

THIS MORTGAGE is made this 6th day of NOVEMBER 1998 by DANIELE E HOFFMAN & JOYCE E HOFFMAN ("Mortgagor"), whose address is 5648 DENVER 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 NINE HUNDRED THIRTY NINE DOLLARS & 15/100 Dollars (\$ 939.15), 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:

SEE ATTACHED

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 NOVEMBER 01 1998 (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 12/06/04. 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.

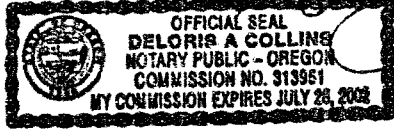
MORTGAGOR

[Handwritten signatures of Daniel E Hoffman and Joyce E Hoffman]

STATE OF OREGON)
County of Klamath) ss.

This instrument was acknowledged before me on Nov 11 1998 by Daniel Hoffman / Joyce Hoffman

(SEAL)



[Handwritten signature of Deloris A. Collins]
Notary Public for Oregon
My commission expires: _____

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12037

42990

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96-01-25A 10:00 RCVD

THIS INDENTURE WITNESSETH: THAT HENRY G. CISNEROS, Secretary of Housing and Urban Development, of Washington, D.C., (hereinafter referred to as "Grantor"), in consideration of the sum of \$36,100.00

hereby grant, bargain, sell and convey unto

DANIEL E. HOFFMAN AND JOYCE E. HOFFMAN, husband and wife

(hereinafter referred to as "Grantee(s)") the following real property situate in Klamath County, State of Oregon, to wit: A parcel of land situate in Lot 63 of Fairacres Subdivision No. 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the Southeast corner of Lot 63; thence North 178.4 feet to the point of beginning; thence West 100.0 feet; thence North 100.0 feet; thence East to the East line of said Lot 63; thence South 100.0 feet to the Southeast corner of the property herein described; Excepting therefrom the Easterly 5 feet of said property acquired by Klamath County for the widening of Homedale Road, recorded in Volume 349 page 511, Deed records of Klamath County, Oregon.

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.

BEING the same property acquired by the Grantor pursuant to the provisions of the National Housing Act, as amended (12 USC 1701 et seq.) and the Department of Housing and Urban Development Act (79 Stat. 667).

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, and reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD the same premises, together with the appurtenances, unto the said Grantee(s), and to the heirs and assigns of said Grantee(s), forever.

SUBJECT to all covenants, restrictions, reservations, easements, conditions and rights appearing of record; and SUBJECT to any state of facts an accurate survey would show.

THE SAID GRANTOR, for himself and for his successors in office, does hereby covenant to and with the said Grantee(s), and the heirs and assigns of said Grantee(s), that the said Grantor is the owner in fee simple of said premises, and that the said grantor will WARRANT and DEFEND the same against the lawful claims and demands of all persons claiming by, from, through or under said Grantor, and none other.

IN WITNESS WHEREOF the undersigned on this 18th day of January, 1996 has set his hand and seal as M. S. UMBRAS, SINGLE FAMILY REVIEW APPRAISER, for and on behalf of the said Secretary of Housing and Urban Development, under authority and by virtue of the Code of Federal Regulations, Title 24, Chapter 11, Part 200, Subpart D.

Executed in the presence of: Secretary of Housing and Urban Development HENRY G. CISNEROS

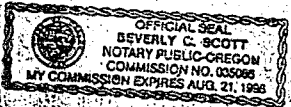
Handwritten signatures of M. S. Umbra and Henry G. Cisneros. (SEAL)

STATE OF OREGON COUNTY OF MULTNOMAH

On the 18th day of January, 1996 before me appeared M. S. Umbra who is known to me to be the duly appointed Single Family Review Appraiser, and the individual who is described in and who executed the within instrument by virtue of the authority vested in him by the Code of Federal Regulations, Title 24, Chapter 11, Part 200, Subpart D, and acknowledged that he signed and sealed the same as his free and voluntary act and deed for and on behalf of HENRY G. CISNEROS, Secretary of Housing and Urban Development, for the uses and purposes therein recited.

Given under my hand and official seal the day and year last above written.

Beverly C. Scott Notary Public in and for the State of Oregon My Commission Expires: 8/21/98



SEND DEED AND TAX STATEMENTS TO: DANIEL E. AND JOYCE E. HOFFMAN 1826 Homedale Way Klamath Falls, OR 97608 720-95-8285 CC

STATE OF OREGON: COUNTY OF KLAMATH : ss. Filed for record at request of Washington Water Power the 24th day of November A.D., 1998 at 10:37 o'clock A. M., and duly recorded in Vol. M98 of Mortgages on Page 42989 WWP By Berntha G. Letsch, County Clerk P.O. Box 3727 Spokane, Wa. 99220 FEE \$15.00