

(SECURING WEATHERIZATION INSTALLMENT LOAN AGREEMENT)

THIS MORTGAGE is made this 8TH day of JANUARY, 19 96, by ROBERT S. & MARJORIE A. MCDANIEL ("Mortgagor"), whose address is 5912 ONYX AVE KLAMATH FALLS OR 97603 to THE WASHINGTON WATER POWER COMPANY, a Washington corporation doing business as WP NATURAL GAS ("Mortgagee"), whose address is E. 1411 Mission Spokane, WA 99202

WITNESSETH, that in consideration of SIXTEEN HUNDRED THREE DOLLARS & 90/100 Dollars (\$ 1603.90), Mortgagor does hereby grant, bargain, sell and convey unto Mortgagee and its successors and assigns, that certain real property situated in County of KLAMATH, State of Oregon, described as follows, to-wit: GRACE PARK LT 26

together with all and singular the buildings, improvements, fixtures, tenements, hereditaments and appurtenances now or hereafter located thereupon or belonging or in anywise appertaining thereunto and all rents, issues and profits therefrom, including without limitation all proceeds of insurance and condemnation awards, TO HAVE AND TO HOLD unto Mortgagee and its successors and assigns forever.

Mortgagor is indebted to Mortgagee in a principal amount equal to the amount set forth above under the Weatherization Installment Loan Agreement(s) dated JANUARY 8TH, 19 96 (the "Agreement(s)"), and this Mortgage shall secure the payment and performance of all indebtedness and obligations of Mortgagor presently existing or hereafter arising under the Agreement(s) and this Mortgage. The date of maturity of the indebtedness secured by this Mortgage is the date on which the last scheduled principal payment becomes due, to-wit 02/08/01. If any payment under the Agreement(s) is not made within 15 days after its due date, Mortgagor agrees to pay a \$5.00 late charge.

Mortgagor agrees to pay before delinquency all taxes, assessments, charges, liens or encumbrances upon said premises. If Mortgagor shall fail to pay any taxes, charges, liens, or encumbrances as provided above, Mortgagee may at its option do so, and any such payment shall become a part of the indebtedness secured by this Mortgage, and shall bear interest at the rate provided in the Agreement(s), without waiver of any other remedy of Mortgagee for failure by Mortgagor to perform its obligations hereunder.

NOW, THEREFORE, if Mortgagor shall pay all indebtedness (including all principal, interest and other amounts) and perform all obligations under the Agreement(s) and this Mortgage according to their terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure such payment and performance; it being agreed that upon a failure to pay or perform any such indebtedness or obligation when due, Mortgagee shall have the option to declare all indebtedness secured hereby immediately due and payable, without notice of any kind (which notice Mortgagor hereby waives), and this Mortgage may be foreclosed by Mortgagee at any time thereafter in the manner prescribed by law. Mortgagee shall have the right to become the purchaser at any foreclosure sale, whether public or private. Mortgagor agrees to pay all costs of Mortgagee to collect the indebtedness secured by this Mortgage and to foreclose this Mortgage, including without limitation title report and search costs, statutory costs and disbursements and reasonable attorney's fees, whether suit is brought or not. Any judgment shall bear interest at the maximum lawful rate.

In the event of any sale or transfer, whether voluntary or involuntary, of any part of said premises or any interest therein without Mortgagee's prior written consent, to the extent permitted by applicable law all indebtedness secured hereby shall become immediately due and payable, without notice of any kind to Mortgagor (which notice Mortgagor hereby waives).

This Mortgage shall bind the heirs, executors, administrators, successors and assigns of Mortgagor and inure to the benefit of Mortgagee and its successors and assigns.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage the day and year first above written.

MORTGAGOR ACKNOWLEDGES RECEIPT
OF A COPY OF THIS MORTGAGE.

MORTGAGOR

Robert S. McDaniel
Marjorie A. McDaniel

STATE OF OREGON)
) ss.
County of Klamath)

This instrument was acknowledged before me on January 12, 1996, by Robert S. & Marjorie A. McDaniel

(SEAL)



OFFICIAL SEAL
ELEANOR E. REYNOLDS
NOTARY PUBLIC - OREGON
COMMISSION NO. 016449
MY COMMISSION EXPIRES JUNE 29, 1996

Eleanor E. Reynolds
Notary Public for Oregon

My commission expires: 6-29-96

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 25th day
of Jan, A.D., 19 96 at 10:09 o'clock A M., and duly recorded in Vol. 1196
of _____ Mortgages _____ on Page 2146

FEE \$10.00

Return: Washington Water Power Co.

By Bernetha G. Letsch County Clerk

Lynette M. Hays

96-01-25A10:09 RCVD