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48436

Vol. 1191 Page 37214

THIS MORTGAGE Made this _____ day of _____, 1997,
 between Gary Hickey and Becky Hickey, husband and wife,
 as mortgagor, and Blair M. Henderson and Ruby Elliott

as mortgagee,
 WITNESSETH, That the mortgagor in consideration of Ninety-two thousand five hundred
 eighty and no/100 Dollars (\$92,580.00),
 to mortgagor paid by the mortgagee, does hereby grant, bargain, sell and convey unto the mortgagee and mortgagee's
 personal representatives, successors and assigns, that certain real property situated in Klamath County,
 State of Oregon, bounded and described as follows, to-wit:

See Exhibit "A", attached hereto and by this reference incorporated
 herein.

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 payment of one (or more) promissory note(s), in substantially the
 following form(s):

\$ 92,580.00 _____, Arizona _____, November _____, 1997
 ON DEMAND, I (or if more than one maker) we, jointly and severally, promise to pay to the order of
 Blair M. Henderson and Ruby Elliott _____
 at 426 Main Street, Klamath Falls, OR 97601
 Ninety-two thousand five hundred eighty and 00/100-----DOLLARS,
 with interest thereon at the rate of 9 1/2 percent per annum from November 1, 1997 until paid; interest to be paid
 upon demand. All or any portion of the principal hereof may be paid at any time. If this note is placed in the hands of
 an attorney for collection, I/we promise and agree to pay the 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.

COPY

GARY HICKEY

BECKY HICKEY

FD-114 (Rev. 9-15-63) DEMAND NOTE

Stevens-Ness Law Publishing Co., Portland, Ore. 97204

SECOND MORTGAGE

Gary Hickey and
 Becky Hickey

TO

Blair M. Henderson and
 Ruby Elliott

After recording return to (Name, Address, Zip):

Blair M. Henderson, Attorney
 426 Main Street
 Klamath Falls, OR 97601

SPACE RESERVED
 FOR
 RECORDER'S USE

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument
 was received for record on the _____ day
 of _____, 19____, at
 _____ o'clock _____ P.M., and recorded in
 book/roll/volume No. _____ on page
 _____ and/or as fee/file/instru-
 ment/microfilm/reception No. _____,
 Record of Mortgage of said County.
 Witness my hand and seal of
 County affixed.

By _____, Deputy

20-



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: upon demand

The mortgagor warrants that the proceeds of the loan represented by the note(s) and this mortgage are:
(a) primarily for mortgagor's personal, family or household purposes (see Important Notice below), or
(b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

This mortgage is inferior, secondary and subject to a prior mortgage on the premises, between

and

dated

19 , and recorded in the mortgage records of the above-named county in book/reel/volume No. , at page thereof, and/or as fee/file/instrument/microfilm/reception No. , (indicate which), reference to that prior mortgage and those mortgage records hereby being made. That 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 mortgage is \$ and no more. Interest thereon is paid to , 19 . That prior mortgage and the obligations secured thereby are hereinafter referred to as "first mortgage."

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:

Mortgagor is lawfully seized of the premises, and the same are free from all encumbrances, except the first mortgage, and except (if no further exceptions, so state) and mortgagor will warrant and defend the same against the claims and demands of all persons whomsoever.

Mortgagor will do and perform all things required of mortgagor and pay all obligations due or to become due under the terms of the first mortgage as well as the note(s) thereby secured and secured hereby, principal and interest, according to the terms thereof.

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

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 interests may appear, and will deliver all the policies and renewals thereof to the mortgagee.

NOW, THEREFORE, if the mortgagor shall pay the promissory note(s) 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(s) 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(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note(s), 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(s) without waiver, however, of 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(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holders 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(s), 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 to 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.

GARY HICKEY
GARY HICKEY

BECKY HICKEY
BECKY HICKEY

ARIZONA

STATE OF OREGON, County of Pima) ss.

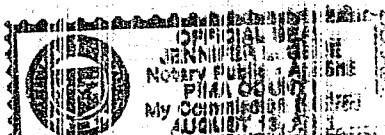
This instrument was acknowledged before me on November 7, 1997, by GARY HICKEY and BECKY HICKEY

This instrument was acknowledged before me on 11/7, 1997

by

as

of



James F. Blum
Notary Public for Oregon
My commission expires 8/13/2001 Arizona

* IMPORTANT NOTICE: This mortgage is subject to the Truth-in-Lending Act and Regulation Z, if the mortgage is a credit, or 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. 1319 or equivalent.

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Partition 55-91 located in the NE 1/4 of Section 22, Township 39 South, Range 8 East of the Willamette Meridian, of Klamath County, Oregon, as filed with the Klamath County Surveyors Office, being more particularly described as follows:

Beginning at the N 1/4 corner of said Section 22, thence N 89 degrees 53' 53" E, along the North line of said section, a distance of 1155.35 feet to the Northwest corner of Parcel 3 of said partition; thence leaving said North line S 10 degrees 16' 48" W along the west line of said Parcel 3, a distance of 1349.15 feet to a point on the South line of the N 1/2 NE 1/4 of said section; thence S 89 degrees 54' 50" W, along said South line, a distance of 907.50 feet to the center North 1/16 of said section; thence N 00 degrees 18' 20" W along the centerline of said section, a distance of 1326.82 feet to the point of beginning.

SUBJECT TO: Trust Deed, dated September 2, 1991, recorded September 11, 1991, in Volume M91, page 18292, Microfilm Records of Klamath County, Oregon, in favor of Lesnick Development Co., LTD., as Beneficiary (includes other property); and Trust Deed dated August 22, 1991, recorded September 11, 1991, in Volume M91, page 18298, Microfilm Records of Klamath County, Oregon, in favor of Warren H. Byers, as Beneficiary (includes other property). The Grantees herein do not agree to assume nor pay the above described Trust Deeds, and the Grantors herein agree to hold the Grantees harmless therefrom.

STATE OF OREGON: COUNTY OF KLAMATH ss.

Filed for record at request of Blair M. Henderson the 12th day
of November A.D., 1997 at 10:42 o'clock A.M., and duly recorded in Vol. M97,
of Mortgages on Page 37214

FEE \$20.00

By Bernetha G. Leisch, County Clerk
K. H. Leisch