

THIS AGREEMENT WITNESSETH: That Dan E. Howard and Mary L. Howard

Mortgagor, does hereby mortgage to FRED MEYER SAVINGS & LOAN ASSOCIATION OF OREGON, a corporation organized and existing under the laws of the State of Oregon, Mortgagee, the following described real property situated in the County of Skamania, State of Oregon, to-wit:

BEGINNING AT THE SOUTH QUARTER CORNER OF SECTION 8, TOWNSHIP 1 NORTH, RANGE 5 E.W.M., SAID POINT BEING A BRASS MONUMENT IN THE RIGHT-OF-WAY OF BELLEVILLE CENTER ROAD; THENCE NORTH $01^{\circ}53'31''$ EAST ALONG THE CENTER OF SECTION 8 A DISTANCE OF 1399.64 FEET TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE NORTH $88^{\circ}00'00''$ EAST ALONG THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 8, A DISTANCE OF 1379.43 FEET TO THE TRUE POINT OF BEGINNING OF PARCEL "A"; THENCE NORTH $09^{\circ}31'51''$ EAST A DISTANCE OF 1239.98 FEET TO THE CENTER LINE OF MT. PLEASANT ROAD AND A POINT ON A CURVE TO THE LEFT; THENCE ALONG THE ARC OF THE CURVE A DISTANCE OF 142.83 FEET THROUGH A CENTRAL ANGLE OF $80^{\circ}34'11''$ WITH A RADIUS OF 954.98 FEET (THE LONG CHORD OF WHICH BEARS SOUTH $80^{\circ}30'13''$ EAST AND HAS A LENGTH OF 142.69 FEET); THENCE SOUTH $76^{\circ}03'08''$ EAST A DISTANCE OF 193.29 FEET ALONG THE CENTER LINE OF MT. PLEASANT ROAD; THENCE SOUTH $02^{\circ}00'51''$ WEST A DISTANCE OF 1287.50 FEET TO THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST HALF OF THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST HALF OF SECTION 8; THENCE SOUTH $88^{\circ}00'00''$ WEST A DISTANCE OF 294.00 FEET TO THE POINT OF BEGINNING.

together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water rights and other rights, easements or privileges now or hereafter belonging to, derived from or in any wise appertaining to the above described premises and all plumbing, lighting, heating, ventilating, air conditioning, refrigerating, watering and irrigating apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as wall-to-wall carpeting and linoleum, shades and built-in ranges, dishwashers and other built-in appliances now or hereafter installed in or used in connection with the above described premises, including all interest therein that the mortgagor has or may hereafter acquire, to secure the covenants of this instrument and the payment of Eight Thousand and No/100

*****(\$8,000.00) Dollars and interest thereon, according to the terms and conditions of a promissory note of even date herewith made by the mortgagor, and payable to the order of the mortgagee, the final payment of principal and interest thereof, if not sooner paid, to be due and payable on the first day of June, 1993. This mortgage shall further secure the payment of such additional money, if any, as may be loaned hereafter by the mortgagee to the mortgagor or others having an interest in the above described property, as may be evidenced by a note or notes. If the mortgage indebtedness is evidenced by more than one note, the mortgagee shall apply principal payments received by it toward the reduction of the principal of the last dated note. The mortgagor hereby covenants to and with the mortgagee herein that he is the owner in fee simple of the said mortgaged premises and property and that the said mortgaged premises and property are free and clear of all incumbrances and that the mortgagor will and his heirs, executors and administrators shall warrant and defend his said title thereto against the claims of all persons whomsoever.

The mortgagor covenants and agrees to pay said note according to the terms thereof and when due, all taxes, assessments and other charges levied against said property, to keep said property free from all encumbrances having precedence over this mortgage, to complete all buildings in course of construction or hereafter constructed on said premises within six months from the date hereof or the date construction is hereafter commenced, to repair and restore promptly and in good workmanlike manner any building or improvement on said property which may be damaged or destroyed and pay, when due, all costs incurred therefor, to allow the mortgagee to inspect said property at all times during construction; to replace any work or materials unsatisfactory to the mortgagee within fifteen days after written notice from the mortgagee of such fact; not to remove or destroy any buildings or improvements now or hereafter constructed on said premises; to keep all buildings and improvements now or hereafter erected upon said property in good repair and to commit or suffer no waste of the mortgaged premises; to keep all buildings and improvements now or hereafter erected on said premises continuously insured against loss by fire and such other hazards as the mortgagee may from time to time require in a sum not less than the original principal sum of the note or obligation secured by this mortgage, in a company or companies acceptable to the mortgagee, and to deliver the original policy of insurance in correct form and with approved loss payable clause in favor of the mortgagee attached and with premium paid to the principal place of business of the mortgagee at least fifteen days prior to the effective date of any such policy of insurance. If said policy of insurance is not so tendered, the mortgagor shall in its own discretion obtain insurance for the benefit of the mortgagee, which insurance shall be non-cancelable by the mortgagor during the full term of the policy thus obtained.

In order to provide regularly for the prompt payment of said taxes, assessments or other charges and insurance premiums, the mortgagor agrees to pay to the mortgagee, together with and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby, an amount equal to one-twelfth (1/12th) of the taxes, assessments and other charges due and payable with respect to said property within each succeeding twelve months, and also one thirty-sixth (1/36th) of the insurance premiums payable with respect to said property within each succeeding three years during the life of the mortgage, as estimated by the mortgagee, such sums to be credited to the principal of the loan until required for the several purposes thereof and shall thereupon be charged to the principal of the loan; or, at the option of the mortgagee, the sums so paid shall be held by the mortgagee in trust as a reserve account, without interest, to pay said premiums, taxes, assessments and other charges when they shall become due and payable. If the mortgagee desires to carry the insurance required herein as part of a "package" insurance plan, the mortgagee will accept the monthly premium requirements for such "package" insurance, to be payable and applied in the same manner and to be subject to the same conditions as herein provided. In such event, however, the mortgagor shall pay to the mortgagee a service fee fixed by the mortgagee, not exceeding ten dollars, as an initial charge for said service. The mortgagor further agrees to pay a fee to be fixed by the mortgagee, not exceeding ten dollars, for any substitution of policies made during the term of any existing policy or policies. The service charge may at the option of the mortgagee be added to the principal balance of the indebtedness secured by this mortgage. The aggregate amount to be paid each month as a single payment according to the terms of the note or obligation secured hereby and under this mortgage shall be applied by the mortgagee to the following items in the order set forth:

- (1) The amount required for payment of taxes, assessments or other charges and for fire and other hazard insurance premiums;
- (2) Interest on the note or obligation secured hereby;
- (3) Amortization of the principal of the said note or obligation.

While the mortgagor is to pay any and all taxes, assessments and other charges levied or assessed against the mortgaged property or any part thereof before the same begin to bear interest, and also to pay premiums on all insurance policies upon said property, such payments are to be made through the mortgagee, as aforesaid. The mortgagor hereby authorizes the mortgagee to pay any and all taxes, assessments and other charges levied or imposed against said property in the amounts as shown by the statements thereof furnished by the collector of such taxes, assessments or other charges, and to pay the insurance premiums in the amounts shown on the statements submitted by the insurance carrier or their representatives, and to charge said sums to the principal of the loan or to withdraw the sums which may be required from the reserve account, if any, established for that purpose. The mortgagor agrees in no event to hold the mortgagee responsible for failure to have any insurance written or for any loss or damage growing out of a defect in any policy, and the mortgagee is hereby authorized in the event of any loss to compromise and settle with any insurance company and to apply any such insurance receipts upon this mortgage. In computing the amount of the indebtedness for payment and satisfaction in full or upon sale or other acquisition of the property by the mortgagee after default, any balance remaining in the reserve account shall be credited to the indebtedness. If the reserve account for taxes, assessments, insurance premiums and other charges is not sufficient at any time for the payment of such charges as they become due, the mortgagor shall pay the deficit to the mortgagee upon demand, and if not paid within ten days after such demand, the mortgagee may at its option add the amount of such deficit to the principal of the obligation secured hereby.

Should the mortgagor fail to keep any of the foregoing covenants, then the mortgagee may at its option carry out the same, and all its expenditures therefor shall draw interest at the rate specified in the note, shall be repayable by the mortgagor on demand and shall be secured by the lien of this mortgage. In this connection, the mortgagee shall have the right in its discretion to complete any improvements made on said premises and also to make such repairs to said property as in its sole discretion it may deem necessary or advisable.

The mortgagee will furnish to the mortgagor an annual statement of account but shall not be obligated or required to furnish any further statements of account.

In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, the mortgagee shall have the right to commence, prosecute in its own name, appear in or defend any action or proceedings, or to make any compromise or settlement in connection with such taking and, if it so elects, to require that all or any portion of the moneys payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by the mortgagor in such proceedings, shall be paid to the mortgagee and applied by it first upon any reasonable costs and expenses and attorney's fees necessarily paid or incurred by the mortgagee in such proceedings, and the balance applied upon the indebtedness secured hereby; and the mortgagor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon the mortgagee's request.

As additional security, the mortgagor hereby assigns to the mortgagee during the continuance of this mortgage all rents, issues, royalties and profits of the property affected by this mortgage and of any personal property located thereon. Until the mortgagor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, the mortgagee shall have the right to collect all such rents, issues, royalties and profits earned prior to default as they become due and payable. Upon any default by the mortgagor hereunder, the mortgagee may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property, or any part thereof, in its own name sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as the mortgagee may determine.

The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof, as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

The mortgagor shall make no sale of the above described property subject to or with assumption of the obligations secured by this mortgage without first obtaining the written consent therefor of the mortgagee. Such approval, however, shall not be unreasonably withheld; provided that before the mortgagor shall be entitled to such approval, the mortgagee shall be furnished on a form supplied by the mortgagee with such personal information concerning the purchaser as would ordinarily be required of a new loan applicant and shall be paid a service charge as fixed and determined by the mortgagee, but in no event in excess of one percent of the amount of the original note or notes secured by this mortgage, and provided further, that as an additional requirement for such approval the mortgagee may at its option and in its sole discretion either decrease or increase the contractual interest rate upon the unpaid balance of the obligation secured by this mortgage, but shall not increase the rate more than one percent above the then existing contractual rate. The service charge may at the option of the mortgagee be added to the principal balance of the indebtedness secured by the mortgage.

In the event of a sale of the property, or any part thereof, without the prior written approval of the mortgagee and the compliance with any of the aforesaid requirements for obtaining such approval, the note or indebtedness secured hereby shall at the option of the mortgagee and without notice become due and collectible.

Time is of the essence of this agreement, and if default should be made in the payment of the note or debt hereby secured or any installment thereof or interest, or in the performance of any of the covenants herein contained, then in such case or any of such cases the balance of unpaid principal with accrued interest and all other advances and indebtedness hereby secured, together with interest thereon, shall at the mortgagee's option become immediately due and collectible without notice and this mortgage may be foreclosed. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The mortgagor further agrees to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property. In any suit to foreclose this mortgage or in any suit or proceedings in which the mortgagee is obliged to defend or protect the lien hereof, the mortgagor agrees to pay all costs and disbursements allowed by law and such sum as the court may adjudge reasonable as an attorney's fee in such suit or action, and further agrees to pay such reasonable costs of abstract extensions or title reports as may necessarily be incurred in foreclosing this mortgage and defending same, and such sums shall be secured by the lien of this mortgage and included in the decree of foreclosure.

This mortgage applies to, inure to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. In construing this mortgage and whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand and seal, this 13th day of June 1978

STATE OF OREGON

County of Multnomah

ss

June 13, 1978

Personally appeared the above named Dan E. Howard

Mary L. Howard

and acknowledged the foregoing instrument to be their
voluntary act and deed.

Before me:

SUSAN L. BAER

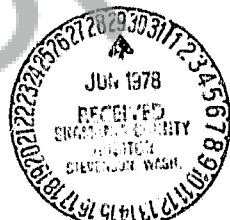
(SEAL)

Notary Public for Oregon
My commission expires

NOTARY PUBLIC - OREGON

MY COMMISSION EXPIRES

June 2, 1980



Loan No. 04-0400924-3

86753

STATE OF OREGON

County of Multnomah ss.

MORTGAGE

Dan E. Howard

Mary L. Howard

Mortgagor

TO
FRED MEYER SAVINGS & LOAN
ASSOCIATION

Mortgagee

After Recording Return To:

FRED MEYER SAVINGS & LOAN
ASSOCIATION

(DON'T USE THIS
SPACE: RESERVED
FOR RECORDING
OFFICE USE
ONLY)

REGISTERED

INDEXED: DIR

INDEXED

RECORDED

COMPARED

MAILED

I certify that the within instrument
was received for record on the 13th
day of June, 1978,
at 2:00 o'clock P.M., and recorded
in book 55 on page 557
Record of Mortgages of said County.

Witness my hand and seal of County
affixed.

By [Signature] County Clerk
By [Signature] Deputy