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81161

06-28-94 PD2-54:65VRCVD
05-11-94 P03:65VRCVD

Vol. m94 Page 20091

MTC 32857-JW Vol. m94 Page 15575

MORTGAGE

THIS MORTGAGE, made this 17 day of May, 1994, by HARRY L. MAUCH and CAROL E. MAUCH, Mortgagor, to LLOYD H. MORRIS, or upon his death to WILLIAM HOWARD MORRIS, Mortgagee,

WITNESSETH:

That said mortgagor, in consideration of Three hundred sixty thousand and no/100 dollars (\$360,000.00), 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:

As described on Exhibit 1 attached hereto.

*** Being rerecorded to include Exhibit 2

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise 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 assignees forever.

This mortgage is intended to secure the payment of a promissory note, a copy of which is Exhibit 2 attached hereto.

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: September 1, 2024.

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 and will warranty 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 if 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 are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings 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 nor or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; the mortgagor shall construct and maintain a 6' chainlink fence topped by 3 strands of barbed wire around the perimeter of the property; 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.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage 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

Return MTC

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 appellate 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 and 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.

As additional security for the payment of the promissory note to the mortgagee, the mortgagor does hereby assign to the mortgagee any rights or benefits which the mortgagor shall have under Ticor Title Insurance Company Insurance policy no. 32857 issued to the mortgagor.

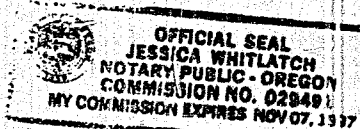
IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

Harry L. Mauch
Harry L. Mauch

Carol E. Mauch
Carol E. Mauch

STATE OF OREGON)
County of Klamath) SS

This instrument was acknowledged before me on May 17, 1994, by Harry L. Mauch and Carol E. Mauch.



Jessica Whitlatch
Notary Public for Oregon

My Commission Expires: 11/7/97

After recording, return to:

Mountain Title Company
cc Klamath County

STATE OF OREGON)

County of) SS

I certify that the within instrument was received for record on the ___ day of ___, 19___, at ___ o'clock ___ M., and recorded in book/reel/volume No. ___, on page ___, or as fee/file/instrument/microfilm/reception No. ___. Record of Mortgage of said County.

Witness my hand and seal of County affixed.

Name

BY

Title

Deputy

20093

15577

EXHIBIT 1 LEGAL DESCRIPTION

PARCEL 1

TRACT 95, PLEASANT HOME TRACT NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2

Beginning at an iron pin on the North right of way line of the Klamath Falls-Lakeview Highway which lies North 0 degrees 55' West a distance of 30 feet and North 89 degrees 21' East along the Northerly right of way line of the Klamath Falls-Lakeview Highway a distance of 402.6 feet from the iron pin which marks the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon and running thence: Continuing North 89 degrees 21' East along the North right of way line of the Klamath Falls-Lakeview Highway a distance of 99.8 feet to an iron pin; thence North 0 degrees 59' West a distance of 189.4 feet to an iron pin which lies on the South line of Pleasant Home Tracts No. 2; thence South 89 degrees 21' West along the South line of Pleasant Home Tracts No. 2 and parallel to the center line of the Klamath Falls-Lakeview Highway a distance of 99.8 feet to an iron pin; thence South 0 degrees 59' East a distance of 189.4 feet, more or less, to the point of beginning, and being a portion of the SW1/4 of NE1/4, Section 2, Township 39 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon. EXCEPTING THEREFROM that parcel conveyed to the State of Oregon, by and through its State Highway Commission, by instruments recorded August 13, 1964 in Volume 355, page 293, and recorded June 29, 1973 in Volume M73 at page 8322, all Deed Records of Klamath County, Oregon.

PARCEL 3

Beginning at an iron pin on the Northerly right of way line of the Klamath Falls-Lakeview Highway, which lies North 0 degrees 55' West a distance of 30 feet and North 89 degrees 21' East along the Northerly right of way line of the Klamath Falls-Lakeview Highway a distance of 502.4 feet from the iron point which marks the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon, and running thence: Continuing North 89 degrees 21' East along the Northerly right of way line of the Klamath Falls-Lakeview Highway a distance of 100 feet to a point; thence North 0 degrees 59' West a distance of 189.4 feet to a point which lies on the South line of Pleasant Home Tracts No. 2; thence South 89 degrees 21' West along the South line of Pleasant Home Tracts No. 2 and parallel to the centerline of the Klamath Falls-Lakeview Highway a distance of 100 feet to an iron pin; thence South 0 degrees 59' East a distance of 189.4 feet, more or less, to the point of beginning. EXCEPTING THEREFROM that parcel conveyed to the State of Oregon by and through its State Highway Commission by instruments recorded August 13, 1964 in Volume 355 at page 293 and recorded June 29, 1973 in Volume M73 at page 8322, all Deed Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co
of May A.D., 19 94 at 3:05 o'clock P M., and duly recorded in Vol 15577
of Mortgages on Page 15575
By Evelyn Blehn County Clerk
Caroline Nell

FEE \$20.00

ENCLOSURE

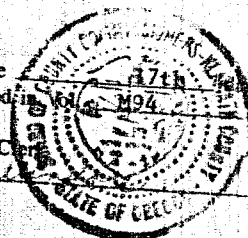


EXHIBIT 2

INSTALLMENT NOTE

20094

\$360,000.00

Klamath Falls, Oregon

May 17, 1994

We, jointly and severally, promise to pay to the order of Lloyd H. Morris, or upon his death to William Howard Morris, at Mountain Title Company of Klamath County, THREE HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS, (\$360,000.00) with interest thereon at the rate of 7% per cent, per annum from September 1, 1994, until paid, principal and interest payable in monthly installments of not less than \$2,395.00 in any one payment; each payment as made shall be applied first to accumulated interest and the balance to principal; the first payment to be made on the 10th day of September, 1994, and a like payment on the 10th day of each month thereafter. Upon the prior written approval of Lloyd H. Morris, the makers of this note shall be allowed to extend not more than three monthly payments in any one calendar year. The payments that are extended shall increase the term of this promissory note. On January 31st of each year, the makers of the note shall furnish to the payee of this note, a full profit and loss statement for the business conducted by the makers on the property which secures this promissory note for the year ended December 31. The payee of the note shall have the option to require an increase in the scheduled monthly payments of not more than 5% of the adjusted gross profits before taxes of the business conducted on the subject property. The increase shall be payable 1/12th per month for the next succeeding year beginning February 1 of each year. If any of said installments is 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, we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, we also promise 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.

Carol E. Mauch
 Harry L. Mauch

Carol E. Mauch
 Carol E. Mauch

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
 of _____ June _____
 A.D., 19 94 at _____ o'clock _____ P.M., and duly recorded in Vol. M94 day
 of _____ Mortgage _____
 FEE \$20.00

Evelyn Biehn
 By _____

County Clerk