

DISBURSEMENT AND SUBROGATION
AGREEMENT

THIS INDENTURE, made this 23rd day of December, 1977, by and between John M. Mosby and Marilyn J. Mosby (hereinafter referred to as Mortgagor) and CONNECTICUT MUTUAL LIFE INSURANCE COMPANY, a Connecticut corporation (hereinafter referred to as Mortgagee;

WITNESSETH THAT:

WHEREAS, Mortgagor is the owner in fee simple of the premises described in Exhibit "A" attached hereto and made a part hereof, which premises are hereinafter referred to as "the mortgaged premises", and,

WHEREAS, Mortgagor holds title to the mortgaged premises subject to a certain Mortgage dated December 20, 1969 in favor of Walter J. Lucas and Alice J. Lucas, husband and wife, Mortgagee, and recorded in Official Records of Klamath County, Oregon on December 31, 1969 in Vol. M-69 page 10850-10856 to secure a Note dated September 1, 1969, in the original principal sum of \$210,000 payable as therein stated, made by Investors Acquisition Corporation, Bert E. Swanston and Suzanne E. Swanston, Mortgagor; said Note and Mortgage hereinafter referred to as the Senior Mortgage; and,

WHEREAS, Mortgagor has executed and delivered unto Mortgagee a certain Mortgage dated December , 1977 and recorded simultaneously herewith, to secure a Note of even date in the amount of ONE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,200,000.00) and interest and other charges therein described (hereinafter referred to as "Current Mortgage"), which Note is held by Mortgagee, and,

WHEREAS, all of the money secured by the Current Mortgage filed simultaneously herewith has not yet been advanced but is to be advanced by the legal holder and owner of the indebtedness and Note secured by said Current Mortgage pursuant to the terms thereof and to be applied from time to time to the payment of the remainder of the unpaid indebtedness secured by the Senior Mortgage in accordance with the terms thereof.

NOW, THEREFORE, in consideration of the premises and of the making of the Current Mortgage, filed simultaneously herewith, Mortgagor does hereby authorize and empower the legal holder and owner from time to time, of the Note secured by the Current Mortgage, to disburse the funds secured by said Current Mortgage and to apply the same from time to time to the payment of part or all of the principal and interest secured by the Senior Mortgage in accordance with the terms thereof, and it is expressly covenanted and agreed by the parties hereto, that upon each such payment,

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the owner of the indebtedness secured by the Current Mortgage shall be and is hereby subrogated to all rights, liens and privileges which before such payment were vested in the owner or legal holder of the indebtedness secured by the Senior Mortgage and upon such payment the Current Mortgage shall be for all intents and purposes and to the extent of payments so made a first and valid lien, subrogated as aforesaid, upon the premises above described.

THIS AGREEMENT is binding upon the heirs, representatives, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

Mortgagor:

John M. Mosby
John M. Mosby

Marilyn J. Mosby
Marilyn J. Mosby

Mortgagee:

CONNECTICUT MUTUAL LIFE
INSURANCE COMPANY

By: George E. Schwab
George E. Schwab,
Vice President

By: David C. Kline
David C. Kline,
Assistant Secretary

STATE OF OREGON }

STATE OF CALIFORNIA

COUNTY OF Santa Barbara }On December 23, 1977

said State, personally appeared

John M. Mosby and Marilyn J. Mosbyknown to me to be the person S whose name S are

subscribed to the within instrument and acknowledged to me

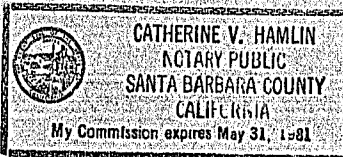
that both executed the same.

WITNESS my hand and official seal.

Signature Catherine V. Hamlin

Catherine V. Hamlin

Name (Typed or Printed)



(This area for official notarial seal)

a Notary
M. Mosby
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STATE OF CONNECTICUT }
COUNTY OF HARTFORD } ss.

On December 14, 1977, before me, the undersigned, a Notary Public in and for said State, personally appeared George E. Schwab known to me to be the Vice President and David C. Kline known to me to be the Assistant Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

My Commission Expires:

March 31, 1980

Bruce D. Bartlett
Notary Public

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 29th day of December A. D. 1977 at 2:30 clock PM., and

fully recorded in Vol. M77, of Mortgages on Page 25064

Wm D. MILNE, County Clerk

By Bernetha D. Ketch

Fee \$9.00

Ref:
Klamath County Title
P.O. Box 323
Seaside, OR 97138
attention Phyllis Weber