

NEWBERG CENTENNIAL REDEVELOPMENT COMMISSION

MORTGAGE

This mortgage is given this 30th day of March, 1984, by Stan Bunn and Mary J. Bunn as tenants by the entirety, hereinafter referred to as "Mortgagor", to the CITY OF NEWBERG, acting by and through the NEWBERG CENTENNIAL REDEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Newberg, hereinafter referred to as "Mortgagee".

This mortgage is subject to, and is governed by, the terms, conditions, and covenants of that certain Loan Agreement dated March 30, 1984 by and between Mortgagor and Mortgagee. All the terms, conditions, and covenants of those agreements are expressly made a part of this mortgage as though incorporated herein by reference.

Mortgagor, in consideration of the sum of \$13,000 to it paid by Mortgagee, does hereby grant, bargain, sell, and convey to Mortgagee and its assigns all of Mortgagor's interest in that certain real property situated in Yamhill County, State of Oregon, described as follows:

The West one-half of Lot 6, Block 1, of EVEREST ADDITION to the City of Newberg, County of Yamhill and State of Oregon.

Subject to a First Mortgage, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein, given to secure the payment of \$26,000.00,

Dated	:	October 12, 1976		
Recorded:	:	October 25, 1976	Film Volume: 115	Page: 1258
Mortgagor	:	Stan Bunn and Mary J. Bunn, husband and wife		
Mortgagee	:	Commercial Bank		

Together with all the tenements, hereditaments, and appurtenances belonging to the property, and which may hereafter belong to the property, and the rents, issues, and profits therefrom, and any and all fixtures and equipment upon the premises of the property described above 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 so described until such time as any and all indebtedness represented by a Note dated March 30, 1984 which is attached hereto as Exhibit A executed by Mortgagor as Borrower and delivered to Mortgagee is extinguished, and all conditions of that note and this mortgage are satisfied.

This mortgage is intended to secure the payment of the Note in the sum of \$13,000 referred to above as Exhibit A, in accordance with the terms of that note. This mortgage is also intended to secure payment of those items set forth in the Loan Agreement referred to above.

The date of maturity of the debt secured by this mortgage is that date which is 15 years from the first payment pursuant to the terms of the note which follows completion of construction.

Mortgagor covenants:

- (1) That Mortgagor is the legal owner of the property upon which this mortgage is given and now has a valid and unencumbered fee simple title thereto except for those items appearing of record, and that Mortgagor will warrant and defend its title against the claims and demands of all other persons. There is a first mortgage to Commercial Bank.
- (2) That Mortgagor will promptly pay the above-referenced note and all of its installments as they become due, according to the terms of the note.
- (3) The Mortgagor will promptly pay, when due, any and all sums as required according to the terms of either this mortgage, the Loan Agreement, and Note referred to above.
- (4) That so long as this mortgage shall remain in force, Mortgagor will pay all taxes, assessments, liens, and other charge(s) which may be levied or assessed against the property or this mortgage debt thereby secured.
- (5) That Mortgagor will keep all the improvements erected on said premises in good order and repair and will not permit or cause any waste to the property.
- (6) Mortgagor will keep all structures on the property insured against loss or damage by fire, with extended coverage, and all other perils to the extent of \$86,000 in a company or companies acceptable to Mortgagee and for the benefit of Mortgagee, and Mortgagor shall provide a lender's loss payable endorsement for the benefit of Mortgagee and all prior lienholders or encumbrancers. Mortgagor shall provide Mortgagee with evidence of continuing insurance coverage on an annual basis.

Any default under a prior or senior encumbrance (whether such default is declared or not) which default would permit foreclosure of such encumbrance is a default of this mortgage as well. A failure by Mortgagor to perform any of the covenants and conditions in this mortgage, and any default under the preceding sentence, and any failure by Mortgagor to perform any covenant or condition contained in the Loan Agreement, referred to on page 1 of this Mortgage, shall give Mortgagee the option to declare the unpaid balance due on the note secured by this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. If Mortgagor fails to pay any taxes, liens, assessments, or other charges, or any insurance premium when due or owing, Mortgagee shall have the option to pay the same and any payment made shall be added to the debt secured by this mortgage, and shall draw interest at the rate of interest specified in the note which is secured by this mortgage. Any amount so added shall become fully due and payable on or before the final payment pursuant to the terms of either this mortgage or the note secured by this mortgage. Any such payment by Mortgagee will not result in any waiver of any right under this mortgage.

In case a complaint is filed to foreclose this mortgage, the court may, upon motion by Mortgagee, appoint a receiver to collect the rents and profits due under this mortgage or under the terms of the Loan Agreement referred to above, first deducting all proper charges and expenses of the receivership.

DATED this 30 day of March, 1984

_____, 198____.


Mortgagee

Bruce R. Bailey
Mortgagee

TARY This instrument was acknowledged before me on this 29th day of march by Mary Burr & Stan Burr

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me on this
4th day of April, 1984 by Michael Warren & Lucio Breathing as
Mortgagee / Commissioner & Director of Hickory Central Redevelopment Commission on behalf of
 whom instrument was executed.

Flourance J. Jones
Notary Public for Oregon
My Commission expires: 8-6-85

STATE OF OREGON)
County of Yamhill)
SS.

I hereby certify that the within was received and duly recorded by me in Yamhill County records:

VOL. 185 Page 212
2100

02392

2 FILED
YAMHILL COUNTY, OREGON

1984 APR -6 PM 3: 15

CHARLES STERN
COUNTY CLERK

Alonso Salas DEPUTY

NEWBERG CENTENNIAL REDEVELOPMENT COMMISSION

NOTE\$ 13,000Date: March 30, 1984

Stan Bunn and Mary J. Bunn as tenants by the entirety, hereinafter referred to as "Borrower", for value received, promises to pay to the order of the CITY OF NEWBERG, a municipal corporation, acting by and through the NEWBERG CENTENNIAL REDEVELOPMENT COMMISSION, the duly designated and authorized urban renewal agency of the City of Newberg, hereinafter referred to as "NCRC", the principal sum of \$13,000, according to the following paragraphs with interest on the unpaid balance at the rate of 3% per year.

This note is issued pursuant to, and in accordance with, a Loan Agreement by and between Borrower and NCRC dated March 30, 1984. All of the terms, conditions, covenants, and contents of the above agreement is expressly made a part of this note by reference, and any holder of this note holds it subject to the terms of the agreement.

Payment of the principal sum of this note and interest thereon shall be as follows:

(1) From and after March 1, 1984 (which is the date of commencement of construction as identified in the above-referenced agreements), Borrower shall pay, on a monthly basis as of the 15th of each month, accrued interest at the above interest rate on that portion of the principal sum of this note which has been disbursed by NCRC to Borrower pursuant to the terms of the agreements referred to above. All funds represented by this note shall be disbursed according to section 1.2 of the above-referenced Loan Agreement.

(2) At the end of the construction period referred to in subparagraph (1) above, Borrower shall commence making to NCRC, on a monthly basis, payments in the sum of \$90.00 per month consisting of principal and interest on the unpaid balance of this note. These payments shall be made by the 15th of each month for 180 months following the completion of construction.

Prepayment of the principal and interest balance of this note is permitted. In the event Borrower fails to pay any installment or payment pursuant to the terms of this note, or fails to perform or adhere to any term or condition in the mortgage or any other security instrument securing this note, or the loan agreement herein referred to, then the entire unpaid principal balance of this note, together with any accrued interest, may become due and payable at the option of the holder. Failure to exercise this option will not be a waiver of the default.

If any installment is not paid in full within 15 days of its due date, the holder of this note may elect not to declare the entire unpaid

principal balance due and payable, but may instead assess a late charge equal to 5% of the installment payment. That late charge (if assessed) shall then be paid with the late installment payment, but, if not so paid, the holder of this note shall add the late charge to the principal balance of this note. Assessing a late charge under this paragraph shall not be a waiver of any other default or breach for subsequent late payments.

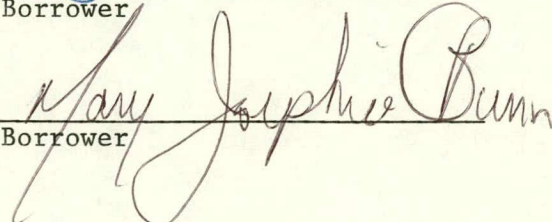
If the late charge under the preceding paragraph does not accompany the late payment, and if the late charge is added to the principal balance of this note, the late charge itself will bear interest at the rate of interest specified in the first paragraph of this note. All unpaid late charges shall be secured by the mortgage securing this note and shall, along with accrued interest, become due and payable concurrently with any or all of the principal balance of the original debt becoming due and payable.

If the undersigned breaches any covenant in the mortgage securing this note which breach is for failure to timely and properly pay any tax, lien, assessment charge, or insurance premium when due, the holder of this note shall have the option to pay the same and any payment made shall be added to the principal balance of this note and shall be secured by the mortgage securing this note, and such payment shall draw interest as part of the principal balance. No payment pursuant to the preceding sentence shall be a waiver of any default.

If this note is reduced to judgment or the mortgage or other security agreement securing this note is foreclosed and a decree entered, any judgment or decree will bear interest on the unpaid balance at a rate of interest which, as of the time of entry of judgment and decree, is equal to the interest rate charged by United States National Bank of Oregon on construction loans of like or similar sum, or at that rate of interest which is the maximum permitted by either federal or state law, whichever interest rate is less.

In the event collection proceedings are commenced, and are successful, Borrower agrees to pay all costs of collection, including reasonable attorneys' fees to the prevailing party, whether or not an action is commenced to collect on this note or to foreclose the mortgage or any other security instrument, and said attorneys' fees will include any attorneys' fees at trial as well on any appeal.


Borrower


Borrower

NEWBERG CENTENNIAL REDEVELOPMENT COMMISSION
LOAN AGREEMENT

This Loan Agreement is entered into this 30 day of March, 1984, between the CITY OF NEWBERG acting by and through the Newberg Centennial Redevelopment Commission, the duly designated urban renewal agency of the City of Newberg, hereinafter referred to as "NCRC", and Stan Bunn and Mary J. Bunn as tenants by the entirety, hereinafter referred to as "Borrower".

1. THE LOAN.

1.1 NCRC agrees to lend to Borrower as permanent financing, the total principal amount of \$13,000 in consideration of Borrower undertaking those obligations set forth in sections 140, 160, 180, 190, 210, 220, 230, 240, 260, 280, and 290 of the "Rehabilitation Loan Program of the Newberg Centennial Redevelopment Commission", a copy of which is attached hereto as Exhibit "A" and incorporated herein at this point by reference and for the project described in that certain "Investor Rehabilitation Loan Application" dated the 1st day of December, 1983, a copy of which is attached hereto as Exhibit "B" and incorporated herein at this point by reference. The period of construction shall commence on March 1, 1984, and shall continue until completion of construction as the latter term is defined in Subsection 2.1 herein.

1.2 Disbursements of the loan funds shall be made or authorized by NCRC through their staff following receipt from Borrower of requests for disbursement in writing (which request will include copies or summaries of all bills and invoices from third parties). Borrower shall be allowed to ask for no more than four draw downs including the final disbursement as previously approved by the Commission. If desired, additional verification and certification will be done by NCRC on forms provided by NCRC. Prior to final disbursement of the balance of the loan funds, Borrower shall provide to NCRC financial statements consisting of monthly balance sheets of Borrower or the equivalent which reflect that Borrower has expended and disbursed the equity funds required by Borrower to be expended on the project pursuant to Exhibits A and B herein. NCRC shall withhold from any disbursement the sum of \$2,500 for retainage during construction. Any retainage being held by NCRC (which retainage has been withheld pursuant to the preceding sentence) shall be disbursed to borrower no sooner than 61 days after the certificate of completion or certificate of occupancy (whichever of these two certificates may be issued first) is issued, and no sooner

than 61 days after Borrower has posted the notice of completion specified pursuant to ORS 87.045, and, finally, only upon proof in the form of a written affidavit submitted by Borrower (sufficient to establish to a certainty) either that no construction liens exist or that any construction liens filed have been satisfied. All conditions in the preceding sentence must be fulfilled by Borrower prior to disbursement of any remaining retainage.

1.3 During the period of disbursement of the loan funds pursuant to Subsections 1.1 and 1.2 herein, Borrower shall provide to NCRC on a monthly basis, if requested, balance sheets or equivalent financial information and documentation reflecting any and all expenditures of such loan funds by borrower.

1.4 A loan shall be evidenced by a promissory note in the principal amount of \$13,000 in favor of the City of Newberg acting through NCRC. Borrower shall use the loan funds only for permanent financing of his project in accordance with, as specified in, Exhibits A and B herein.

1.5 Upon completion of construction Borrower shall provide to NCRC an accounting of the expenditure of all loan funds, including NCRC's loan funds, equity funds, and any other loan funds used for construction.

2. REPAYMENT.

2.1 The note referred to in Section 1.4 herein shall be payable in full, with accrued interest, on that date which is 15 years from "completion of construction" (as defined below). "Completion of construction" will be the earlier of the following dates:
(1) July 31, 1984 or (2) that date on which full disbursement of the loan funds described in Section 1.1 herein occurs. Repayment of principal and interest is to be governed by Subsections 2.2, 2.3 and 2.4 herein.

2.2 Interest only on sums disbursed by NCRC under Subsection 1.1 herein shall be payable monthly during the period of construction at the rate of 3% per year on such sums.

2.3 Following completion of construction as defined in Subsection 2.1, the total principal amount referred to in Subsection 1.1 shall bear interest at the rate of 3% per year, and that sum shall be secured by a second mortgage amortized as a 15-year loan at the above interest rate. "Total principal amount" does not mean only sums disbursed, but means the amount of the note.

2.4 Repayment of principal and interest on the total principal amount referred to in Subsection 1.1 following completion of construction shall be as set forth in the promissory note referred to in Subsection 1.4 herein.

3. ADDITIONAL SECURITY.- N/A

4. PARTICIPATION. - N/A

5. OTHER PAYMENTS.- N/A

6. REPRESENTATIONS. - N/A

7. COVENANTS.

7.1 Borrower covenants that it will perform all acts necessary to complete the activities specified in Exhibits A and B herein and, further, that it will complete those activities within the time frame contemplated in this Agreement.

7.2 - N/A

7.3 Borrower covenants that it will furnish to NCRC as soon as known or available, any information whatsoever adverse to Borrower or its individual partners which might lead to default by Borrower in the performance of any act or satisfaction of any conditions specified in either this Agreement, Exhibits A and B herein, or any loan documents.

7.4 Borrower covenants that it will do any act necessary to permit NCRC to verify, monitor, or inspect the work performed during the construction period on the project described in Exhibit B herein.

8. FURTHER CONDITIONS.

8.1 Those conditions specified in Exhibit A and B herein are made a part of this agreement and shall bind the borrower.

8.2 At no time during the existence of NCRC's loan to Borrower shall Borrower become obligated to the holder of the first mortgage in an amount exceeding \$22,000 on a loan or loans secured by the first mortgage on the property commonly known as 408 E. First Street, Newberg, Oregon and completely described in the mortgage dated March 30th, 1984 executed by Borrower in favor of NCRC.

9. DEFAULT.

Any default (as specified below) may, at NCRC's option, result in immediate acceleration of the outstanding principal balance and accrued interest on the note, and may also result in foreclosure of any security instrument securing payment of other items referred to in this Agreement. Items of default under this Agreement will be as follows:

9.1 Failure of Borrower to do any act which would or might result in, or would or might contribute to, a failure by Borrower to fulfill those conditions or acts specified in this Agreement and Exhibits A and B herein.

9.2 Failure by Borrower to pay the required monthly interest or principal payments as specified in either Section 2 of this Agreement, Exhibits A and B herein, or any loan document (including the note or mortgage).

9.3 - N/A

9.4 Any refusal by borrower to do any act required of it under either this Agreement, Exhibits A and B herein or any loan document (including note or mortgage).

9.5 Failure of Borrower to perform any covenant or obligation under NCRC's note, mortgage or other security instrument.

9.6 Any default by Borrower under any other note, mortgage, or security agreement which is prior or senior to NCRC's note and mortgage and which is secured in whole or in part by the same real property as NCRC's note and mortgage.

10. MISCELLANEOUS.

10.1 No delay or failure by NCRC to exercise any right or privilege granted by either this Agreement, Exhibits A and B herein, or any loan document (including loan note and mortgage), shall preclude or inhibit any further exercises of any right or privilege granted to NCRC under any of those agreements or documents. Any waiver by NCRC of any condition under any of the agreements must be in writing and attached to this agreement.

10.2 In the event of any action to enforce or interpret terms in this Agreement or Exhibits A and B herein or any other loan document (including note and mortgage), the prevailing party shall be entitled to all collection costs and reasonable attorneys' fees from the losing party on any trial or appeal therefrom. "Trial" includes disposition by entry of judgment other than judgment entered after a trial on the merits.

10.3 Nothing in this Agreement is intended to supplant or modify any provision or condition in Exhibits A and B, or any loan document (including note and mortgage) unless expressly stated herein. Any failure in this Agreement to refer to, or reincorporate specific provisions of Exhibits A and B herein and any loan document (including note and mortgage), is intended to be of no consequence in construing either Agreement.

Dated this 30 day of March, 1984.

Bruce R. Breitling
NCRC

Stan Bunn
Borrower
Mary Josephine Bunn
Borrower

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me on this
29th day of March by Mary Bunn + Stan Bunn

Lona Jo Bunn
Notary Public for Oregon
My Commission expires: 9-22-85

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me on this
4th day of April, 1984 by Bruce Breitling, Michael Warren and
Nowling Centennial Redevelopment Commission as Commissioner and Executive Director of
Nowling Centennial Redevelopment Commission on behalf of whom instrument was executed.

Florence J. Jones
Notary Public for Oregon
My Commission expires: 8-6-85

STATE OF OREGON)
) ss.
County of Yamhill)

 This instrument was acknowledged before me on this
_____ by _____.

Notary Public for Oregon
My Commission expires:_____

STATE OF OREGON)
) ss.
County of Yamhill)

 This instrument was acknowledged before me on this
_____ by _____ as
_____ of _____ on behalf of
whom instrument was executed.

Notary Public for Oregon
My Commission expires:_____

**SPECIAL MULTI-PERIL
POLICY**

POLICY DECLARATION
☒ CONTINUATION CERTIFICATE

NCR - *Burns - Loan*
12/88
Since 1894
W.

CONTINUOUS POLICY PERIOD
12:01 A.M. Standard Time at location of designated premises.

POLICY NUMBER

SMP 670591

1-1-89

TO

1-1-90

OREGON MUTUAL INSURANCE COMPANY

P.O. BOX 808

McMINNVILLE, OREGON

NON-ASSESSABLE POLICY

NAMED INSURED

Stan Bunn and Mary J. Bunn
408 E. First St.
Newberg, OR 97132

THIS REPLACES ALL PREVIOUSLY ISSUED POLICY DECLARATIONS, IF ANY. THE INSURANCE IS PROVIDED AGAINST ONLY THOSE PERILS AND FOR ONLY THOSE COVERAGES INDICATED BELOW BY A PREMIUM CHARGE, AND AGAINST OTHER PERILS AND FOR OTHER COVERAGES ONLY WHEN ENDORSED OR ADDED TO THIS POLICY.

THIS DECLARATION PAGE OR CONTINUATION CERTIFICATE WHEN ATTACHED TO THE POLICY CONDITIONS COMPLETE THE POLICY OF THE NUMBER SHOWN HEREON.

MORTGAGEE

AS PER FORMS ATTACHED:

YOUR AGENT OR BROKER

#000114 HOPP INSURANCE AGENCY, INC.
P.O. Box 150
Newberg, OR 97132

Loss, if any, shall be adjusted with the Insured specifically named, unless otherwise specified by, (a) written agreement, or (b) endorsement hereon: Subject to all the terms and conditions of this policy and to the written agreement, if any, between this Insurer and the mortgagee or payee named.

THE NAMED INSURED IS:



INDIVIDUAL



PARTNERSHIP



CORPORATION



JOINT VENTURE



OTHERS

Location of premises: (Enter "same" if same location as above)

No. 1 SAME

No. 2

No. 3

Roy A. Hopp
AUTHORIZED REPRESENTATIVE

Occupancy of Premises

Attorney's Office

Const.

"B" Class

P.C.

5

CSP 0702

COVERAGE

SECTION I — PROPERTY COVERAGE

LIMIT OF LIABILITY

Loc. No.	Bldg. No.	Loc. No.	Bldg. No.	Loc. No.	Bldg. No.
1	1				

**COINSURANCE
PERCENTAGE
APPLICABLE**

Building (s)

\$117,000.00

90%

Personal Property of the Insured

\$ 10,000.00

90%

Personal Property of Others

Addl. Cov. (Specify)

Mercantile Open Stock Burglary, Glass, Inland Marine

Deductible: \$

Each Occurrence \$

Aggregate Each Occurrence.

If no deductible stated above, the deductible shall be \$100 each occurrence. \$1,000 aggregate.

SECTION II — LIABILITY COVERAGE

COVERAGE

LIMIT OF LIABILITY

Bodily Injury and Property Damage

Liability Combined Single Limit

\$

300,000.00

Each Occurrence \$

300,000.00

Aggregate

Premises Medical Payments

\$

250.00

Each Person \$

10,000.00

Each Accident

If no limit shown for SMP liability insurance or premises medical payments, refer to coverage parts or endorsement.

Addl. Cov. (Specify)

SECTION III — CRIME COVERAGE ☐

Limits as stated in the endorsement, made part of this Policy, if indicated by ☒

Forms and Endorsements made part of this policy at time of issue:

(INSERT NO. AND EDITION DATE)

a. General Conditions, Form MP-0090 (Ed. 7-77)

OMG-32(1-81), MP-0010(7-77), MP-0012(5-81), MP-0127(4-86), MP-1515(7-77), MP-0093(7-77),
MP-9991(7-77), MP-0460(7-77), MP-0457(7-77), OMG-59(5-88), OMG-151(7-81), OMG-293(8-81),
OMG-277(12-84), OMG-278(11-84), OMG-247(1-73), SF-346(10-45), SF-438BFU(5-42),
M2248P(6-87), M2253P(6-87)

KB* 12-8-88

TOTAL
PREMIUM

\$616.00

OMG 598 (4-85)

MEMORANDUM

S.F. FORM

APR 26 1984

Form 438BFU
(Rev. May 1, 1942)

LENDER'S LOSS PAYABLE ENDORSEMENT

1. Loss or damage, if any, under this policy shall be paid to Newberg Redevelopment Commission
First Mortgagees c/o Clay Morehead, City Hall
414 E. First St., Newberg, OR 97132

its successors and assigns, hereinafter referred to as "the Lender," in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.

2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the named insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the named insured, excluding herefrom, however, any acts or omissions of the lender while exercising active control and management of the property.

3. In the event of failure of the insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, this Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever this Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the insured no liability therefor exists, this Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the insured, whether secured or unsecured, (with refund of all interest not accrued), and this Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, this Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.

6. This Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.

7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.

8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.

9. All notices herein provided to be given by the Company to the Lender in connection with this policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch at.....
or, if none be specified, at its head office at.....

Attached to Policy No. SMP 670591 of OREGON MUTUAL INSURANCE COMPANY
Issued to Stan Bunn and Mary J. Bunn
Agency at Newberg, OR Date 4-25-84
Effective: 3-9-84 #000114 HOPP INSURANCE AGENCY, INC.

Approved:
Board of Fire Underwriters of the Pacific,
California Bankers' Association,
Committee on Insurance.
MB

Agent.



OREGON MUTUAL INSURANCE COMPANY
AMENDATORY ENDORSEMENT
OREGON

Cancellation - The cancellation provision of this policy is amended as follows:

We will give the named insured written notice of cancellation and the reasons for cancellation at least 10 working days before the cancellation is to take effect.

If a policy has been in effect for 60 days or more, or if it is a renewal of a policy issued by us effective immediately, we may cancel this policy only if one or more of the following reasons apply:

- a. Nonpayment of premium;
- b. Fraud or material misrepresentation made by or with the knowledge of the named insured in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- c. Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
- d. Failure to comply with reasonable loss control recommendations;
- e. Substantial breach of contractual duties, conditions or warranties;
- f. Determination by the Director that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize a company's solvency or will place the insurer in violation of the insurance laws of Oregon or any other state;

- g. Loss or decrease in reinsurance covering the risk; or
- h. Any other reason approved by the Director by rule.

Anniversary Cancellation - We may cancel this policy or coverage on any anniversary date by giving the named insured notice at least 30 days prior to the anniversary date on which cancellation is to be effective.

Renewal - Premium or Coverage Changes - If we decide to renew this policy with less favorable terms or higher rates, we will provide the insured written notice at least 30 days prior to the renewal date. This provision does not apply if the change is a rate, form or plan filed with the Director and applicable to the entire line of insurance or class of business to which the policy belongs, or to a premium increase based on the altered nature or extent of the risk insured against.

Nonrenewal - If we decide not to renew this policy, we will mail or deliver to the named insured and agent, if any, our notice of nonrenewal at least 30 days before the end of the policy period.

Our notice of cancellation or nonrenewal will be mailed or delivered at the last known address. Proof of mailing is sufficient proof of notice.

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SMP AMENDATORY ENDORSEMENT

In consideration of the premium charged, this endorsement is made a part of this policy.

The SMP Policy is amended as follows:

1. SUBROGATION

General Condition 6. "Subrogation" of the SMP Policy Conditions and Definitions Form is replaced by the following:

6. Subrogation.

(a) In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights except as provided below.

(b) When SMP Condominium Additional Policy Provision Endorsement MP 00 80 is attached to this policy, the waiver of subrogation condition, paragraph 1. of Form MP 00 80 is deleted and replaced by the following:

The Company waives its rights to subrogation against any unit-owner of the condominium described in the declarations.

(c) As respects coverage provided under Section I-Property Coverage of this policy, this insurance shall not be invalidated should the insured waive in writing any or all right of recovery against any party for loss. Provided, however, that in the event the insured waives only a part of his rights against any particular third party, this Company shall be subrogated with respect to all rights of recovery which the insured may retain against any such third party for loss from the perils insured against to the extent that payment therefor is made by this Company; all subject to the following additional provisions:

(1) This condition does not apply to crime, inland marine or glass coverage written under Section I. Property Coverage of this policy;

(2) If made before loss has occurred, such agreement may run in favor of any third party;

(3) If made after loss has occurred, such agreement may run only in favor of a third party falling within one of the following categories at the time of loss:

(i) a third party insured under this policy;
or

(ii) a corporation, firm, or entity (a) owned or controlled by the named insured or in which the named insured owns capital stock or other proprietary interest, or (b) owning or controlling the named insured or owning or controlling capital stock or other proprietary interest in the named insured; or

(iii) a tenant of the named insured.

(d) Except as provided in paragraphs (b) and (c) above the Company shall not be bound to pay any loss if the insured has impaired any right of recovery for loss. However, it is agreed that the insured may, as respects property in transit, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

2. PERMITS AND USE

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form:

A. Condition 16. Permits and Use is amended by adding the following:

(c) Without prejudice to this insurance, for there to be an error in stating the name, number, street or location of any building(s) covered hereunder, or of building(s) and personal property if covered under a single item of insurance, where there is no willful concealment or misrepresentation.

B. Condition 17. Vacancy, Unoccupancy and Increase of Hazard is replaced by the following:

Permission is granted for:

(a) The described building(s) to be vacant without limit of time, subject to a 15% reduction in the amount of loss payment otherwise due under this policy while the involved building(s) is vacant beyond a period of 60 consecutive days. This penalty will not be applicable during the period of any extension whereby the 60 day period is extended by endorsement.

("Vacant" or "Vacancy" means containing no contents pertaining to operations or activities customary to occupancy of the building. A building in the course of construction shall not be considered vacant.)

(b) Unoccupancy.

Provisions (a) and (b) above do not apply to the perils of vandalism or malicious mischief or sprinkler leakage.

- (c) Increased hazards and for change in use or occupancy.

3. PERSONAL PROPERTY OF THE INSURED

The following words are deleted from Personal Property of the Insured in Section I. Property Covered:

- A. "and usual to the occupancy of the insured"

in the General Personal Property Form and Special Personal Property Form

- B. "and usual to the occupancy of the named insured"

in the Condominium Unit-owners General Personal Property Form and Condominium Unit-owners Special Personal Property Form

4. EXTENSIONS OF COVERAGE

In the General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

the following words are deleted from A. Newly Acquired Property under Extensions of Coverage:

"but not exceeding \$100,000"

5. PROPERTY NOT COVERED

The following is added to the provisions of the General Building Form, the Special Building Form, the Builders' Risk Completed Value Form, the Special Builders' Risk Completed Value Form, the Condominium General Building Form and the Condominium Special Building Form respecting Property Not Covered:

This policy does not cover land (including land on which covered property is located) or water.

6. DEBRIS REMOVAL

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form, the following is added to Condition 5., Debris Removal:

The total liability under this policy for debris removal expense only shall not exceed a) \$5,000, plus b) 25% of: i) the amount recoverable under this policy for loss to property plus ii) the deductible in this policy applicable to such loss. Nor will this insurance cover debris removal expenses reported to the Company more than 180 days after the earlier of the date of direct loss or the expiration of this policy.

This Debris Removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

7. POLLUTANTS CLEAN UP AND REMOVAL

The following is added to the General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

This insurance covers expense to extract pollutants from land or water at the described premises if the release, discharge or dispersal of the pollutants is occasioned by loss caused by any of the perils insured against in this policy during the policy period. Such expenses must be reported to the Company within 180 days after the earlier of the date of direct loss or the expiration of this policy.

The liability of the Company for loss under this coverage shall not exceed \$10,000 in the aggregate for the sum of all such expense incurred arising out of insured perils occurring during each separate twelve month period of this policy. This limit applies as an additional amount of insurance.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. POLLUTION EXCLUSION

The following is added to the Special Building Form

Special Personal Property Form

Condominium Special Building Form

Condominium Special Personal Property Form

Condominium Unit-Owners Special Personal Property Form

Special Builders' Risk Completed Value Form

This policy does not insure under this form against loss caused by the release, discharge or dispersal of pollutants unless the release, discharge or dispersal is itself caused by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism, malicious mischief or leakage or accidental discharge from automatic fire protective systems. But if loss by any of the above twelve perils ensues, then this Company shall be liable for only loss caused by the ensuing peril.

**9. APPLICABLE ONLY TO COVERAGE FOR
BUSINESS INTERRUPTION, TUITION FEES,
EXTRA EXPENSE, RENT OR RENTAL VALUE
OR OTHER CONSEQUENTIAL LOSS**

The following is added to the
Combined Business Interruption and Extra Ex-
pense Endorsement

- Extra Expense Endorsement
- Loss of Rents Endorsement
- Tuition Fees Endorsement
- Loss of Business Income Endorsement
- Gross Earnings Endorsement
- Loss of Earnings Endorsement

The length of time to which this insurance applies
shall not include any increased period of time re-
quired due to the enforcement of any law regulat-
ing the prevention, control, repair, clean-up or
restoration of environmental damage.

SMP AMENDATORY ENDORSEMENT

In consideration of the premium charged, this endorsement is made a part of this policy.

The SMP Policy is amended as follows:

1. SUBROGATION

General Condition 6. "Subrogation" of the SMP Policy Conditions and Definitions Form is replaced by the following:

6. Subrogation.

(a) In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights except as provided below.

(b) When SMP Condominium Additional Policy Provision Endorsement MP 00 80 is attached to this policy, the waiver of subrogation condition, paragraph 1. of Form MP 00 80 is deleted and replaced by the following:

The Company waives its rights to subrogation against any unit-owner of the condominium described in the declarations.

(c) As respects coverage provided under Section I-Property Coverage of this policy, this insurance shall not be invalidated should the insured waive in writing any or all right of recovery against any party for loss. Provided, however, that in the event the insured waives only a part of his rights against any particular third party, this Company shall be subrogated with respect to all rights of recovery which the insured may retain against any such third party for loss from the perils insured against to the extent that payment therefor is made by this Company; all subject to the following additional provisions:

(1) This condition does not apply to crime, inland marine or glass coverage written under Section I. Property Coverage of this policy;

(2) If made before loss has occurred, such agreement may run in favor of any third party;

(3) If made after loss has occurred, such agreement may run only in favor of a third party falling within one of the following categories at the time of loss:

(i) a third party insured under this policy;
or

(ii) a corporation, firm, or entity (a) owned or controlled by the named insured or in which the named insured owns capital stock or other proprietary interest, or (b) owning or controlling the named insured or owning or controlling capital stock or other proprietary interest in the named insured; or

(iii) a tenant of the named insured.

(d) Except as provided in paragraphs (b) and (c) above the Company shall not be bound to pay any loss if the insured has impaired any right of recovery for loss. However, it is agreed that the insured may, as respects property in transit, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

2. PERMITS AND USE

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form:

A. Condition 16. Permits and Use is amended by adding the following:

(c) Without prejudice to this insurance, for there to be an error in stating the name, number, street or location of any building(s) covered hereunder, or of building(s) and personal property if covered under a single item of insurance, where there is no willful concealment or misrepresentation.

B. Condition 17. Vacancy, Unoccupancy and Increase of Hazard is replaced by the following:

Permission is granted for:

(a) The described building(s) to be vacant without limit of time, subject to a 15% reduction in the amount of loss payment otherwise due under this policy while the involved building(s) is vacant beyond a period of 60 consecutive days. This penalty will not be applicable during the period of any extension whereby the 60 day period is extended by endorsement.

("Vacant" or "Vacancy" means containing no contents pertaining to operations or activities customary to occupancy of the building. A building in the course of construction shall not be considered vacant.)

(b) Unoccupancy.

Provisions (a) and (b) above do not apply to the perils of vandalism or malicious mischief or sprinkler leakage.

- (c) Increased hazards and for change in use or occupancy.

3. PERSONAL PROPERTY OF THE INSURED

The following words are deleted from Personal Property of the Insured in Section I. Property Covered:

- A. "and usual to the occupancy of the insured"

in the General Personal Property Form and Special Personal Property Form

- B. "and usual to the occupancy of the named insured"

in the Condominium Unit-owners General Personal Property Form and Condominium Unit-owners Special Personal Property Form

4. EXTENSIONS OF COVERAGE

In the General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

the following words are deleted from A. Newly Acquired Property under Extensions of Coverage:

"but not exceeding \$100,000"

5. PROPERTY NOT COVERED

The following is added to the provisions of the General Building Form, the Special Building Form, the Builders' Risk Completed Value Form, the Special Builders' Risk Completed Value Form, the Condominium General Building Form and the Condominium Special Building Form respecting Property Not Covered:

This policy does not cover land (including land on which covered property is located) or water.

6. DEBRIS REMOVAL

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form, the following is added to Condition 5., Debris Removal:

The total liability under this policy for debris removal expense only shall not exceed a) \$5,000, plus b) 25% of: i) the amount recoverable under this policy for loss to property plus ii) the deductible in this policy applicable to such loss. Nor will this insurance cover debris removal expenses reported to the Company more than 180 days after the earlier of the date of direct loss or the expiration of this policy.

This Debris Removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

7. POLLUTANTS CLEAN UP AND REMOVAL

The following is added to the General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

This insurance covers expense to extract pollutants from land or water at the described premises if the release, discharge or dispersal of the pollutants is occasioned by loss caused by any of the perils insured against in this policy during the policy period. Such expenses must be reported to the Company within 180 days after the earlier of the date of direct loss or the expiration of this policy.

The liability of the Company for loss under this coverage shall not exceed \$10,000 in the aggregate for the sum of all such expense incurred arising out of insured perils occurring during each separate twelve month period of this policy. This limit applies as an additional amount of insurance.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. POLLUTION EXCLUSION

The following is added to the Special Building Form

Special Personal Property Form

Condominium Special Building Form

Condominium Special Personal Property Form

Condominium Unit-Owners Special Personal Property Form

Special Builders' Risk Completed Value Form

This policy does not insure under this form against loss caused by the release, discharge or dispersal of pollutants unless the release, discharge or dispersal is itself caused by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism, malicious mischief or leakage or accidental discharge from automatic fire protective systems. But if loss by any of the above twelve perils ensues, then this Company shall be liable for only loss caused by the ensuing peril.

**9. APPLICABLE ONLY TO COVERAGE FOR
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OR OTHER CONSEQUENTIAL LOSS**

The following is added to the
Combined Business Interruption and Extra Ex-
pense Endorsement

- Extra Expense Endorsement
- Loss of Rents Endorsement
- Tuition Fees Endorsement
- Loss of Business Income Endorsement
- Gross Earnings Endorsement
- Loss of Earnings Endorsement

The length of time to which this insurance applies
shall not include any increased period of time re-
quired due to the enforcement of any law regulat-
ing the prevention, control, repair, clean-up or
restoration of environmental damage.