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THIS MORTGAGE, Made this 22 day of August, 1988,  
 by GEORGE A. STEVENSON and HELEN L. STEVENSON, individually and as  
 Trustees of the GEORGE AND HELEN STEVENSON TRUST Mortgagee,  
 to ANN S. FAIRCLO Mortgagee,

WITNESSETH, That said mortgagee, in consideration of Fifteen Thousand and no/100--  
Dollars, to him paid by said mortgagee, does hereby  
 grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that cer-  
 tain real property situated in Klamath County, State of Oregon, bounded and described as  
 follows, to-wit:

Lots 4 through 12, Block 43, CITY OF MALIN, in the County of  
 Klamath, State of Oregon.

SUBJECT TO reservations and restrictions of record, easements and  
 rights of way of record and those apparent on the land.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging  
 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:

\$ 15,000.00 Klamath Falls, Oregon, 19 88  
 I (or if more than one maker) we, jointly and severally, promise to pay to the order of  
ANN S. FAIRCLO at Klamath Falls, Oregon  
Fifteen Thousand and no/100-- DOLLARS,  
 with interest thereon at the rate of 9 percent per annum from date hereof until paid, payable in  
monthly installments of not less than \$ 200.00 in any one payment; interest shall be paid monthly and  
~~XXXXXX~~ the minimum payments above required; the first payment to be made on the 1st day of February,  
19 89, and a like payment on the same day of each month thereafter, until the whole sum, principal and  
 interest has been paid; if any of said installments is not so paid, all principal and interest to become immediately due and collectible at the  
 option of the holder of this note. 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; however, 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.  
 \* Strike words not applicable.  
 Promissor may make prepayments  
 at any time and such prepayments  
 shall apply and forgive future  
 payments in the same amount as such  
 Prepayment.  
George A. Stevenson  
Helen L. Stevenson, individually  
and Trustees of George & Helen Steven  
son Trust  
 SN Stevens-Ness Law Publishing Co., Portland, Ore.

FORM No. 217 - INSTALLMENT NOTE.

And said mortgagee covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully  
 seized in fee simple of said premises and has a valid, unencumbered title thereto

and will warrant and forever defend the same against all persons; that he will pay said note, principal and interest, according to  
 the terms thereof; that while any part of said note 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 above described, when due and pay-  
 able and before the same may 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 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 mort-  
 gagee and then to the mortgagee in their respective interests may appear; all policies of insurance shall be delivered to the mort-  
 gagee as soon as insured. Now if the mortgagee 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 mortgagee's expense; that he 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 mortgagee shall  
 join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satis-  
 factory 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.

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 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 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 charges 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.

*George P. Stevenson*  
*Eileen L. Stevenson*

\*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, in such word as 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. 1309, or equivalent.

MORTGAGE  
(FORM No. 105A)

TO

ss.  
STATE OF OREGON,  
County of Klamath

I certify that the within instrument was received for record on the 8th day of August, 19 88, at 1:33 o'clock P. M., and recorded in book M88 on page 12618 or as file number 90049.

Record of Mortgages of said County.  
Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

Title.

By *George P. Stevenson*  
Deputy.

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

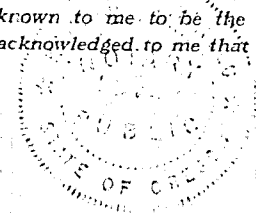
Fee 13.00

STATE OF OREGON,  
County of *Klamath* } ss.

BE IT REMEMBERED, That on this *7th* day of *August*, 19*88*, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named *George P. Stevenson and Eileen L. Stevenson*

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.



*Alvin O. Kuder*  
Notary Public for Oregon.  
My Commission expires *3/15/92*