

by VERNON D. LAMBERT and CONNIE R. LAMBERT
to BILLY J. SKILLINGTON, aka BILLY JOE SKILLINGTON Mortgagee,

WITNESSETH, That said mortgagor, in consideration of FIFTY THOUSAND DOLLARS (\$50,000.00) 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 Klamath County, State of Oregon, bounded and described as follows, to-wit: Beginning at an iron pin marking the Southeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 11, said point being the Northeast corner of "Perry's Addition to Lloyds Tracts" Subdivision; Thence South 89°50' West along the South line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 11 a distance of 201.90 feet to an iron pin on the Westerly Right of Way line of Hope Street; Thence North 0°17' East along said Westerly line of Hope St. a distance of 282.13 feet more or less to the Northeast corner of that tract of land conveyed to Reginald E. Bristler and A. Marion Bristler, recorded December 4, 1964 in Deed Vol. 358, page 438; Thence continuing North along said Westerly line of Hope St., a distance of 92.00 feet to a point; Thence West 138.16 feet more or less to a point 92 feet North of the Northwest corner of said Bristler tract on the Westerly line of said tract extended Northerly; Thence South along said Westerly line extended Northerly to the Northwest corner of said Bristler tract; Thence Easterly along the North boundary line of said Bristler tract a distance of 137.88 feet to the Westerly Right of Way line of Hope Street to the point of beginning. EXCEPTING an easement over and across the Southerly 5 feet of the above described parcel of land for a water line and construction and maintenance of said water line.

SUBJECT TO: Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Klamath Irrigation District; Regulations, including levies, liens, assessments, rights of way and easements of the South Suburban Sanitary District; Easements and rights of way of record and those apparent on the land, if any.

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 a promissory note, of which the following is a substantial copy:
(SEE EXHIBIT "A")

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: _____.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(b) 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 Two mortgages to Klamath First Federal Savings & Loan Assn., and one mortgage to South Valley State Bank

hereby being made, the said first mortgage was given to secure a note for the principal sum of \$ _____, 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 _____ above referred to mortgages

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 \$7 full insurable value 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.

Vernon D. Lambert
VERNON D. LAMBERT

Connie R. Lambert
CONNIE R. LAMBERT

*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 29th day of December, 1986, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named VERNON D. LAMBERT and CONNIE R. LAMBERT

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.

Camela Spencer
Notary Public for Oregon
My Commission expires 8/16/88

THIRD
MORTGAGE

(FORM No. 925)

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

SPACE RESERVED
FOR
RECORDER'S USE

AFTER RECORDING RETURN TO
Robert S. Hamilton, PC.
292 Main Street
Klamath Falls, OR 97601

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/reel/volume No. _____ on page _____ or as document/fee/file/instrument/microfilm No. _____, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME _____ TITLE _____
By _____ Deputy

INSTALLMENT NOTE

24087

\$50,000.00

Klamath Falls, OR

December
November 29, 1986

FOR VALUE RECEIVED, the undersigned promises to pay to BILLY J. SKILLINGTON, also known as BILLY JOE SKILLINGTON, or order, at 2506 Western, Klamath Falls, OR 97603, the sum of FIFTY THOUSAND DOLLARS (\$50,000.00) with interest thereon at the rate specified in Paragraph 2 below, from this date until paid, payable in installments of not less than SIX HUNDRED DOLLARS (\$600.00) in each payment, including interest thereon, until the entire principal and interest has been paid. The first payment is to be made on the 20th day of December, 1986, and a like payment on the same day of each succeeding month thereafter. Additional payments of principal may be made at any time.

The undersigned promise to pay interest at prime plus Three Percent (3%), with the interest to be adjusted annually, with the first adjustment to be January 1, 1988. In no event shall the interest rate be higher than Fifteen Percent (15%) nor lower than Ten Percent (10%). The total monthly payment, including both principal and interest, shall remain at \$600, notwithstanding any changes in the interest rate. Billy J. Skillington, or holder, shall notify the undersigned of each such change of interest rate in writing. Any such notice may be given by ordinary mail, postage paid and addressed to the undersigned at the last known address of the undersigned as shown on holder's records. If the undersigned consists of more than one person, notification of any of said persons shall be complete notification of all.

If any installment is not so paid when due, the entire principal and interest shall without notice become immediately due and payable at the option of the holder of this note.

Whether or not litigation is commenced, the undersigned promise to pay all costs of collecting overdue amounts. If litigation is commenced to collect this note or any portion hereof, the undersigned promise to pay such additional sum as the court may adjudge reasonable as attorney fees in the litigation and any appeal therefrom.

Each party hereto, whether maker, co-maker, endorser, guarantor or otherwise, waives presentment, demand, notice and protest and consents to any and all extensions of time and renewals

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24088

hereof, whether or not the extensions or renewals are longer than the original period of this note, and to any exchange or release of any security granted by any party hereto or any other person.

The obligations of the undersigned shall be joint and several obligations of all such persons.

BILLY J. SKILLINGTON

VERNON D. LAMBERT

CONNIE R. LAMBERT

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 30th day
of December A.D., 19 86 at 3:20 o'clock P M., and duly recorded in Vol. M86,
of Mortgages on Page 24085.

FEE \$17.00

Evelyn Biehn, County Clerk
By PRM Smith