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THIS MORTGAGE, Made this _____ day of _____, 19 78,
by THOMAS JAMES and SUSAN CHRISTINE ESTLING, as tenants by the entirety
to ARTHUR W. and KAREN M. LAPSLEY, as tenants by the entirety

WITNESSETH, That said mortgagor, in consideration of _____ 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 _____ County, State of Oregon, bounded and described as follows, to-wit:

A parcel of land situate in the SW1/4 of Section 2, Township
39 South, Range 9 East of the Willamette Meridian, in the County
of Klamath, State of Oregon, being more particularly described
as follows:

Beginning at a point 350 feet North of the Southwest corner of
Section 2, Township 39 South, Range 9 East of the Willamette
Meridian; thence running East 238 feet; thence North 50 feet;
thence West 238 feet; thence South 50 feet to the point of
beginning.

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, adminis-
trators and assigns forever.

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

\$1,200.00 Klamath Falls, OR June 19, 1978
after date, I (or if more than one maker) we jointly and
severally promise to pay to the order of Arthur W. and Karen M. Lapsley
2919 Summers Lane, Klamath Fall, OR at _____
One Thousand two hundred and no/100 (\$1,200.00) DOLLARS,
with interest thereon at the rate of 7 1/2% per annum from _____ until paid; interest to be paid
and if not so paid, all principal and interest, at the option of the holder of this note, to become imme-
diately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I/we
promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; if a suit or
an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any
appeal therein, is tried, heard or decided.

Payable at \$100.00 per month including principal and interest. Remaining balance to be made in a balloon payment six months from date of closing. 2nd mortgage

Thomas James Estling
Susan Christine Estling

FORM No. 215—PROMISSORY NOTE

STEVENSON LAW FIRM, PORTLAND, ORE.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(a) primarily for mortgagor's personal, family, household or agricultural purposes (see Important Notice Below);
(b) for an organization (other than a mortgagee, bank or financial institution) or for business or investment purposes.

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

to Klamath First Federal Saving & Loan
dated June 19, 1978 and recorded in the mortgage records of the above named county in book _____, at page
_____, thereof, or as filing fee number _____ (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 \$ 43,200.00 ; the unpaid principal balance thereof on the
date of the execution of this instrument is \$ _____ and no more; interest thereon is paid to _____, 19 _____;
said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "first mortgage".
The mortgagor 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
easements or restrictions of record, common to the area or
apparent on the face of the land

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, assess-
ments 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

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and such other hazards as the mortgagee may from time to time require, in an amount not less than \$ full insurable coverage 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 mortgagor 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 mortgagor 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 mortgagor's expense; that the mortgagor 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 mortgagor 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 mortgagor 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 mortgagor 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 the mortgagor under said first mortgage; and any payment so made, together with the cost of such performance shall be added to 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, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor 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 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 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 mortgagor 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 mortgagor 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 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 mortgagor has hereunto set his hand the day and year first above written.

Thomas James Estling
Susan Christine Estling

*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.

SECOND MORTGAGE
(FORM No. 925)

Thomas James Estling
Susan Christine Estling

TO
Arthur W. Lapsley
Karen M. Lapsley

STATE OF OREGON,
County of Klamath

I certify that the within instrument was received for record on the 21st day of June, 1978, at 10:58 o'clock A.M., and recorded in book N78 on page 13204. Record of Mortgages of said county or as filing fee No. 50384.

Witness my hand and seal of county affixed.

M. D. Milne
County Clerk
Title.
By *[Signature]* Deputy
Fee \$6.00

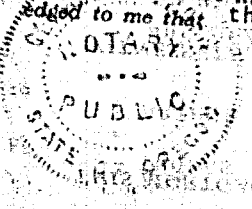
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.
After Recording Return to:
Paddock Real Estate
2972 South Sixth St.
Klamath Falls, OR 97601

STATE OF OREGON,
County of Klamath ss.

BE IT REMEMBERED, That on this 19th day of JUNE, 1978, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Thomas James and Susan Christine Estling, as tenants by the entirety known to me to be the identical individual, 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.

[Signature]
Notary Public for Oregon.
My Commission expires 11-12-78



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