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DRUGS
BIOLOGICAL
MEDICINE
HOLYER LENSES - CYCLOPS
THIS MORTGAGE

THIS MORTGAGE MADE this 22nd day of March, 1985, between BLUE PEBBLE INVESTMENT COMPANY, a Corporation, duly organized and existing under the laws of the State of Oregon, hereinafter called the Mortgagor, and JUDY K. ALKANA, a married woman, hereinafter called the Mortgagee, WITNESSETH, That said mortgagor, in consideration of FIFTY-TWO THOUSAND TWO HUNDRED EIGHTY and No/100 (\$52,800.00) - Dollars, to it paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators, successors and/or assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows:

An undivided one-half interest in and to:

The South half of the Northeast quarter, and the Northeast quarter of the Southeast quarter of Section 9; and the South half of the Northwest quarter, the Northwest quarter of the Southwest quarter, the East half of the Southwest quarter, and the Southeast quarter of Section 10, all Township 38 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian.

This mortgage is second and subject to a mortgage in favor of Mtual Life Insurance Company of New York, recorded September 20, 1979, in Volume M79 Page 22474, Mortgage Records of Klamath County, Oregon.

In the event of sale or transfer of the property described herein, the due date of the note secured hereby may be accelerated at the option of the holder thereof, unless written approval has been obtained from said holder, such approval not to be unreasonably withheld.

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, successors and/or assigns forever.

This mortgage is intended to secure the payment of one promissory note of which the following is a substantial copy: of even date herewith, to be paid with interest thereon, in installments, according to its terms, the last of which will be due on December 31, 1988.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators, successors and/or assigns, that it is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto except for a mortgage in favor of Mutual Life Insurance Company of New York, and will warrant and forever defend the same against all persons; that it will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid it 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 above described, when due and payable and before the same may become delinquent; that it 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 it 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 the original principal sum of the note or obligation secured by this mortgage, in a company or companies acceptable to the mortgagee, with loss payable first to the mortgagee and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the mortgagee as soon as insured. Now, if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies to the mortgagee 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 it will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. 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 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 upon a failure to perform any covenant herein, or if 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 claim 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, successors and/or assigns of said mortgagor and of said mortgagee respectively.

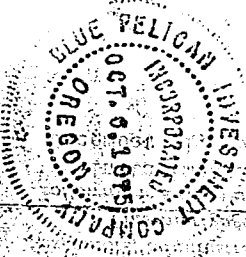
In case suit or action is commenced to foreclose this mortgage, the Court, may, upon motion of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

In construing this mortgage, it is understood that the 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, BLUE PELICAN INVESTMENT COMPANY, pursuant to a resolution of its Board of Directors, duly and legally adopted, has caused these presents to be signed by its President and Secretary, and its corporate seal to be hereunto affixed this 22nd day of March, 1985.

By Richard A. Higbee President
Richard A. Higbee

By _____ Secretary



MORTGAGE
Corporation
(FORM No. 75A)

BLUE PELICAN INVESTMENT CO.

TO

JUDY K. ALKANA

STATE OF OREGON,
County of Klamath

I certify that the within instrument was received for record on the 29th day of March, 1985, at 3:43 o'clock P.M., and recorded in book 185 on page 4648. Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn,

Klamath County Clerk Title.

By Pm Smith Deputy.

Fee: \$9.00

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

Lake Avenue Escrow Corp.
732 North Lake Avenue
Pasadena, Ca. 91104

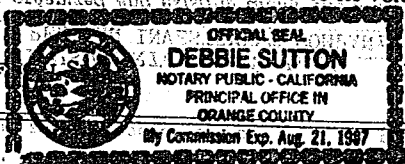
(ORS 93.490)

CALIFORNIA
STATE OF OREGON, County of Orange ss. March 22, 1985.

Personally appeared RICHARD A. HIGBEE,
who being duly sworn (or affirmed) did say that he is the

(President or other officer or officers)
of BLUE PELICAN INVESTMENT COMPANY
(Name of corporation)

and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.



Before me: Debbie Sutton
Notary Public for ~~XXXXXX~~ California
My commission expires 8-21-87