

UNTIL A CHANGE IS REQUESTED, ALL TAX STATEMENTS ARE TO BE SENT TO THE FOLLOWING ADDRESS: Penny A. Franklin, 1220 Spencer Mountain Road NW, Albany, OR 97321

AFTER RECORDING RETURN TO: Edward L. Daniels, Attorney at Law, P.O. Box 1033, Albany, OR 97321

ASSESSOR'S ACCOUNT NO.:

TRUE AND ACTUAL CONSIDERATION: \$293,474.00

MORTGAGE

THIS MORTGAGE, Made this 21 day of August, 1995, between Rick Franklin Corporation, as mortgagor, and Penny A. Franklin, as mortgagee

WITNESSETH, That the mortgagor in consideration of TWO HUNDRED NINETY-THREE THOUSAND FOUR HUNDRED SEVENTY-FOUR DOLLARS (\$293,474.00) paid to the mortgagor by the mortgagee, does hereby grant, bargain, sell and convey unto the mortgagee, and the mortgagee's personal representative, successors and assigns, that real property situated in the County of *, State of Oregon, described as follows:

Beginning at the southwest corner of the Southwest Quarter of the Southeast Quarter of Section 16 in Township 39 South, Range 3 East of the Willamette Meridian in Jackson County, Oregon; thence North, along the west line thereof, 1320.0 feet to the northwest corner thereof; thence East 1320.0 feet to the northeast corner thereof; thence South 41°00' East 72.0 feet; thence South 79°30' East 226.0 feet; thence south 56°30' East 150.5 feet; thence South 24°00' East 106.5 feet; thence South 1°00' East 166.8 feet; thence South 18°30' West 261.0 feet; thence South 46°00' West 270.0 feet; thence South 45°00' West 169.0 feet; thence south 53°00' West 203.0 feet; thence South 200.6 feet to the south line of said Section; thence West, along said line, 1202.6 feet to the point of beginning. EXCEPTING THEREFROM the following: Beginning at the southwest corner of the Southwest Quarter of the Southeast Quarter of Section 16 in Township 39 South, Range 3 East of the Willamette Meridian in Jackson County, Oregon; thence North, along the west line thereof, 1320.0 feet to the northwest corner thereof; thence East 600.0 feet; thence South 1320.0 feet to the south line of said Section; thence West, along said line, 600.0 feet to the point of beginning.

TRACT I:

The West half of the East half of the Southwest quarter of the Southeast quarter and the West half of the Southwest quarter of the Southeast quarter of Section 16 in Township 39 South, Range 3 East of the Willamette Meridian. All being in the County of Jackson and State of Oregon.

TRACT II:

The West half of the Northeast quarter of the Southeast quarter of Section 20, in Township 39 South, Range 3 East of the Willamette Meridian. All being in the County of Jackson, State of Oregon.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the 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 premises with the appurtenances unto the mortgagee and the mortgagee's personal representatives, successors and assigns forever.

This mortgage is intended to secure the payments of a promissory note, in substantially the following form:

PROMISSORY NOTE

\$293,474.00

June 30, 1995

For value received, RICKY J. FRANKLIN, promises to pay to the order of PENNY A. FRANKLIN at 1220 Spencer Mountain Road, NW., Albany, OR 97321 the sum of TWO HUNDRED NINETY-THREE THOUSAND FOUR HUNDRED SEVENTY-FOUR AND NO/100 DOLLARS (\$293,474.00) with interest at the rate of ten and one-half percent (10.5%) per annum from June 30, 1995, until paid, payable in monthly installments of not less than \$3,200.00 in any one payment; interest shall be paid monthly and is included in the minimum payments above required; the first payment to be made on the 31st day of July, 1995, and a like payment on the last day of each month thereafter, until the whole sum, principal and interest has been paid, provided, however, that in addition to the aforesaid monthly payments, the following payments shall be made and applied to the principal balance due:

1. The sum of \$85,000 due on or before July 31, 1996;
2. The sum of \$85,000 due on or before July 31, 1997;
3. The entire principal balance together with accrued interest shall be due and payable on or before July 31, 1998.

If any of said installments is not so paid within fifteen (15) days of the due date, then the entire principal sum and accrued interest and any other sum due hereunder shall at once become due and payable, at the option of the holder of this Note, without prior notice. Time and strict and punctual performance of each and every obligation of this Promissory Note is of the essence. Failure to exercise any right or remedy arising on account of any failure of performance by the obligor shall not constitute a waiver of such failure or of the right to exercise any right or remedy at a later time on the event of any subsequent default.

In case default is made in the payment of this Note and it shall be placed in the hands of an attorney for collection, the undersigned agrees to pay all costs of collection including but not limited to attorney's fees incurred by the holder, whether or not suit or action or other legal proceedings be instituted. If suit or action be instituted, costs shall include reasonable attorney's fees so incurred, including any appeal.

DATED this 21 day of August, 1995.

/s/ Ricky J. Franklin
RICKY J. FRANKLIN

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: July 31, 1998.

The mortgagor warrants that the proceeds of the loan represented by the note and this mortgage are:

(a) primarily for mortgagor's personal, family or household purposes.

This mortgage is further conditioned upon the faithful observance by the mortgagor of the following covenants hereby expressly entered into by the mortgagor, to-wit: N-A

Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except as follows: *

and mortgagor will warrant and defend the same against the claims and demands of all persons whomsoever,

Mortgagor will pay the promissory note and all installments of interest thereon promptly as the same become due, according to the tenor of the note.

So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

Mortgagor will keep the improvements erected on the premises in good order and repair and will not commit or suffer any waste of the 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(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

So long as this mortgage shall remain in force, mortgagor will keep the buildings now erected, or any which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, to the extent of \$ _____ in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interest may appear, and will deliver all the policies and renewals thereof to the mortgagee.

NOW, THEREFORE, if the mortgagor shall pay the promissory note and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note or this mortgage when the same shall become due and payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note, or unpaid thereon or on this mortgage, at once due and payable, and this mortgage by reason thereof may be foreclosed at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note without waiver, however, or any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note.

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successors and/or assigns of the mortgagor and of the mortgagee respectively.

In construing this mortgage and related note, it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. 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, the mortgagor has executed this instrument the day and year first above written. If the mortgagor is a corporation, it has caused its name be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

RICK FRANKLIN CORPORATION

By: [Signature]

STATE OF OREGON)

County of) ss.

This instrument was acknowledged before me on Aug 21, 1995, by Ricky J. Franklin, President of RICK FRANKLIN CORPORATION.

STATE OF OREGON, ss.
County of Klamath

Kathryn Davis
Notary Public for Oregon
My Commission Expires:

Filed for record at request of:



on this 1st day of Sept, A.D., 19 95
at 1:23 o'clock P M. and duly recorded
in Vol. M95 of Mortgages Page 23737

DANIELS • Attorney at Law
133 • 208 S.W. Fifth Avenue
Y. Oregon 97321-0397
8-5875 • Fax: (503) 967-9730

Bernetha G. Leesch, County Clerk

By [Signature]
FEE: \$15.00 Deputy.