

THIS AGREEMENT WITNESSETH: That HAYDEN VILLAGE DEVELOPMENT COMPANY,

a partnership

Mortgagor, does hereby mortgage to FIRST SECURITY BANK OF OREGON authorized and existing under the laws of the State of Oregon, Mortgagee, the following described real property situated in the County of Deschutes State of Oregon, to wit.

SEE LEGAL DESCRIPTION ATTACHED

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, which fixtures and chattels shall as between the parties be regarded as a part of the real estate to secure the covenants of this instrument and the payment of FIVE HUNDRED THOUSAND AND NO/100----- (\$ 500,000.00) 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 JANUARY 1, 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 fixtures and chattels covered by this instrument, 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.

At the request of the mortgagee, mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code in a form satisfactory to the mortgagee and will pay for filing the same in the proper public office or offices as well as the cost of such lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

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 \$30,000 or principal balance of the note or obligation secured by the 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

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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 mortgagee shall in its own discretion obtain insurance for the benefit of the mortgagor, which insurance shall be non-cancellable 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, the mortgagor agrees to pay to the mortgagee, together with an 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, during the life of the mortgage, as estimated by the mortgagee. Said sums shall be placed in a non-interest bearing tax reserve account. If the mortgagor 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 the event, however, the mortgagor shall pay to the mortgagee a service fee 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 to 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 mortgagee 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 carriers 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 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 come 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 deficient to the principal of the obligation secured hereby.

The mortgagor does hereby covenant and agree not to install any fixtures in the above described property during the life of the mortgage without the knowledge and written consent of the mortgagee and then only upon such terms of payment for the same as the mortgagee may in writing approve. The discovery of any misrepresentation, breach of warranty or material falsity of any certificate schedule or statement furnished by the mortgagor to the mortgagee whether or not in connection with this agreement, or failure of the mortgagor to obey the foregoing covenant, shall constitute a default under this agreement.

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 therefore 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 attorneys' fees necessarily paid or incurred by the mortgagor in such proceedings, shall be paid to 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 mortgagor 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 attorneys' 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 loan secured by this mortgage is personal to the mortgagor. If the loan is made upon property occupied or to be occupied by mortgagor, such occupancy is a material inducement to mortgagee to make said loan. If title to said property shall pass from mortgagor by deed or otherwise or said property shall be sold on contract, or if the property shall be vacated by the mortgagor, then such change in title or occupancy shall be deemed to increase the risk of mortgagee and mortgagee may declare the entire unpaid balance immediately due and payable or, at mortgagee's sole option, mortgagee may consent to said change in title or occupancy and may increase the interest rate of said loan not to exceed two percent per annum to compensate for such increased risk. Such increase in interest shall entitle the mortgagee to increase the monthly payments on the loan so as to retire the obligation in the remaining term of the original note and mortgage.

As a condition of the mortgagee giving its consent to a change in title to purchaser as it would ordinarily require such personal information concerning the purchaser as it would ordinarily require of a new loan applicant and shall be paid a service charge as fixed and determined by mortgagee, but in no event in excess of one percent of the amount of the original note or notes secured by this mortgage. The service charge may at the option of the mortgagee be added to the principal balance of the indebtedness secured by this mortgage.

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 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 obligated to defend or protect the lien hereof, the mortgagors

agree to pay to the mortgagee in addition to all costs and disbursements allowed by law, such sum as the court may adjudge reasonable as an attorney's fee in such suit or action and on appeal from any judgment or decree entered in such suit or action, such sum as the appellate court may adjudge reasonable as an attorney's fee on such appeal. The mortgagors further agree 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, inures 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 executed this instrument this day of DEC 17, 1990, 1990.

HAYDEN VILLAGE DEVELOPMENT COMPANY, A PARTNERSHIP

BY: [Signature] PARTNER
Robert H. Watson, Partner

Sego Corporation, Partner

BY: [Signature]
Robert T. Maxwell, Partner

BY: 872
Steven Tomsic, President

BY: [Signature]
Harold S. Prescott, Jr., Partner

BY: [Signature]
James R. Schmit, Partner

STATE OF CALIFORNIA
County of Los Angeles } ss

December 17, 1990.

Personally appeared HAROLD S. PRESCOTT JR
and acknowledged the foregoing instrument to be His voluntary act and deed.



Before me:

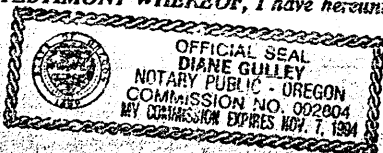
[Signature]
Notary Public of
My Commission Expires: 4/29/1994

STATE OF OREGON
County of DESCHUTES } ss

On this 18 day of December, 1990, before me appeared STEVEN TOMSIC

and both to me personally
known, who being duly sworn, did say that he, the said STEVEN TOMSIC
is the PRESIDENT President, and he, the said Secretary
is the Secretary of SEGO CORPORATION
the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and
that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and
STEVEN TOMSIC and acknowledged
said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have herunto set my hand and affixed my official seal the day and year last above written.



My Commission expires 11/7/94

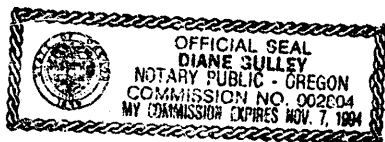
[Signature]
Notary Public for Oregon.

STATE OF OREGON)
)ss
County of Deschutes)

225 - 1075

December 14, 1990

Personally appeared ROBERT H. WATSON
and acknowledged the foregoing instrument to be HIS voluntary act and deed.



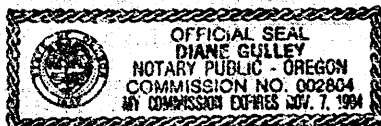
Before me:

[Signature]
Notary Public of STATE OF OREGON
My Commission expires: 11/7/94

STATE OF OREGON)
)ss
County of Deschutes)

December 18, 1990

Personally appeared ROBERT T. MAXWELL and STEVEN TOMSIC
and acknowledged the foregoing instrument to be THEIR voluntary act and deed.



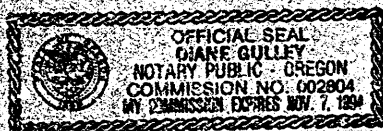
Before me:

[Signature]
Notary Public of STATE OF OREGON
My Commission Expires: 11/7/94

STATE OF OREGON)
)ss
County of Deschutes)

December 18, 1990

Personally appeared JAMES R. SCHMIT
and acknowledged the foregoing instrument to be HIS voluntary act and deed.



Before me:

[Signature]
Notary Public of STATE OF OREGON
My Commission Expires: 11/7/94

MORTGAGE	* F	STATE OF OREGON)
	* O)ss
Loan No. <u>967-154683</u>	* R	County of)
	* R	I certify that the within instrument was	
<u>HAYDEN VILLAGE DEVELOPMENT</u>	* E	received for record on the _____ day of	
<u>COMPANY, a Partnership</u>	* C	_____ 19____, at _____ o'clock	
	* O	_____ M., and recorded in book _____ on	
<u>Mortgagor</u>	* R	page _____ Record of Mortgages of said	
	* U	County.	
<u>FIRST SECURITY BANK</u>	* S		
<u>Mortgages</u>	* E	County Clerk-Recorder	
After receiving return to:	*		
<u>FIRST SECURITY BANK</u>	*	By _____	
<u>P. O. Box 868</u>	*	Deputy	
<u>Salem, OR 97308</u>	*		

LEGAL DESCRIPTION

PARCEL I: A parcel of land situate in and being the South Half of the Northwest Quarter of the Northwest Quarter (S 1/2 NW 1/4 NW 1/4) of Section Twenty (20), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13) EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, which is more particularly described as follows:

Beginning at the Northwest corner of said Section 20, thence South 0° 12' 48" East a distance of 663.39 feet to the True Point of Beginning, thence South 0° 12' 48" East a distance of 403.40 feet, thence South 89° 59' 36" East a distance of 365.00 feet, thence South 0° 12' 48" East a distance of 260.00 feet, thence South 89° 59' 36" East a distance of 961.16 feet, thence North 0° 26' 21" West a distance of 658.33 feet, thence North 89° 46' 25" West a distance of 1323.59 feet to the True Point of Beginning.

Also a parcel of land situate in and being the East Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter (E 1/2 NW 1/4 NW 1/4 NW 1/4) of Section Twenty (20), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13) EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, and now to be more particularly described as follows: Commencing at a 1/2" pin at the NW corner of said Section 20, Township 15 South, Range 13 East of the Willamette Meridian, the initial point; thence South 89° 33' 10" East along the Northerly line, of said Section 20 - 330.26 feet to a 1/2" pipe and the true point of beginning; thence South 89° 33' 10" East along said Section line - 330.26 feet to a 1/2" pipe; thence South 00° 19' 33" East along the Easterly line of said Northwest Quarter of the Northwest Quarter of the Northwest Quarter (NW 1/4 NW 1/4 NW 1/4) - 660.86 feet to a 1/2" pipe; thence North 89° 46' 25" West along the Southerly line of said Northwest Quarter of the Northwest Quarter of the Northwest Quarter (NW 1/4 NW 1/4 NW 1/4) - 330.90 feet to a 1/2" pipe; thence North 00° 16' 10" West along the Westerly line of said East Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter (E 1/2 NW 1/4 NW 1/4 NW 1/4) - 662.13 feet to the point of beginning.

Excepting therefrom that portion of herein described property lying within the boundaries of the duly recorded plat of Hayden Village Phase I, recorded in Book 7 at page 36 of Plat Records, Deschutes County, Oregon.

PARCEL II: Lots Thirteen (13), Fifteen (15), Eighteen (18) and Lots Twenty-one (21) thru Twenty-three (23), inclusive, in Block Two (2); Lot One (1) and Lots Three (3) thru Six (6), inclusive, in Block Three (3); Lots Two (2) thru Fourteen (14), inclusive, in Block Four (4); Lots Three (3) thru Twelve (12), inclusive, in Block Five (5); and Lot Seven (7) in Block Eight (8), all in HAYDEN VILLAGE PHASE I.

MORTGAGE - Page 6

STATE OF OREGON) ss.
COUNTY OF DESCHUTES)

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF DEEDS, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

90 DEC 19 PH 3:52

MARY SUE PENHOLLOW
COUNTY CLERK

BY B. B. Bruck DEPUTY

NO. 90-37846

RE 35

DESCHUTES COUNTY OFFICIAL RECORDS