Action but the default so as to bar Lender from any remedy that it otherwise would have had. Action but the default so as to bar Lender from any remedy that it otherwise would have had.

WARBANTY: DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mongage.

Title: Grantor warrants that: (a) Grantor holds good and marketable tile of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any tille insurance policy, tille report, or final tille opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Detense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever detend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the Interest of Lender under this Mongage, Grantor shall detend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws,

CONDEMNATION. The following provisions relating to condemnation of the Property are a part of this Mortgage.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current, Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, tees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the following secured by this type of Mortgage; (c) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and go (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor (d) a specific tax on all or any portion of the Indebtedness or on payments o

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same

Subsequent foxos. It and lowinch this section applies is encound exceeded so the object the Norlowd's preservation in the formation solution. 05-16-1994 (Cleax out all ex and belood of the indepreduced of MORTGAGE clear our interact markets of 19568 Loan No 205512 and phase the or Mentudes (or the record (Continued) ace curding the rest of the rest o

164 In a processory sparse company pass to which the receipt groups (g) and constrained and the remedies for an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent; or (b) contexts the tax as provided above in the Taxes and Lens section and deposits with Lender cash or a sufficient corporate surely bond or other security satisfactory to Lender.

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SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage Mor

perfect and continue.Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time, and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Decrets (Lethon, may decret, the and will our connectation real and the second connectance connectance connectance of the period available to Lender within three (3) days after receipt of written demand from Lender.

Addresses, of the mailing, addresses, of Grantor, (debtor) and Lender, (secured party), from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Mortgage. FURTHER ASSURANCES: ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, deeds or trust, security deeds, security agreements, inflations statements, commutation statements, instruments, or turner assurance, commutates, and other documents as may in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note; this Mortgage, and the Related Documents, and (b) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph, see zer toup an use your probability decoupling of the paragraph.

Attorney-In-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose \$1.54 of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to 1033 accomplish the matters referred to in the preceding paragraph.

FUL PERFORMANCE. It Granter pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Granter under this Morigage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Morigage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time. The submit

DEFAULT: Each of the following; at the option of Lender, shall constitute an event of default ("Event of Default") under this Mortgage:

Experient on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien:

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Mortgage, the Note or in any of the Related Documents. Faulte to comply with any other term, obligation, covenant or condition contained in this Mongage, the Note or in any or the Related Documents. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Mongage within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sands written notice demanding cure of such failure: (a) cures the failure within fifteen (15) days; for, (b) if the cure requires more than fifteen (15) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Breaches. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Mortgage, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect.

Insolvency. The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, financement of any proceeding under any bankruptcy or insolvency laws by or against Grantor, or the dissolution or termination of Grantor's existence as a going business (if Grantor is a business). Except to the extent prohibited by federal law or Oregon law, the death of Grantor (if Grantor is an individual) also shall constitute an Event of Default under this Mortgage.

Forectosure, Forfelture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply In the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forefeiture proceeding, provided that Grantor gives Lender written notice of such claim and turnishes reserves or a surely bond for the claim satisfactory to what computer whom would be use yo

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or such Guarantor dies or becomes incompetent. Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure the Event of Default. Insecurity. Lender in good faith deems itself insecure.

RIGHTS AND REMEDIES ON DEFAULT 4 Upon the occurrence of any Event of Default and at any time thereafter, Lender, at its option, may exercise any one or more of the following rights and remedies; in addition to any other rights or remedies provided by law:

Accelerate Indebtedness - Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due rogand payable, including any prepayment penalty which Grantor would be required to pay.

02- UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under

MORTGAGE (Continued)

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Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor inevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to Appoint Acceiver. Lender shall have the right to have a receiver appointed to take possession of an or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebledness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby walves any and all right to have the property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Mortgage shall not constitute a waiver of or projudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Mortgage

after failure of Grantor to perform shall not affect Lender's right to declare a default and exercise its remedies under this Mortgage. Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys fees, at trial and on any appeal. Whether or not any court action is involved, all

reasonable expenses incurred by Lender that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Note 116 rate. Expenses covered by this paragraph include, without limitation, however, subject to any limits under applicable law, Lender's attorneys' fees TIA and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacale any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining CIO title reports (including foreclosure reports), surveyors' reports, and appraisal fees, and title insurance, to the extent permitted by applicable law. one Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES, TO GRANTOR AND OTHER PARTIES, Any notice under this Morigage, including without limitation any notice of default and any notice of sale to Grantor, shall be in writing and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courser, or, if Sale to Granicr, shall be deemed effective when deposited in the United States mall first class, registered mail, postage prepaid, directed to the addresses shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of notices under this Mortgage. For other of any lien which has priority over this Mortgage shall be sent to Lander's address, as shown near the beginning of this Mortgage. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following iniscellaneous provisions are a part of this Mongage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Applicable Law. This Mortgage has been delivered to Lender and accepted by Lender in the State of Oregon. This Mortgage shall be governed by and construed in accordance with the laws of the State of Oregon. 13

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the Provisions of this Mortgage, IVALLIC HEVO VIT THE ENOMBIONS OF THIS NORTONS OF SHE OF VALUES OF SECTIONS IN THE FERRE Ch

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Severability all a court of competent jurisdiction finds any provision of this Mortgage to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Mortgage in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and insue to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, rest-ender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of no the table or extension without releasing Grantor from the obligations of this Mortgage or tiability under the Indebtedness.

Walver of Homestead Exemption: Grantor hereby releases and walves all rights and benefits of the homestead exemption laws of the State of

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