

MORTGAGE

PARTIES:

Mortgagor: John E. Scoggin and Marian M. Scoggin

Mortgagee: Donald P. Carner

AGREEMENT: For valuable consideration, Mortgagor grants, bargains, sells and conveys to Mortgagee the real property, together with appurtenances, described as follows:

Starting at a point 393 feet West of the Northeast corner of the SE1/4 SE 1/4 of Section 13, Township 23 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence West 198 feet; thence South 220 feet; thence East 198 feet; thence North 220 feet to the place of beginning situate in the SE1/4 SE1/4 of Section 13, Township 23 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

to have and to hold said property with the appurtenances unto Mortgagee forever.

SECURITY: This mortgage secures a promissory note between the parties, which is made a part hereof, dated December 12, 1989, which matures February 1, 1991, and which is attached hereto as Exhibit "1".

WARRANTIES OF TITLE: Mortgagor warrants and represents to Mortgagee that Mortgagor owns the property in fee simple free from all liens and encumbrances except:

1. No means of ingress or egress to or from the above described property as disclosed by the assessor's map.

2. Right of Way easement, including the terms and provisions thereof, given by Delbert J. Sly et ux, to Midstate Electric Cooperative, Inc., a cooperative corporation, dated October 2, 1952, recorded January 2, 1953 in Volume 258, page 419, Deed records of Klamath County, Oregon.

3. Trust Deed, including the terms and provisions thereof, given by John E. Scoggin and Marian M. Scoggin, husband and wife, to Mountain Title Company as trustee for Donald P. Carner, dated January 10, 1989, and recorded February 3, 1989, in M-89 on page 2177, records of Klamath County, Oregon, to secure the payment of \$13,500.00.

MORTGAGOR'S DUTIES: Mortgagor will forever defend the property against all persons; Mortgagor will pay the obligation secured by this mortgage according to all its terms and conditions; while

any part of this mortgage and the secured obligation remain unpaid Mortgagor will pay all taxes and assessments and all charges of every nature which may be levied or assessed against the property; Mortgagor will pay according to their terms and conditions any and all other liens and encumbrances that are or may become charges against the property or any part thereof.

INSURANCE: Mortgagor agrees that any buildings erected on the property will be kept insured by Mortgagor in favor of Mortgagee against loss or damage by fire with extended coverage in a company or companies satisfactory to Mortgagee; Mortgagor will have the insurance on the property made payable to Mortgagee as Mortgagee's interest may appear; the insurance policy will be delivered to Mortgagee as soon as insured; the insurance will be on a replacement cost basis.

USE OF PROPERTY: Mortgagor agrees not to abuse, misuse or waste the property, real or personal, described in this mortgage and to maintain the property in good condition.

PERFORMANCE: If Mortgagor performs the terms and conditions of this mortgage and pays the obligation secured by this mortgage according to all its terms and conditions this conveyance and mortgage shall be void, but otherwise shall remain in full force to secure the performance of this mortgage and the payment of the obligation it secures. The parties agree that failure of Mortgagor to perform any term or condition of this mortgage or the obligation it secures, or if proceedings of any kind are taken by anyone to foreclose any lien which Mortgagor is bound by this mortgage to remove on the mortgaged property or any part thereof, Mortgagee shall have the option to declare the whole unpaid amount of the obligation secured by this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter.

MORTGAGEE'S RIGHTS: If Mortgagor fails to pay any taxes, liens, encumbrances, assessments or charges of whatever nature against the property, Mortgagee may, without waiver of any other right, do so, and any payments so made shall be added to and become part of the obligation secured by this mortgage and the lien of this mortgage, and shall bear interest at the same rate as the obligation secured by this mortgage.

DEFAULT: In the event of default, it is agreed that the Mortgagee may recover such reasonable expenses as may be incurred in collection, including foreclosure, of this mortgage and the obligation it secures, including expenses of title report, and reasonable attorney fees, whether in suit or action or appeal therefrom.

APPOINTMENT OF RECEIVER: If suit or action is commenced to foreclose this mortgage, Mortgagor expressly consents to the

appointment, if Mortgagee elects, of a receiver to collect the rents and profits from the property during the pendency of said suit or action and to the application of all collections to the amounts due under this mortgage after first deducting all proper charges and expenses of the receivership.

SUCCESSORS IN INTEREST: Each term, condition and agreement in this mortgage shall apply to and bind the heirs, executors, administrators, successors and assigns of Mortgagor and Mortgagee.

DATED this 12th day of December, 1989.

MORTGAGOR:

John E. Scoggin
John E. Scoggin

Marian M. Scoggin
Marian M. Scoggin

STATE OF OREGON)

) ss.

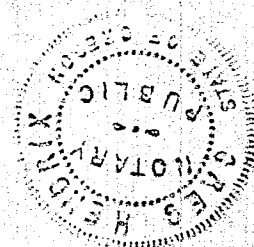
County of Deschutes)

The foregoing instrument was acknowledged before me by JOHN E. SCOGGIN and MARIAN M. SCOGGIN this 12th day of December, 1989.

[Signature]
Notary Public for Oregon
My Commission Expires:

6/21/91

MORTGAGE /
John E. Scoggin & /
Marian M. Scoggin /
Grantor /
Donald P. Carner /
Grantee /
After recording /
return to: /
PARKER & HENDRIX /
716 NW Harriman /
Bend, OR 97701 /



PROMISSORY NOTE

PARTIES:

Promisor: John E. Scoggin and Marian M. Scoggin

Promisee: Donald P. Carner

Agreement: For value received, Promisor promises to pay to Promisee or Promisee's order, at such place as Promisee designates, the principal sum of \$2,775.00.

The yearly interest rate on the unpaid balance of the principal sum is fifteen percent (15%).

Interest begins December 12, 1989.

The principal sum and interest shall be payable in installments of not less than \$217.30.

The first installment payment shall be made on January 1, 1990.

Subsequent installment payments shall be made on the same day of each month thereafter until all of the principal sum and interest is fully paid which shall be no later than February 1, 1991.

Promisor may prepay at any time without penalty.

Promisor shall establish a collection account for this note at a collection escrow agency designated by Promisee. Promisor shall pay the monthly maintenance fees and set-up costs of such collection escrow.

DEFAULT: Should default be made in any payment due under this note the entire principal sum and accrued interest shall at once become due and payable without notice at the option of the holder of this note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default, it is agreed that the holder of this note may recover such reasonable expenses as may be incurred in collection, including reasonable attorney fees, including any appeal. This note is secured by a mortgage executed the same day, however, Promisee may pursue any lawful action to collect on this note in addition to or in lieu of foreclosure of the mortgage.

DATED this 12th day of December, 1989.

PROMISOR:

John E. Scoggin
John E. Scoggin

Marian M. Scoggin
Marian M. Scoggin

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Page 1. PROMISSORY NOTE
Exhibit "1"

on this 15th day of Dec. A.D., 19 89
at 11:57 o'clock A.M. and duly recorded
in Vol. M89 of Mortgages Page 24291
Evelyn Biehn, County Clerk
By Debra M. Mendenhall

Fee, \$23.00

Deputy.