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Vol M99 Page 30031**MORTGAGE**

Nathele M. and Myron J. Gitnes
 P. O. Box M
 Klamath Falls, OR 97601
Mortgagee's Name and Address
 Folmer N. and Bernice M. Bodtker
 20227 Murphy Road
 Bend, OR 97702
Mortgagor's Name and Address

SPACE RESERVED
 FOR
 RECORDER'S USE

After recording, return to (Name, Address, Zip):
 Nathele M. and Myron J. Gitnes
 P. O. Box M
 Klamath Falls, OR 97601

THIS MORTGAGE, Made this _____ day of July, 1999,
 between Nathele M. and Myron J. Gitnes, husband and wife
 as mortgagor, and Folmer N. Bodtker and Bernice M. Bodtker, Revocable Living
Trust, as mortgagee,

WITNESSETH, That the mortgagor in consideration of One-Hundred Fifty-Thousand Eight-Hundred and NO/100--- Dollars (\$150,800.00)
 paid to the mortgagor by the mortgagee, does hereby grant, bargain, sell and convey unto the mortgagee, and the mortgagee's personal representatives, successors and assigns, that real property situated in the County of Klamath
 State of Oregon, described as follows:

Lots 1, 2 and 3, First Addition to the
 City of Klamath Falls, according to the
 official plot thereof on file in the office
 of the County clerk of Klamath County, Oregon.

This Mortgage is intended to correct and replace that
 Mortgage between Nathele M. Gitnes and Myron J. Gitnes
 husband and wife and Folmer N. and Bernice M. Bodtker,
 Revocable Living Trust dated October 12, 1998.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the 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 premises with the appurtenances unto the mortgagee and the mortgagee's personal representative, successors and assigns forever.

This mortgage is intended to secure the payment of one (or more) promissory note(s), in substantially the following form(s):

\$150,800 with interest at the annual rate of
 seven (7) percent from November 15, 1998, payable in
 360 installments of not less than \$1,001.90.

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30032



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: November 15, 2028

The mortgagor warrants that the proceeds of the loan represented by the note(s) and this mortgage are:
 (a)* primarily for mortgagor's personal, family or household purposes (see Important Notice below), or
 (b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

This mortgage is further conditioned upon the faithful observance by the mortgagor of the following covenants hereby expressly entered into by the mortgagor, to-wit:

Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except as follows (if no exceptions, so state):

and mortgagor will warrant and defend the same against the claims and demands of all persons whomsoever.

Mortgagor will pay the promissory note(s) and all installments of interest thereon promptly as the same become due, according to the tenor of the note(s).

So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same becomes delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

Mortgagor will keep the improvements erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

So long as this mortgage shall remain in force, mortgagor will keep the buildings now erected, or any which may hereafter be erected on the premises,

insured against loss or damage by fire, with extended coverage, to the extent of \$ _____ in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to the mortgagee.

WARNING: Unless mortgagee provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

NOW THEREFORE, if the mortgagor shall pay the promissory note(s) and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note(s) in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note(s), or unpaid thereon or on this mortgage, at once due and payable, and this mortgage by reason thereof may be foreclosed at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note(s) without waiver, however, of any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

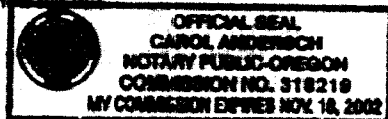
In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successors and/or assigns of the mortgagor and of the mortgagee respectively.

In construing this mortgage and related note(s), it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the mortgagor has executed this instrument the day and year first above written. If the mortgagor is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

* IMPORTANT NOTICE: Debts, by being put, with a warranty (a) or (b) is unenforceable. If warranty (a) is applicable, then it is the responsibility of the lender to ensure that such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures. For this purpose, use Uniform-Model Form No. 131.



Handwritten signature of Nathan M. G. Jones

STATE OF OREGON, County of _____ ss.

This instrument was acknowledged before me on July 26th, 19 99,
 by NATHAN M. G. JONES

This instrument was acknowledged before me on July 26th, 19 99,
 by MYRON S. G. JONES

as
 of _____

State of Oregon, County of Klamath
 Recorded 7/28/99, at 11:21 a.m.
 In Vol. M99 Page 30031
Linda Smith
 County Clerk Fees \$15 - KR

Handwritten signature of Carol Andersch
 Notary Public for Oregon
 My commission expires 11-18-02