RECORDATION REQUESTED BY:

First Interstate Bank of Oregon, N.A. 2809 South Sixth Street PO Box 2:18 Klamath Falls, OR 97601

WHEN RECORDED MAIL TO:

First Interstate Bank of Oregon, N.A. File Services P.O. Box 5140 Portland, OR 97208

SEND TAX HOTICES TO:

WILLIAM E. DE BUDGE and JANIS MARIE DE BUDGE 9213 REEDER RD KLAMATH FALLS, OR 97603

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

Vol. 11251

First Interstate

K-49093

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THIS MORTGAGE IS DATED APRIL 17, 1996, between WILLIAM E. DE BUDGE and JANIS MARIE DE BUDGE, AN ESTATE IN FEE SIMPLE AS TENALITS BY THE ENTIFIETY, whose address is 9213 REEDER RD, KLAMATH FALLS, OR 97603 (referred to below as "Grantor"); and First Interstate Bank of Oregon, N.A., whose address is 2809 South Sixth Street, FO Box 238 Klamath Falis, OR 97601 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mertgages 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 weter, water rights, watercourses and ditch rights (including slock in utilities with ditch or irrigation rights); and all in KLAMATH County, State of Cregor (the "Real Property"):

SEE ATTACHED EXHIBIT "A"

ASSESSORS IDENTIFICATION NO.: 3910-2900-1900

The Real Property or its address is commonly known as 9213 REEDER ROAD, KLAMATH FALLS, OR 97603.

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 Lander 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

Borrower. The word "Borrower" means each and every person or entity signing the Note, including without limitation WILLIAM E DEBUDGE and

Grantor. The word "Grantor" means any and all persons and entities executing this Mortgage, including without limitation all Grantors named above. The Grantor is the mortgagor under this Mortgage. Any Grantor who signs this Mortgage, but does not sign the Note, is signing this Mortgage only to grant and convey that Grantor's interest in the Real Property and to grant a security interest in Grantor's interest in the Rents and Personal Property to Lender and is not personally liable under the Note except as otherwise provided by contract or law.

Guarantor. The word "Guarantor" meians and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

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.

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

Lender. The word "Lender" means First Interstate Blank of Oregon, N.A., its successors and assigns. The Lender is the mortgagee under this

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.

Note. The word "Note" means the promissory note or credit agreement dated April 17, 1995, in the original principal amount of \$30,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of the Note is April 10, 2011. The rate of interest on the Note is subject to

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; all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and all water and waste water rights, utility rights, connections, privileges, prescriptions, licenses, permits,

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franchises, certificates, contracts, plans, specifications, deposits, and all other rights, priviledges and interests relating to the Real Property or any Improvements; together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property and all revenues, benefits, leases, rents, and rights of every kind arising cut of, generated from, or belonging to any 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.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

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 ORLIGATIONS OF GRANTOR UNDER THIS MORTGAGE AND THE RELATED DOCUMENTS. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

GRANTOR'S FIEPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power and right to enter into this Mortgage and to hypothecate the Property; (c) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition, and (d) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower shall pay to Lender all Indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Borrower agree 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 Property and collect the Rents from the Property. THIS INSTRUMENT WILL NOT A LOW 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 fileintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

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 9501, 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, at seq., or other applicable state or Federal laws, rules, or regulations accopted pursuant to any of the foregoing. The terms "hazardous 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 hazardous waste or substance by any prior owners or occupants of the Property or (ii) ariy actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any lenant, contractor, egent 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 tederal, 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 inclemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and ho'd 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 Mortgage, 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. Granter 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, Granter 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. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

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.

Compilance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good tath any such law, ordinance, or regulation and withhold compilance 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

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Granter to post adequate security or a surely bond, reasonably satisfactory to Lender, to profect 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 Properly are reasonably necessary to protect and preserve the Properly.

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 Inferest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land 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 Cregorial

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

Payment. Granter 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 lian arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien 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 requested by Lender, deposit with Lender cash or a sufficient corporate surely bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' 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 surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish 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 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 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. Each insurance policy also shall include an endorsement providing that any disclaimer of the insurer's liability for failure to give such notice. Each insurance purcy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or delault of Granter or any other person. 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 ficod hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, to the extent such insurance is required by Lender and is or becomes available, for the term of the loan and for the full unpatid principal balance of the loan, or the maximum limit of coverage that is available. whichever is less.

Application of Proceeds. Granter shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Granter talls 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. 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 reasonable cost of repair or restoration if Grantor is not in default hereunder. Any proceeds 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 under this Mortgage. then to prepay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If 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 (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall 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.

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 hers and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion assued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Granfor 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. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend 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 Granter will deliver, or

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cause to be delivered, to Lerider such instruments as Lender may request from time to lime to permit such participation.

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

CONDENINATION. 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 clomain 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 afterneys' fees incurred by Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Granter shall promptly notify Lender in writing, and Granter shall promptly take such steps as may be necessary to defend the action and obtain the award. Granter 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 Granter 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 Fleat 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, fees, 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 Indeb'. Iness secured by this Mortgage; (b) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness 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 (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

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 effect as 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) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surely bond or other security satisfactory to Lender.

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

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to 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 Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The malling 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 Mortgage.

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 fitted, recorded, reflied, 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 furst, security deeds of furst, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, 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 and Borrower 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 personnel.

Atterney-in-Fact. If Granter fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Granter and at Granter's expense. For such purposes, Granter hereby irrevocably appoints Lender as Granter's atterney-in-fact for the purpose of making, executing, delivering, fiting, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCIE. If Borrower pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Fersonal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

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 Borrower to make any payment when due on the Indebtedness.

Default on Other Payments. Failure of Grantor within the lime 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 ferm, obligation, coveriant or condition contained in this Mortgage, the Note or in any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lerider by or on behalf of Grantor or Berrower under this Mortgage, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Desth or insolvency. The death of Grantor or Borrower, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor or Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower.

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MORTGAGE (Continued)

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Fereclosure, Forfelture, etc. Commercement of foreclosure or forfeiture probleidings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental algebray against any of the Property. However, this subsection shall not apply any other method, by any creditor of Grantor or by any governmental algebray against any of the Property. However, this subsection shall not apply the event of a good faith dispute by Grantor as to the validity or reasonablements of the claim which is the basis of the foreclosure or to refer the properties. or the event of a good ratin dispute by Grantor as to the valuity of reasonableness of the claim virticit is the basis of the toreclosure of reference proceeding, provided that Grantor gives Lander written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to leader.

Breach of Other Agreement. Any breach by Granlor or Borrower under the terms of any other agreement between Granlor or Borrower and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Granter of G

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies events affecting cuarantor. Any of the preceding events occurs with respect to any cuarantor of any of the indebtedness, or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

RIGHTS AND REMEDIES ON DEFAURT. 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 taw:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Borrower to declare the entire indebtedness immediately due

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

Collect Rents. Lender shall have the right, without notice to Grantor or Borrower, to take possession of the Property and collect the Rents. including amount, past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of instituting amounts past due and onpart, and apply the net proceeds, over and above Lender's costs, against the independence of the Rents are 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 tris right, Lender may require any tenant or other user of the Property to make payments of rent or use rees directly to Lender. It the Hents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney In-Pacific to endouse 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 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 may demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may prove the other triangles are the other triangles.

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 profect and preserve the Property, to operate the Property preceding foreclosure or sate, and to collect the Rents from the Property and apply the profest and preserve the Property, to operate the Property preceding foreclosure or sate, and to collect the Rents from the Property and apply the property of the prop 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 Forectosure. Lender may obtain a judicial decree foreclosing Granton'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, Lander 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. 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 be come a tenant at sufferance of Lender or the purchaser of the Property and shall be lender or the purchaser of the Property and the Prope becomes enumed to possession or the property upon detault or dramor, dramor shall become a tenant at sollerance of Lender or the property immediately 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 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 the property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property.

Other Fiermedites. 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 or Borrower hereby waive any and all right to have the property page or the Property. To the extent permitted by approache law, Grantor or Borrowell hereby waive any and all rights on ave the property marshalled. In exercising its rights and remedies, Lender shall be free to set all or any part of the Property together or separately, in one sate or by eparate 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

Welver; Election of Remedies. A waiver by any party of a breach of a provision of this Mortgage shall not constitute a waiver of or prejudice 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 pany's rights otherwise to demand sinct compliance with that provision or any other provision. Executed by Lender to pursue any remedy sharing exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor or Sorrower under the exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor or Sorrower under the exclude pursuit or any other remedy, and an election to make expenditures or take action to perform an obligation or tarantor or somewer under this Mortgage after failure of Granfor or Borrower to perform shall not affect Lender's right to declare a default and exercise its remedies under this this Mortgage after failure of Granfor or Borrower to perform shall not affect Lender's right to declare a default and exercise its remedies under this

Attorneys' Fess; 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 that and on any appeal. Whether or not any court action is involved, all reasonable as attorneys' fees at that and on any appeal. such some as the count may adjudge reasonable as adorneys nees at mat and on any appear. Attended or not any count addors is involved, at 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 the dotter. reasonable expenses incurred by Lender that in center's opinion are necessary at any time for the protection or as interest or the emblacement of the indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the rate is replaced for in the Mate. its rights shall become a part of the indebtedness payable on demand and shall oper mierest from the date of expenditure undirected have rapid to any limits under applicable law, provided for in the Note. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law. provided to in the redie. Capenses develod by this paragraph include, without inhalation, newer subject to any times into applicable law.

Lencler's alternays' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings. Lencier's enormays ties and Lender's legit expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of controlling efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of controlling efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of controlling efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of controlling efforts to modify or vacate any automatic stay or injunction). searching records, obtaining the reports (including loreclosure regions), surveyors reports, and appraisal loos, to permitted by applicable law. Borrower 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 Mortgage, including without limitation any notice of default and any notice of sale to Grantor, shall be in writing, may be be sent by telefacsimille, and shall be effective when actually delivered, or when deposited with a nationally sale to Grantor, shall be in writing, may be be sent by telefacsimille, and shall be effective when actually delivered, or when deposited in the United States mail first class, registered mail, postage recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States have been deposited in the United States have been defective when deposited in the United States have been deposited in the United States have been deposited by the United States have been deposited by the Unit recognized overnight couner, or, it maked, shall be deemed effective when deposited in the unless States mail first class, registered mail, postage propaid, 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 the notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address. As shown near the beginning of this mortgage. For parties our great and a state of the party noreclosure from the notice of any nent which has priority over this mornage shall be sent to trainers a address. Mortgage. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address.

MORTQUIE (Cantlaund)

Page 6

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

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 holispited by Lender in the State of Oregon. This Mortgage shall be governed by end construed in accordance with the laws of the State of Cregion.

Caption Headings. Caption headings in this Mixtgage are for convenience purposes only and are not to be used to interpret or define the provisions (if this Mortgage.

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.

Multiple Parties. All obligations of Grantor and Borrower under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Cirantor, and all references to Borrower shall mean each and every Borrower. This means that each of the persons signing below is responsible for all obligations in this Mertiage.

Severability. If 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 unshid chable as to say 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.

Successorii and Assigns. Subject to the limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Walver of Homestead Exemption. Grantor hereby releases and walves all rights and bunnifts of the homestead exemption taws of the State of Oregon as to all indebtedness secured by this Mortgage.

Walvers and Consents. Londer shall not be deemed to have walved any rights under this Mortgage (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, not any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

ADDITIONAL MITHOUS OF NOTICE TO GRANTOR AND OTHER PARTIES. In eddlion to the methods of notice set forth above, any notice under this Mortgage may be given by depositing such notice in the United States that exceeds

regular first class mail, unless other notice is required by applicable law.
EACH GRANTON ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MURTGAGE, AND EACH GRANTON AGREES TO ITS TERMS.
GRANTOR: 4.4
WILLIAM E. DE BLOGE X WILLIAM E. DE BLOGE X WILLIAM E. DE BLOGE X X X X X X X X X X X X X
INDIVIDUAL ACKNOWLEDGMENT
STATE OF Drugun
1/1 // Page Control of the Control o
COUNTY OF A COMMISSION AND A COMMISSION
On this day before me, the undersigned Notary Public, personally appeared WILTAM E. DE BLECKE and JAMIS MARIE DE BUDGE, to me known to be the individuals described in and who executed the Mortgage, and acknowledged that they signed the Miritage as their free and voluntary act and doed, for the uses and purposes therein mentioned.
Given under my hand and official said this 17 Mb dayed PAn's
Given under my hand and official sass this 1944 day of Port 1996 By Justing at Klaim of Touls
Wolary Public in and for the State of Oregan My commission expires 1665, 2000

My commission expires 1665, 2000

LASER PHO, Hea. U.S. Pat. & T.M. Off., Ver. 3.18a (c) 1996 CFI ProServices, Inc., All rights reserved. [OR-GO3 E9.19 X0419745.LN G114.CVL]

EXHIBIT "A"

A parcel of land situated in Lot 5, Section 29, Township 39 South, Range 10 East of the Willamette Heridian, in the County of Klamath, State of Oregon, being more particulary described as follows:

Beginning at a point, being the intersection of the Westerly line of Section 29 and the Northerly right of way line of the U.S.R.S. Lost River Diversion Channel, from which the Northerly right of way line of the U.S.R.S. Lost River Diversion Channel, from which the Section Corner common to Sections 29, 30, 31 and 32 bears South 00°18'51" West, 451.86 feet; thence North 60°18'51" East, 280.24 feet along said Westerly line; thence North 83°12'40" East, 30.19 feet, leaving said Westerly line, to a 1 inch iron rod; thence South 05°23'49" East, North 83°12'40" East, 408.32 feet to a 1 inch iron rod; thence slong said Northerly line as follows:

Along the arc of a curve to the left 111.26 feet (Central Angle 3°44'41": Radius 1702.30 feet, Chord bears South 76°22'11" West 111.24 feet) to 1 Inch from rod; thence South 74°29'51" West, 330.61 feet to a 1 from rod; thence South 74°29'51" West, 31.18 feet to the point of beginning.

STATE OF OIREGON: COUNTY OF KLAMATH: 84.
Filed for record at request of Klamath County Title Company the 23rd day recorded in Vol. M95 AD. 19 96 × 10:50 o'clock AM, and day recorded in Vol. M95
of April Of Mortgassis on Page 11251 Bernetha G. Letsch, County Clerk
FEE \$40.00