

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 or (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

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 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 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, 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. 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 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 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 mortgagee 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 mortgagor has hereunto set his hand the day and year first above written.

JAMES WELLSBOROUGH MADE BY NIKKI JOHNSON

*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, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306 or equivalent.

X Robert Thomas by Barbara L. Jones, his attorney in fact

FORM No. 159—ACKNOWLEDGMENT BY ATTORNEY-IN-FACT.

STATE OF OREGON,

County of Klamath } ss.

On this the 29th day of August, 19 80

BARBARA L. JONES, personally appeared who, being duly sworn (or affirmed), did say that she is the attorney in fact for ROBERT THOMAS and that she executed the foregoing instrument by authority of and in behalf of said principal; and she acknowledged said instrument to be the act and deed of said principal.

(Official Seal)

Before me:

W. Arlene P. Adlington
(Signature)
W. Arlene P. Adlington
(Title of Officer)
Commission Expires 3-22-81

MORTGAGE

(FORM No. 105A)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

TO

AFTER RECORDING RETURN TO

TIA-So
to the Office

STATE OF OREGON

County of _____ } ss.

I certify that the within instrument was received for record on the _____ day of _____, 19_____, 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 affixed.

By _____ Title
Deputy.

EXHIBIT "A"

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AGREEMENT

This Agreement made and entered into on this 28th day of August 1980 by and between Robert Thomas, herein called "Borrower" and Paul Sabo, herein called "Lender";

WITNESSETH:

Whereas Robert Thomas has entered into agreements to purchase the following described parcels:

PARCEL 1, A lot in the Winema Gardens subdivision, a more particular description to be furnished later.

PARCEL 2, more particularly described as ... (Oregon Ave.)

PARCEL 3, more particularly described as ... (Hilyard Iri-plex)

In connection with the aforesaid purchases, the Lender, Paul Sabo has advanced Robert Thomas the sum of \$50,000.00 by deposit of said sum in escrow with Transamerica Title Insurance Company, Escrow #22349-2.

The purpose of the loan is to allow Borrower to purchase the property herefore described as Parcel 1, Parcel 2, Parcel 3, to pay off a second mortgage on his home property of 1518 North Eldorado Street, Klamath Falls, Oregon, to Security Savings and Loan Association and to remit any remaining proceeds to Borrower. Mortgager to acknowledge that there is currently a second mortgage on Borrower's home at 1518 North Eldorado, Klamath Falls, Oregon in favor of Security Savings and Loan Association in the approximate amount of \$7,000. A portion of the proceeds of this loan shall be used to pay off said second mortgage to Security Savings and Loan Association so that the mortgage granted Lender by Borrower on said property shall be second only to the mortgage on such property given by Borrower to the Oregon Department of Veterans Affairs.

Said sum is to be repaid in monthly payments of \$500.00, plus interest on the unpaid balance computed at the annual percentage rate of 15%. Interest shall commence on August 20, 1980. The first payment shall be due on the same day of the following month and the following payments shall be due on the same day of each month thereafter, with the entire balance of principal and interest to become due three years, (36 months) after the date of closing of the Transamerica escrow. The Borrower may prepay all or any part of the principal balance at any time without penalty.

To assist in the collection of the parties hereto shall establish a collection escrow at South Valley State Bank, and borrower shall make all payments due under the terms of this agreement to such escrow, and shall bear all charges of such escrow. South Valley State Bank shall be instructed to disburse the proceeds collected in such escrow in any matter which Lender may direct. Lender shall deposit satisfactions of each of the four mortgages to be provided him by Borrower in the escrow with the provision that all such mortgages shall be released to Borrower upon full payment of the sums due Lender under the terms of this contract. In addition, lender shall instruct South Valley State Bank and the escrow instructions shall so provide that satisfactions of the mortgages on Parcels 1 and 2 herein above described shall be released to Borrower or to any escrow created by Borrower for the purpose of re-financing or selling either of such properties, provided the proceeds of such sales or re-financings are applied in full to the principal balance remaining due under the terms of this Agreement.

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The parties acknowledge that the description to Parcel 1 is not immediately available, and that part of the purpose of this, the loan described in this Agreement is to purchase such property and the allocated purchase price is \$5,000. If such description and/or title to such property is not clear and available to Borrower's satisfaction at the time the balance of the loan is completed and ready to close, Transamerica shall be entitled to close the loan on the Parcels 2 and 3 and remit to Robert Thomas any balance of the proceeds of the loan to him after withholding the sum of \$5,000 for completion of the purchase of Parcel 1. As soon thereafter as possible, the transaction on Parcel 1 shall be completed and the collection escrow set up at South Valley State Bank.

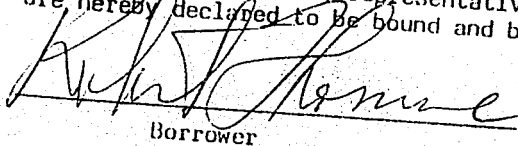
As security for the re-payment of the aforesaid sum, Borrower shall give Lender a first mortgage on Parcel 1 and Parcel 2, a second mortgage on Parcel 3, and a second mortgage on the house and lot located at 1518 North Eldorado, Klamath Falls, Oregon.

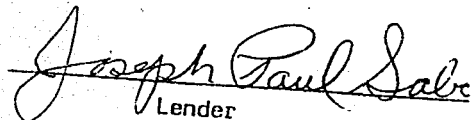
It is further agreed that if Parcel 1 or Parcel 2 is re-financed, the entire proceeds of such transaction shall be applied to the principal sum then remaining due under this Agreement.

It is further agreed that the Borrower will procure at his own expense, Mortgagee's Insurance, to a total value of \$50,000.00.

In case of suit or action or appeal therefrom, is taken to enforce any provision of this Agreement, the prevailing party in such suit, action or appeal shall be entitled to recover from the other party, in addition to the costs and disbursements allowed by law, such sums as the Court may adjudge reasonable as attorney's fees therein.

Heirs, successors, representatives and assigns of the parties hereto are, hereby declared to be bound and benefited by the terms hereof.


Borrower


Lender

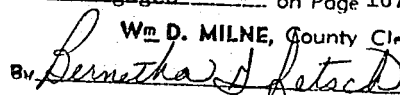
STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 4th day of September A. D. 19 80 at 3:43 o'clock P. M., on

filed recorded in Vol. M80, of Mortgages on Page 16783

Wm D. MILNE, County Clerk

By 

Fee \$14.00