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MORTGAGE

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THIS MORTGAGE, made this 23rd day of May, 1968,
by EDWARD J. HIGGINS and JUNE BRONDER, hereinafter called
Mortgagor, to RICHARD B. SCHOLLES, an unmarried man, herein-
after called Mortgagee,

W I T N E S S E T H

That said Mortgagor in consideration of a release
of claims and compromise of litigation does hereby grant,
bargain, sell and convey unto said Mortgagee, his heirs,
executors, administrators and assigns, that certain real
property situated in Klamath County, State of Oregon, desc-
ribed in Attachment I annexed hereto and made a part hereof by
reference.

This mortgage is intended to secure payment of
the indebtedness evidenced by one promissory note of even
date herewith in the principal sum of Sixty-four Thousand
Dollars (\$64,000.00) executed by Mortgagor in favor of
Mortgagee.

The interest of Mortgagor in the herein described
premises is dependent upon the outcome of certain litigation
now pending in the Superior Court of the State of California
for the County of Los Angeles, to wit: the case of Linder vs.
Higgins, Los Angeles County Superior Court Case No. 887 950.
It is the intention of Mortgagor hereby to encumber all of
Mortgagor's present interest in said premises now being so
litigated and, except as hereinafter otherwise provided, any
interest which Mortgagor may acquire in the future as a re-
sult of such litigation. In the event, within sixty days

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after termination of said lawsuit, whether by way of settlement and dismissal or by way of final judgment as to which all rights of appeal have expired, or within such shorter time as may be provided in any settlement agreement or by the Court, title to the herein described premises has not been conveyed to Mortgagor or either of the persons herein named as Mortgagor by a deed recorded in Klamath County, Oregon, then this mortgage and the promissory note secured hereby shall be of no further force or effect but shall be null and void, and all legal obligations contained in such instruments shall cease to exist. Nothing herein contained shall be deemed to obligate Mortgagor to win said lawsuit, it being understood that Mortgagor, and each of the persons herein named as Mortgagor, are free to enter into any settlement thereof which they or either such person may deem to be in their, his or her best interests. No one or more of the following events resulting from any settlement agreement in said litigation shall be deemed to be the equivalent of the recording of a deed conveying title to the herein described premises for the purposes of the foregoing provisions of this paragraph, nor is it intended that the interest acquired by mortgagor or either mortgagor by reason of any one or more of the following events be subject to or encumbered by this mortgage:

1. The recording of a conveyance to mortgagor or either mortgagor of not more than ten acres of the herein described premises having not more than 500 feet of frontage on White Line Lake (measured in a straight line between two shoreline points),

2. The recording of a conveyance or assignment to mortgagor or either mortgagor of the water rights relating to

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all or any portion of said land, or

3. The recording of a conveyance to mortgagor or either mortgagor of an easement in all or any part of said land. For the purposes hereof an easement shall be deemed to include a license, profit or right of way for any lawful purpose, and may be either exclusive or non-exclusive and either appurtenant to a described dominant tenement or in gross.

And said Mortgagor covenants that Mortgagor will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid, Mortgagor will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note above described, when due and payable, and before the same may become delinquent; that Mortgagor will promptly pay and satisfy any and all other liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage. Now, therefore, if said Mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise (subject to the foregoing provisions relating to the outcome of litigation affecting Mortgagor's interest in said premises) shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note; it being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose any lien on said premises or any part thereof superior to the lien of this mortgage, the Mortgagee shall have the option (subject to the provisions for notice hereinafter provided for) to declare the whole amount unpaid

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on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the Mortgagor shall fail to pay any taxes or charges of any lien or encumbrance as above provided for, the Mortgagee may at his option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note without waiver, however, of any right arising to the Mortgagee for breach of covenant. In the event of any suit or action being instituted to foreclose this mortgage, the Mortgagor agrees to pay all reasonable costs incurred by the Mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein Mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien on this mortgage and included in the decree of foreclosure. Each and all of the covenants and agreements herein contained shall apply to and bind the successors and assigns of the Mortgagor and the heirs, executors, administrators and assigns of the Mortgagee, respectively. In case suit or action is commenced to foreclose this mortgage, the court may, upon motion of the Mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

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Notwithstanding any provision to the contrary herein contained, no exercise of the option of Mortgagee to declare the whole amount unpaid on said note or on this mortgage at once due and payable shall take place and no action or proceeding to foreclose this mortgage shall be commenced until the Mortgagee shall have first given written notice to the Mortgagor and to EILERS, LOEWE, BARANGER & MYERS, the Mortgagor's attorney, specifying with particularity the nature of the Mortgagor's failure to perform any of the covenants herein contained, or notifying the Mortgagor of the commencement of proceedings to foreclose any lien on said premises superior to the lien of this mortgage, as the case may be, and thirty (30) days shall have elapsed from the date on which such notice is given during which period the Mortgagor has not corrected the non-performance specified in said notice or caused the proceedings to foreclose such superior lien to be dismissed or withdrawn. Such notice shall be given by United States Mail, postage prepaid, registered, return receipt requested, deposited in the mail at a United States post office within the State of California or the State of Oregon. Notice intended for the Mortgagor shall be addressed as follows:

Edward J. Higgins and June Bronder
28947 Cliffside Drive
Malibu, California 90265

Notices intended for the Mortgagor's attorney shall be addressed as follows:

Eilers, Loewe, Baranger & Myers
Post Office Box 1698
Newport Beach, California 92663

By written notice to Mortgagee, addressed as hereinafter provided, Mortgagor may change the address of Mortgagor or Mortgagor's attorney to be used for the purpose of notices herein

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provided for, and may substitute the name and address of another person or firm in place of Eilers, Loewe, Baranger & Myers as Mortgagor's attorney for the purpose of such notices. Notices intended for Mortgagee shall be given in the same manner as notices intended for Mortgagor, and shall be addressed as follows:

Richard B. Scholes
Wilshire Regent - Apt. No.2304
15501 Wilshire Boulevard
West Los Angeles, California 90024

At the request of Mortgagor, the Mortgagee shall execute and deliver to the Mortgagor appropriate instruments for the release of land selected by the Mortgagor from the lien or charge of this mortgage at the rate of one acre so released for each Two Dollars five cents (\$2.05) by which the unpaid principal balance of the note secured hereby has been reduced below the sum of Sixty-four Thousand Dollars (\$64,000.00), provided that no such partial release shall be required of a parcel less than twenty (20) acres in size. All principal payments made to obtain releases of land from the lien or charge of this mortgage shall apply upon mandatory principal payments falling due under the terms of the note secured by this mortgage.

This mortgage is and shall be subordinate to all encumbrances of record presently affecting the herein described premises, and to any mortgage or mortgages given by Edward J. Higgins and June Bronder or either of them to Milton Linder pursuant to any settlement agreement or judgment in or relating to the litigation mentioned above to secure the payment of any portion of a purchase price of said property, provided that the initial principal amount of the indebtedness secured by

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said mortgage or mortgages shall not in the aggregate exceed
the sum of Two Hundred Forty-Eight Thousand Dollars (\$248,000.00).

IN WITNESS WHEREOF, said Mortgagor has caused this
instrument to be executed on its behalf on the day and year
first above written.

Edward J. Higgins
Edward J. Higgins

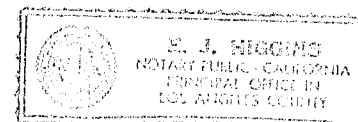
June Bronder
June Bronder

STATE OF CALIFORNIA, County of Los Angeles) ss JUNE 11th, 1968.

Personally appeared the above named ~~EDWARD J. HIGGINS~~
and JUNE BRONDER and acknowledged the foregoing instrument to
be their voluntary act and deed.

Before me:

E. J. Higgins
Notary Public for California



My Commission Expires March 24, 1970

TO 447 C
(Individual)

STATE OF CALIFORNIA }
COUNTY OF Los Angeles } ss.

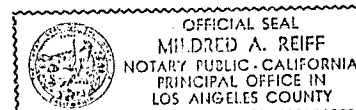
On June 11, 1968 before me, the undersigned, a Notary Public in and for said
State, personally appeared Edward J. Higgins

_____, known to me

to be the person whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

Signature Mildred A. Reiff
MILDRED A. REIFF, Notary Public
In and for the State of California
My Commission Expires March 18, 1970



(This area for official notarial seal)

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ATTACHMENT I

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TOWNSHIP 37 SOUTH, RANGE 9 EAST W.M.

Parcel "A"

In Section 9:

1. S 1/2 SE 1/4

In Section 10:

2. SW 1/4
3. NW 1/4 SE 1/4

In Section 14:

4. Beginning at the SW corner of said Section 14; thence continuing along the south line of said Section 14 to the SE corner of the SW 1/4 SW 1/4; thence north westerly to the NW corner of the SW 1/4 SW 1/4; thence south along the west line of said Section 14 to the point of beginning.

In Section 15:

5. W 1/2, W 1/2 SE 1/4, SE 1/4 SE 1/4
6. Also, beginning at the SW corner of the SW 1/4 of NE 1/4 of said Section 15; thence east along the East-West center line of said Section 15 to the SE corner of the SW 1/4 of NE 1/4; thence northwesterly to the NW corner of the SW 1/4 of NE 1/4; thence south along the North-South center line of said Section 15 to the point of beginning.
7. Also, beginning at the SE corner of the NE 1/4 of SE 1/4 of said Section 15; thence west along south line of the NE 1/4 SE 1/4 to the SW corner thereof; thence north along the west line of the NE 1/4 SE 1/4 to the NW corner thereof; thence southeasterly to the point of beginning.

In Section 16:

8. NE 1/4, E 1/2 SE 1/4
9. Also, beginning at the SE corner of the SW 1/4 SE 1/4; thence north along the east line of the W 1/2 SE 1/4

to the East-West center line of said Section 16;
thence west along said center line to the center of
said Section; thence southeasterly to the point of
beginning.

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In Section 21:

10. Beginning at the NE corner of said Section 21; thence south on the east line of said Section to the SE corner of the NE 1/4 of said Section; thence northwesterly to the NW corner of the NE 1/4 NE 1/4; thence east along the north section line to the point of beginning.

In Section 22:

11. All of Section 22
EXCEPTING THEREFROM the following described tract:
beginning at the SE corner of the SW 1/4 SW 1/4 of
said Section; thence west along the south line of said
Section to the SW corner thereof; thence north along
the west line of said Section to the NW corner of the
SW 1/4 SW 1/4; thence southeasterly to the point of
beginning.

In Section 23:

12. S 1/2, S 1/2 NW 1/4, NW 1/4 NW 1/4
13. Beginning at the NW corner of NE 1/4 NW 1/4 thence south to the SW corner of NE 1/4 NW 1/4; thence east to the SE corner of NE 1/4 NW 1/4 thence northwesterly to the point of beginning.

In Section 24:

14. NW 1/4 SW 1/4

In Section 26:

15. N 1/2 N 1/2

In Section 27:

16. N 1/2 NE 1/4, NE 1/4 NW 1/4

TOWNSHIP 37 SOUTH, RANGE 10, EAST W.M.

Parcel "B"

In Section 19:

17. S 1/2 NE 1/4; SE 1/4 NW 1/4, Government Lot 3,
NE 1/4 SW 1/4, N 1/2 SE 1/4

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In Section 20:
18. S 1/2 NW 1/4, N 1/2 SW 1/4

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Parcel "C"

In Section 28:
19. W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4 NE 1/4

STATE OF KANSAS }
County of Smith } ss
Filed for record at request of
Richard Schakes
on this 16 day of July A.D. 1968
at 9:11 o'clock AM and duly
recorded in Vol. 11-68 of mortgages
Page 6418
DOROTHY ROGERS, County Clerk
By Henry G. Hendon Deputy
Fee 15.00

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