

\$ 28,500.00

Klamath Falls, Oregon, August 28, 1989

Each of the undersigned promises to pay to the order of Leonard D. Jones and/or Mavis I. Jones  
(herein called the payee) at Klamath Falls, Oregon

the sum of Twenty-eight Thousand Five Hundred and no/100 DOLLARS (\$28,500.00),  
together with interest thereon at 13 percent per annum from the date hereof until paid, payable in 60  
installments, at the dates and in amounts as follows: Monthly Beginning September 28, 1989 in the  
principal amount of Four Hundred Seventy Five and no/100 Dollars (\$475.00) plus all accrued  
interest.

interest shall be paid monthly and is included in the payments above required, which shall continue un-  
til this note, principal and interest is fully paid.

1. To secure the payment of this note and any other liabilities of any of the undersigned to said payee, hereafter arising, the under-  
signed grant to the payee a security interest in the following collateral:

(a) 1-IBM 3197 DDZ DISPLAY WITH KEYBOARD, S.N.-FP773

1-IBM 3197 DDZ DISPLAY WITH KEYBOARD, S.N.-KH658

1-IBM 4224 10Z PRINTER, S.N.-11CQ280--1-IBM 5363 P20 105 MB DISC UNIT, S.N.10-46209

(b) the proceeds and products of all the foregoing.

(c) the proceeds and products of all the foregoing.

2. The undersigned hereby assigns to the payee all of the rights and remedies of the undersigned in and to the collateral described in this note, including the right to sue for the same.

3. The payee may vote the collateral, collect all dividends thereon, receive and take control of any proceeds, transfer all or part of the collateral into payee's own name or that of his nominee and notify any person obligated on the collateral of the payee's security interest therein and to make payments directly to the payee.

4. The payee shall have no duty to collect or protect the collateral or any proceeds, to preserve the rights of any of the undersigned against prior or other parties, to realize on the collateral in any particular manner or to seek reimbursement from any particular source and, at his option, may proceed directly against the undersigned, the endorser hereof or any thereof.

5. With reference to this note and also to that portion of the collateral, if any, which includes indebtedness owing to any of the under-  
signed, the payee, at his election, may grant any extensions, postponement of time of payment, indulgence, or permit any substitutions, ex-  
change or release of collateral and may add to or release any parties primarily or secondarily liable without notice to and without releasing any  
of the undersigned or any endorser hereof.

6. The undersigned assume full responsibility for taking any necessary steps to protect any of the collateral in payee's possession in-  
cluding, without limitation, the exercise of any rights respecting the collateral. The payee shall have exercised reasonable care in the preserva-  
tion and protection of the collateral if he takes such action for that purpose as the undersigned shall request in writing, but no omission to  
comply with any such request of itself shall be deemed failure to exercise reasonable care.

7. If this note is placed in the hands of an attorney for collection, each of the undersigned promises and agrees to pay the reasonable  
collection costs of the holder hereof; and if suit or action is filed hereon, also promises to pay (1) holder's reasonable attorney's fees to be fixed  
by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court,  
as the holder's reasonable attorney's fees in the appellate court.

8. If payment of this note is made by any co-maker or endorser the payee is authorized, at his election, to surrender the collateral  
to the person making such payment.

9. The rights and remedies of the payee (as the secured party herein) with respect to all of the above described collateral as well as all  
other collateral in which the payee has a security interest by this note or otherwise shall be those provided by the laws of Oregon.

10. If the payee negotiates or transfers this note he may deliver all or any part of the collateral to the transferee or holder who there-  
upon shall become vested with all the powers and rights herein granted to the said payee. Upon such negotiation or transfer, the payee shall  
be relieved and discharged from any liability or responsibility in connection with the transferred collateral but all rights of the payee shall be  
preserved with respect to any collateral retained by him.

11. The undersigned shall be in default hereunder upon the occurrence of any of the following events:

(a) Failure to pay when due the principal or interest on this note or any of the said installments;

(b) Change in the condition or affairs, financial or otherwise, of any of the undersigned or of any endorser hereof which in payee's  
opinion impairs or decreases his security;

(c) Termination of business or commencement of any insolvency proceedings by or against any of the undersigned or any endorser  
hereof, or if any of the undersigned or endorser hereof dies, or if any of them is a partnership, the death of any partner;

(d) If this note is secured by a security agreement, any default of debtor under the terms of said agreement.

In the event of the occurrence of any of the foregoing events of default or if the payee deems or has reasonable cause to deem himself insecure,  
then at the option of the said payee this note as well as all other obligations to payee of any of the undersigned and of any endorser hereof  
shall immediately become due and payable.

12. In construing this instrument, the singular includes the plural and vice versa, the masculine pronoun includes the feminine and the  
neuter and the payee means and includes any holder hereof.

WITNESS:

*Sharon Fiebler*

CARTER-JONES COLLECTION SERVICE, INC.

By: *Leonard D. Jones, Pres.*

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Carter-Jones Collection Services the 7th day  
of Sept. A.D., 19 89 at 2:15 o'clock PM., and duly recorded in Vol. M89  
of Miscellaneous on Page 16833.

FEE \$5.00

Evelyn Biehn County Clerk

By: *Pauline Nielsen*

Return: Carter-Jones Collection Services  
1143 Pine St., Klamath Falls, Or. 97601