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THIS MORTGAGE, Made this

21st

day of

October

, 19 80,

by

ROBERT THOMAS

Mortgagor,

to

JOSEPH PAUL SABO

Mortgagee,

WITNESSETH, That said mortgagor, in consideration of See Exhibit "B"

35 Dollars, to him paid by said mortgagee, does hereby
 34 grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real
 33 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 XXXXXXXXXXXXX of which the following is a substantial copy:

Agreement Dated August 28, 1980, amended Oct. 1, 1980

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: _____, 19_____.

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

(a) ~~XXXXXX~~ for an organization, (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

This mortgage is inferior, secondary and made subject to a prior mortgage on the above described real estate made by Equitable Savings and Loan Association to Winetrout

to Contract of Sale - Winetrout to Thomas

19____, and recorded in the mortgage records of the above named county in book _____, reel number _____

M-72 p.6930 dated June 14, 1972
 M-80 P. _____ at page _____ thereof, or as

hereby being made; the said first mortgage was given to secure a note for the principal sum of \$ 180,000.00 ; the unpaid
 principal balance thereof on the date of the execution of this instrument is \$ 375,000.00 and no more; interest thereon is paid
 to October 15, 19 80 ; 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 _____

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

and such other hazards as the mortgagee may from time to time require, in an amount not less than \$ _____ 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 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.

Robert Thomas

*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 21st day of October, 19 80, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named ROBERT THOMAS

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he 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.

Sandra Handsaker
Notary Public for Oregon.
My Commission expires 7-23-81

SECOND MORTGAGE

(FORM No. 925)

STEVENS NESS LAW PUB. CO. PORTLAND, ORE.

Robert Thomas
930 Klamath Avenue
Klamath Falls, Oregon 97601

JOSEPH PAUL SABO

AFTER RECORDING RETURN TO

SPACE RESERVED
FOR
RECORDER'S USE

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.

Title.

By _____ Deputy

Northerly 60 feet and the Westerly 150 feet of the Southerly
85.44 feet of Lot E, Subdivision of ENTERPRISE TRACT NO. 24, in
NW¼ of Section 3, Township 39 South, Range 9 East of the Willamette
Meridian, in the County of Klamath, State of Oregon.

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Exhibit "A"

ALSO starting at the Northwest corner of Section 3, Township 39
South, Range 9 East of the Willamette Meridian; thence South 00° 00½'
East along the Westerly boundary of said Section 3, 826.8 feet, more
or less, to its intersection with a line parallel with and 75.0 feet
distant at right angles Northeasterly from the center line of the
Klamath Falls-Lakeview State Highway, also known as South Sixth Street,
as the same is now located and constructed, said parallel line being
also the Northerly right of way line of said Highway; thence South
55° 52½' East along said right of way line 2192.4 feet, more or less,
to an iron peg marking the Southwesterly corner of that certain tract
of land conveyed to Swan Lake Moulding Company by deed dated May 16,
1968, and recorded in Volume M-68 at page 4736 of Klamath County Deed
Records from which peg a cross chisled in the concrete sidewalk bears
South 34° 07½' West 10.0 feet; thence North 34° 07½' East at right
angles to Sixth Street 150.0 feet to an iron peg and the true beginning
point of this description; thence South 55° 52½' East 73.52 feet to an
iron peg in the East line of Enterprise Tract No. 33A; thence North 00°
21½' East 132.36 feet along said East line to an iron peg; thence South
34° 07½' West 109.92 feet to the place of beginning.

EXHIBIT "B"

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AGREEMENT

This Agreement made and entered into on this 28th day of August 1970 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 descrip-
tion to be furnished later.
- PARCEL 2, more particularly described as ... (Oregon Ave.)
- PARCEL 3, more particularly described as ... (Bilyard Tri-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 Trans-
america Title Insurance Company, Escrow #22549-2.

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.
Borrower 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

AGREEMENT

This Agreement made and entered into on this 22nd day of August 1970 by and between Robert Thomas, herein called "Borrower" and Paul Sato, herein called "Lender";

WITNESSETH:

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

- PARCEL 1, A lot in the Winona Gardens subdivision, a more particular description to be furnished later.
- PARCEL 2, more particularly described as ... Oregon Ave.
- PARCEL 3, more particularly described as ... Cityland Tracts

In connection with the aforesaid purchases, the Lender, Paul Sato has advanced Robert Thomas the sum of \$50,000.00 by deposit of said sum in escrow with Transamerica Title Insurance Company, Escrow #225492.

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. Borrower 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-financing 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.

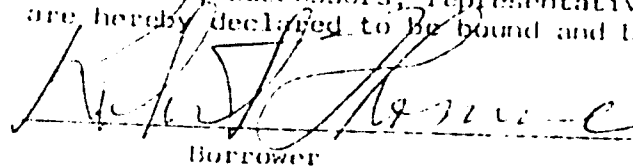
As security for the re-payment of the aforesaid sum, Borrower shall give Lender a first mortgage on Parcel 1 and Parcel 2, a second mortgage on Parcel 3, and a second mortgage on the house and lot located at 1518 North Eldorado, Klamath Falls, Oregon.

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 judge 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.

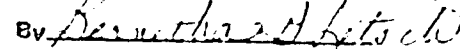

Borrower


Lender

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.
this 2nd day of Sept. A. D. 19 80 at 3:00 o'clock P. M., or
fully recorded in Vol. M80 of Mortgages on Page 16605

Wm D. MILNE, County Clerk

By 

Fee \$14.00

AMENDMENT TO AGREEMENT

THIS AMENDMENT TO AGREEMENT dated the 28th day of August, 1980, by and between Robert Thomas, herein called "Borrower" and Paul Sabo, herein called "Lender".

BY mutual agreement of the Parties stated above, the Agreement shall be amended to exclude certain security and to include certain other security:

The following shall be excluded:

1. Lot 1, Block 2 FAIRVIEW ADDITION #2, in the County of Klamath, State of Oregon, recorded 9-4-80, M-80, page 16783.
2. Lot 4 and the Northwestern $\frac{1}{2}$ of Lot 5, Block 9, HILLSIDE ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon, recorded 9-2-80, M-80, page 16605.

The following shall be included:

1. Lots 11 and 12, Block 24, SECOND ADDITION TO KLAMATH FALLS, in the County of Klamath, State of Oregon.
2. The Northerly 60 feet and the Westerly 150 feet of the Southerly 85.44 feet of Lot E, Subdivision of ENTERPRISE TRACT NO. 24, in NW $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon. ALSO starting at the Northwest corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian; thence South 00°00' East along the Westerly boundary of said Section 3, 826.8 feet, more or less, to its intersection with a line parallel with and 75.0 feet distant at right angles Northeastly from the center line of the Klamath Falls-Lakeview State Highway, also known as South Sixth Street as the same is now located and constructed, said parallel line being also the Northerly right of way line of said Highway; thence South 55°52' East along said right of way line 2192.4 feet, more or less, to an iron peg marking the Southwesterly corner of that certain tract of land conveyed to Swan Lake Moulding Company by deed dated May 16, 1968, and recorded in Volume M-68 at page 4736 of Klamath County Deed Records from which peg a cross chisled

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in the concrete sidewalk bears South $34^{\circ}07\frac{1}{2}'$ West 10.0 feet; thence North $34^{\circ}07\frac{1}{2}'$ East at right angles to Sixth Street 150.0 feet to an iron peg and the true beginning point of this description; thence South $55^{\circ}52\frac{1}{2}'$ East 73.52 feet to an iron peg in the East line of Enterprise tract No. 33A; thence North $00^{\circ}21\frac{1}{2}'$ East 132.36 feet along said East line to an iron peg; thence South $34^{\circ}07\frac{1}{2}'$ West 109.92 feet to the place of beginning.

The Parties hereto agree that the new securities listed above are in lieu of the Chiloquin Lot that Thomas was to purchase under the original contract.

DATED THIS, 11th day of Oct, 1980.

Robert Thomas
ROBERT THOMAS - "BORROWER"

Joseph Paul Sabo
JOSEPH PAUL SABO - "LENDER"

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 5th day of December A. D. 1980 at 3:35 o'clock P M., and

fully recorded in Vol. M80, of Mortgages on Page 23681

Wm D. MILNE, County Clerk

By Bunetha D. Detach

Fee \$24.50

AMENDMENT TO AGREEMENT -2-