

THIS MORTGAGE Made this 29 day of August, 1977,
 by STEVEN C. JOSSE, and MARY ANN JOSSE, husband and wife,
 aka Steve Josse Mortgagee,
 to DAN N. McDONALD and EVELYN L. McDONALD, husband and wife, Mortgagee,

WITNESSETH, That said mortgagee, in consideration of Thirty-seven thousand and no/100's (\$37,000.00) Dollars, to him paid by said mortgagee, 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, bounded and described as follows, to-wit:

SEE ATTACHED EXHIBIT "A"

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of 3 promissory note, of which the following is a substantial copy:

SEE ATTACHED EXHIBIT "B"

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit: October 1, 1992

The mortgagee warrants that the proceeds of the loan represented by the above described note and this mortgage are:

(a) primarily for mortgagee's personal, family, household or agricultural purposes (see Important Notice below);

(b) ~~for an investment in a commercial or business purpose or for business purposes~~ for an investment in a commercial or business purpose or for business purposes

This mortgage is inferior, secondary and made subject to a prior mortgage on the above described real estate made by

STEVEN C. JOSSE and MARY ANN JOSSE, husband and wife, dated

to DAN N. McDONALD and EVELYN L. McDONALD, husband and wife, dated

1977, and recorded in the mortgage records of the above named county in book 1, at page 1 thereof, or as

file number 1, reel number 1 (indicate which), reference to said mortgage records

hereby being made; the said first mortgage was given to secure a note for the principal sum of \$125,000.00; the unpaid

principal balance thereof on the date of the execution of this instrument is \$125,000.00 and no more; interest thereon is paid

to N/A, 1977; said prior mortgage and the obligations secured thereby, hereinafter, for brevity, are called

simply "first mortgage".

The mortgagee covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized

in fee simple of said premises; that the same are free from all encumbrances except said first mortgage and further except

the first mortgage and further except those encumbrances to which said

property was subject when conveyed by mortgagees to mortgagees

and that he will warrant and forever defend the same against all persons; further, that he will do and perform all things required of

him and pay all obligations due or to become due under the terms of said first mortgage as well as the note secured hereby, principal

and interest, according to the terms thereof; that while any part of the note secured hereby remains unpaid he 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 secured

hereby, when due and payable and before the same become delinquent; that he will promptly pay and satisfy any and all liens or

encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep

the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire

16000

and such other hazards as the mortgagee may from time to time require, in an amount not less than the value of the property insured, in a company or companies acceptable to the mortgagee herein, with loss payable, first to the holder of the said first mortgage, second, to the mortgagee named herein and then to the mortgagee as their respective interests may appear; all policies of insurance shall be delivered to the holder of the said first mortgage as soon as insured and a certificate of insurance executed by the company in which said insurance is written, showing the amount of said coverage, shall be delivered to the mortgagee named in this instrument. Now if the mortgagee shall fail for any reason to procure any such insurance and to deliver said policies as aforesaid at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagee's expense; that the mortgagee will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. In the event any personal property is part of the security for this mortgage, then at the request of the mortgagee, the mortgagee shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

Now, therefore, if said mortgagee shall keep and perform the covenants herein contained and shall pay all obligations secured by said first mortgage as well as the note secured hereby according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payments of the note secured hereby; it being agreed that a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid 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 mortgagee shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, or fail to do or perform anything required of him by said first mortgage, the mortgagee herein, at his option, shall have the right to make such payments and to do and perform the acts required of and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as the note secured hereby without waiver, and all sums paid by the mortgagee at any time while the mortgagee neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the mortgagee 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, mortgagee 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 of 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 heirs, executors, administrators and assigns of said mortgagee and of said 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, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.

In construing this mortgage, it is understood that the mortgagee or mortgagees may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagee has hereunto set his hand the day and year first above written.

Steve Josse
Mary Ann Josse

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable. If warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures for this purpose, use Stevens-Ness Form No. 1306 or similar.

STATE OF OREGON,

County of Klamath

ss.

BE IT REMEMBERED, That on this 27 day of August, 1977, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Steve Josse and Mary Ann Josse

known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

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

Waste Runnels
Notary Public for Oregon.
My Commission expires 9/23/77

SECOND MORTGAGE

(FORM No. 723)

STEVENS NESS LAW PUB. CO. PORTLAND, ORE.

STEVEN C. JOSSE
MARY ANN JOSSE

TO

DAN N. McDONALD
EVELYN L. McDONALD

AFTER RECORDING RETURN TO

KCTC

STATE OF OREGON,

County of

ss.

I certify that the within instrument was received for record on the day of 1977, at o'clock M., and recorded in book on page or as file/reel number Record of Mortgages of said County. Witness my hand and seal of County of Title.

By Deputy

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

PARCEL 1:

The E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 15 Township 39 South, Range 11 East of the Willamette Meridian;

SAVING AND EXCEPTING Beginning at a point on the North line of said Section 15 at a point 531 feet West of the Northeast corner thereof; thence West along said North line to the Northwest corner of the NE $\frac{1}{2}$ NE $\frac{1}{4}$ of said section; thence South along the West line of said NE $\frac{1}{2}$ NE $\frac{1}{4}$ a distance of 185 feet to a point; thence East parallel to the North line of said section a distance of 729 feet, more or less, to a point on the West line of parcel conveyed to Lost River Cemetary Association, Inc., by deed Vol. 236, page 572, thence North along the West line of said parcel to the point of beginning.

ALSO SAVING AND EXCEPTING from the above described parcel that portion thereof conveyed to Lost River Cemetary Association, Inc., by deed recorded December 16, 1949, in Deed Volume 236 page 572, records of Klamath County, Oregon.

PARCEL 2:

That part of Tracts 7, 8 and 9 lying Southwesterly of the Bonanza-Lorella County Road, all in Riverside Tracts in Sections 11 and 14 Township 39 South, Range 11 East of the Willamette Meridian, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

The SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11 lying Southwesterly of the Bonanza-Lorella County Road in Township 39 South, Range 11 East of the Willamette Meridian.

ALSO that portion of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11 Township 39 South, Range 11 East of the Willamette Meridian, described as follows: Beginning at the intersection of the East line of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11 Twp. 39 S.R. 11 E.W.M., and the North line of the Bonanza-Lorella County Road; thence Westerly along said North line a distance of 193 feet; thence North to the South line of Lost River; thence Southeasterly along the South line of Lost River to the East line of said SW $\frac{1}{4}$ SW $\frac{1}{4}$; thence South along said East line to the point of beginning.

EXCEPTING from the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11 Township 39 South, Range 11 East of the Willamette Meridian the following: Beginning at a point on the South line of the Bonanza-Lorella County Road which is 742 feet East along said line from the West line of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11 Twp. 39 S.R. 11 E.W.M.; thence continuing East along said line a distance of 448 feet; thence South 140 feet; thence West 448 feet, more or less, to a point due South of the point of beginning; thence North 140 feet, more or less, to the point of beginning.

That portion of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ lying Southwesterly of the Bonanza-Lorella County Road and all of the SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ of Section 14 Township 39 South, Range 11 East of the Willamette Meridian.

The NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 23, Township 39 South, Range 11 East of the Willamette Meridian.

EXHIBIT "A"

INSTALLMENT NOTE

\$37,000.00

Klamath Falls, Oregon

16002

, 1977

WE, promise to pay to the order of DAN N. McDONALD and EVELYN L. McDONALD, husband and wife, at Klamath Falls, Oregon, Thirty-seven thousand and no/100 (\$37,000.00) DOLLARS, to be paid in one (1) installment of \$17,000.00 on or before October 1, 1977 and annual installments not less than \$2,340.00, including interest on the unpaid balance at the rate of eight percent (8%) per annum from _____, until paid. Each of said annual installments of \$2,340.00 or more, shall be payable on or before the 1st day of October of each year commencing with the year of 1978; if any of said installments is not so paid, the whole sum of both principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, also promise to pay (1) holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.

STEVEN C. JOSSE

MARY ANN JOSSE

EXHIBIT "B"

STATE OF OREGON, COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 30th day of AUGUST A.D., 19 77 at 11:49 o'clock A.M., and duly recorded in Vol M77 of MORTGAGES on Page 15999.

FEE \$ 9.00

WM. D. MILNE, County Clerk

By [Signature] Deputy