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State of Oregon, County of Klamath

Recorded 02/12/2002 8:52 a m.

Vol M02, Pg 8395-96

Linda Smith, County Clerk

Fee \$ 26⁰⁰ # of Pgs 2

MORTGAGE

0378-16125

I, (we), the undersigned William & Shirley Hill

residing at 18131 Hill Rd, Klamath Falls, OR 97603, Klamath County, Oregon
(hereafter "Mortgagor" whether one or more) do hereby mortgage and warrant to The Pacesetter Corporation, a Nebraska corporation, a/k/a Pacesetter Products, Inc., whose address is 4343 South 96th Street, Omaha, Nebraska 68127, (hereafter "Mortgagee"), its successors and assigns, that property legally described as:

All the following real property, situated in the County of
Klamath and State of Oregon, bounded and described as follows,
to - wit:

The SW 1/4 NW 1/4, NW 1/4 SW 1/4, and all that portion of the SW
1/4 SW 1/4 lying North of the existing drainage ditch (canal), all
in Sec. 26, Township 40 south, Range 10 East, W.M., containing in
all 84 acres, more or less.

please return to:

Pacesetter Corporation

PK 10461 Old Placerville Rd #170
Sacramento, CA 95827

(hereafter the "premises") to secure payment of a certain Retail Installment Sales Contract
Number 6885, dated January 23rd, 20 02, having an Amount Financed
of \$ 7696.51 together with Finance Charges provided therein (hereafter the "indebtedness").

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The Mortgagor covenants with the Mortgagee, while this Mortgage remains in force, as follows:

1. To pay the indebtedness represented by the above-described Retail Installment Sales Contract together with all finance charges provided therein in the time and manner therein described.

2. To pay all taxes, assessments, water rates and other charges that may be levied or assessed upon or against the premises within 30 days after the same shall become due and payable.

3. To keep all the improvements erected on the premises continually intact and in good order and repair and to permit or suffer no waste of said premises.

4. If default shall be made in the payment of the indebtedness, or any part thereof, or in the performance of any of the covenants and agreements contained in the said Retail Installment Sales Contract and/or herein contained, the entire indebtedness secured hereby remaining unpaid shall at once become due and collectible if the Mortgagee so elects, without notice of such election, except such notice as may be required by law.

5. In the event the ownership of the premises or any part thereof becomes vested in a person other than the Mortgagor, Mortgagee may deal with such successor or successors in interest with reference to this Mortgage and the indebtedness hereby secured in the same manner as with the Mortgagor, without in any manner vitiating or discharging the Mortgagor's liability hereunder, or upon the indebtedness hereby secured.

Mortgagor hereby waives any and all rights Mortgagor may have pursuant to Oregon Revised Statutes §88.040 commonly referred to as the "One Action Rule." Mortgagee may take action against Mortgagor and with respect to any security given by Mortgagor to Mortgagee under this Mortgage, the Retail Installment Sales Contract or otherwise in any order or simultaneously as Mortgagor may deem prudent.

Dated this 23 day of January, 20 02.

THE PACESETTER CORPORATION
a Nebraska corporation

By: Kevin W. Borchert

⊗ William B. Hill 1/23/02
MORTGAGOR DATE
⊗ Shirley C. Hill 1/23/02
MORTGAGOR DATE

State of Oregon }
County of Klamath } ss.

The foregoing instrument was acknowledged before me on this 23rd day of January, 2002, by William & Shirley Hill, the above designated Mortgagor(s).

Notary Public Kevin W. Borchert

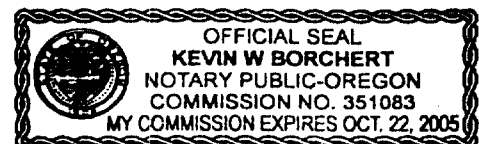
Printed Name KEVIN W. BORCHERT State OR.

My commission expires: 10/22/05

ACKNOWLEDGEMENT OF NOTARY PRESENCE

I (We) hereby confirm that the Notary Public whose name appears within did personally appear, sign and seal this document in my (our) presence.

Initials: ⊗ W B H Buyer ⊗ SH Co-Buyer



Please return the recorded instrument to: