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08-29-94 10 47 RCVD

Vol. 94 Page 26869

RECORDATION REQUESTED BY:

First Interstate Bank of Oregon, N.A.
 601 MAIN ST.
 P O BOX 608
 CLAMATH FALLS, OR 97601

WHEN RECORDED MAIL TO:

First Interstate Bank of Oregon, N.A.
 601 MAIN ST.
 P O BOX 608
 CLAMATH FALLS, OR 97601

SEND TAX NOTICES TO:

James E. Boynton and Bonita G. Boynton
 435 Telephone Flat Rd.
 Chiloquin, OR 97624

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

K: 47059

MORTGAGE

THIS MORTGAGE IS DATED AUGUST 26, 1994, between James E. Boynton and Bonita G. Boynton, Husband and Wife, whose address is 435 Telephone Flat Rd., Chiloquin, OR 97624 (referred to below as "Grantor"); and First Interstate Bank of Oregon, N.A. whose address is 601 MAIN ST., P O BOX 608, CLAMATH 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 appurtenances; 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"):

See Exhibit "A"

The Real Property or its address is commonly known as 435 Telephone Flat Rd., Chiloquin, OR 97624.

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 Oregon Uniform Commercial Code.

Existing Indebtedness. The words "Existing indebtedness" mean the indebtedness described below in the Existing Indebtedness section of this Mortgage.

Grantor. The word "Grantor" means James E. Boynton and Bonita G. Boynton. 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.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by 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.

Note. The word "Note" means the promissory note or credit agreement dated August 26, 1994, in the original principal amount of \$31,000.00 from Grantor to Lender, together with all renewals or extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of this Mortgage is September 5, 2009. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation.

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 affixed 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.

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

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

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

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 (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage 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 following provisions:

Possession and Use. Until in default, Grantor may remain in possession and control of and operate and manage the Real Property and collect the Rents. 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 APPROVED USES.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, 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.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, declare immediately due and payable all sums secured by this Mortgage 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 or equitable; whether voluntary or involuntary, whether by outright sale, deed, installment sale contract, land contract or 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 or partnership, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock or partnership 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.

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 Existing Indebtedness referred to below, and except as otherwise provided in the following paragraph.

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 coinsurance clause, and with a standard mortgagee 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 canceled or diminished without a minimum of ten (10) days' prior written notice to Lender.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. 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.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Mortgage, including any obligation to maintain Existing Indebtedness in good standing as required below, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender may, in its discretion, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will be added to the balance of the Note and shall be repaid 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 the term of the applicable insurance policy or (c) be added to the balance of the Note and be payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The amount so added to the Note shall be in addition to any other amounts 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.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage.

Title. Grantor warrants that: (a) Grantor holds good and marketable title 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 the Existing Indebtedness section below or in any title insurance policy, title report, or final title 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.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons.

EXISTING INDEBTEDNESS. The following provisions concerning existing indebtedness (the "Existing Indebtedness") are a part of this Mortgage.

Existing Lien. The lien of this Mortgage securing the Indebtedness may be secondary and inferior to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default or such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

Default. If the payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the note evidencing such indebtedness, or should a default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then, at the option of Lender, the Indebtedness secured by this Mortgage shall become immediately due and payable, and this Mortgage shall be in default.

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

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

Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant, or condition contained in this Mortgage, the Note, or in any other agreement between Grantor and Lender.

Insolvency. The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, the commencement 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. However, the death of any Grantor will not be an Event of Default if as a result of the death of Grantor the Indebtedness is fully covered by credit life insurance.

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.

Existing Indebtedness. Default of Grantor under any Existing Indebtedness or under any instrument on the Property securing any Existing Indebtedness, or commencement of any suit or other action to foreclose any existing lien on the Property.

RIGHTS AND REMEDIES ON DEFAULT. 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

DESCRIPTION

The following described real property situate in Klamath County, Oregon:

A parcel of land situated in the NW $\frac{1}{4}$ of Section 27, Township 35 South, Range 7 East of the Willamette Meridian, more particularly described as follows:

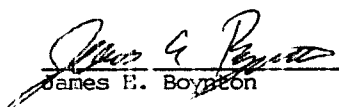
Beginning at a 2 inch pipe marking the Northwest corner of Section 27, Township 35 South, Range 7 East of the Willamette Meridian; thence S. 0°38' E. along the section line a distance of 442.3 feet; thence East 660.0 feet to an iron pipe; thence S. 0°38' E. parallel to the West section line a distance of 330.0 feet to the true point of beginning; thence West parallel to the North section line 330.0 feet; thence S. 0°38' E. 330.0 feet to a point on the South line of parcel described in Deed Volume 328 page 102, Deed records of Klamath County, Oregon; thence East along said South line a distance of 330.0 feet to an iron pipe; thence N. 0°38' W. parallel to the West section line 330.0 feet to the point of beginning.


Together with an easement for roadway purposes over and across the following described property:

Beginning at a point S. 0°38' E. 1102.3 feet from the Northwest corner of Section 27, Township 35 South, Range 7 East of the Willamette Meridian; thence East parallel to the North section line 330.0 feet; thence N. 0°38' W. 40 feet; thence West parallel to the North section line 330.0 feet to the West section line; thence South 40 feet to the point of beginning.

Together with the right to use easement given to said grantors in Deed Volume 328 page 102, Deed records of Klamath County, as follows:

Easement 40 feet in width for roadway purposes over and across the NW $\frac{1}{4}$ of Section 27, Township 35 South, Range 7 East of the Willamette, extending from the Southerly line of parcel described in Deed Volume 328 page 102, records of Klamath County, Oregon, Southerly along the West section line of said Section 27, to the South line of the NW $\frac{1}{4}$ of Section 27, Township 35 South, Range 7 East of the Willamette Meridian.


James E. Boynton


Bonita G. Boynton

MORTGAGE
(Continued)

and payable, including any prepayment penalty which Grantor would be required to pay.

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 the Oregon Uniform Commercial Code.

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 Property by nonjudicial sale.

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

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

Attorneys' Fees; Expenses. In the event of foreclosure of this Mortgage, Lender shall be entitled to recover from Grantor Lender's attorneys' fees and actual disbursements necessarily incurred by Lender in pursuing such foreclosure.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

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.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Oregon as to all indebtedness secured by this Mortgage.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

James E. Boynton
James E. Boynton

x Bonita G. Boynton
Bonita G. Boynton

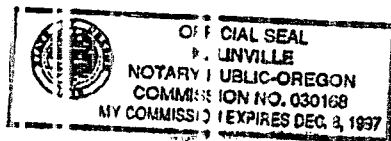
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath) SS

On this day before me, the undersigned Notary Public, personally appeared James E. Boynton and Bonita G. Boynton, to me known to be the individuals described in and who executed the Mortgage, and acknowledged that they signed the Mortgage as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of August, 19 94
By James E. Boynton Residing at 9 Klamath Falls, OR
Notary Public in and for the State of Oregon My commission expires 12-8-97

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STATE OF OREGON: COUNTY OF KLAMATH SS.

Filed for record at request of Klamath County Title Co the 29th day
of Aug A.D. 19 94 at 10:45 o'clock A.M. and duly recorded in Vol. M94
of Mortgages on Page 26869

FEE \$25.00

Evelyn Biehn - County Clerk

By Debra M. Miller