

NS

SECOND MORTGAGE

Vol M03 Page 22973

Mark J. and Brenda A. Ericks
5189 Round Lake Road
Klamath Falls, OR 97601

Mortgagor's Name and Address

Billy J. and Annetta R. Skillington
5749 Basin View Dr.
Klamath Falls, OR 97603

Mortgagee's Name and Address

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

Billy J. and Annetta R. Skillington
5749 Basin View Dr.
Klamath Falls, OR 97603

SPACE RESERVED
FOR
RECORDER'S USE

State of Oregon, County of Klamath

Recorded 04/11/2003 11:33 A m.

Vol M03 Pg 22973-77

Linda Smith, County Clerk

Fee \$ 41.00 # of Pgs 5

THIS MORTGAGE, Made this 7th day of April, 2003
between Mark J. & Brenda A. Ericks

as mortgagor, and Bill & Rae Skillington

as mortgagee,

WITNESSETH, That the mortgagor in consideration of sixty five thousand

and no/100----- Dollars (\$65,000.00)

paid to the mortgagor by the mortgagee, does hereby grant, bargain, sell and convey unto the mortgagee, and the mortgagee's personal representatives, successors and assigns, that real property situated in the County of Klamath,

State of Oregon, described as follows:

Gienger Home Tracts, Lot Numbers

Code 41	Map 3909-2CA	TL1100
Code 41	Map 3909-2CA	TL 1200
Code 41	Map 3909-2CA	TL 1300
Code 41	Map 3909-2CA	TL 1400
Code 41	Map 3909-2CA	TL 1900

as specifically noted on Exhibit B

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 representative, successors and assigns forever.

This mortgage is intended to secure the payment of one (~~XXXX~~) promissory note (~~6~~), in substantially the following form(~~3~~):

Form No. 151 - Collateral Note, in the amount of \$65,000.00 with interest @ 10%, due and payable within 1 year of this date, payable to Billy J. and Annetta R. Skillington from Mark & Brenda Ericks. This note is also referred to as "Exhibit A".

03-11-11:33



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: April 7, 2004

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

- (a) ~~for the purchase of real property~~ 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 Leon R. Andrieu and Minnie R. Andrieu and Mark J. Ericks and Brenda A. Ericks, dated April 10, 1992, and recorded in the mortgage records of the above named county in ~~book~~ XXXXXX and/or as ~~file instrument~~ XXXXXX No. 02038268XXXX (and/or as ~~file instrument~~ XXXXXX No. XXXXXX), 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 \$440,000.00. The unpaid principal balance thereof on the date of the execution of this mortgage is \$198,500.00 and no more. Interest thereon is paid to April 8, XX2004 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) No Further Exceptions

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 becomes 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 will 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 \$ N.A. 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.

WARNING: Unless mortgagor provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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 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(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.

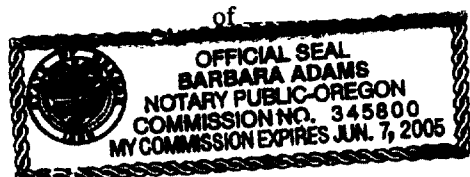
IN WITNESS WHEREOF, the mortgagor has executed this instrument the day and year first above written. If the mortgagor is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is inapplicable. If warranty (a) is applicable, and if the mortgagee is a creditor, as 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.

Mark Ericks
Brenda A Ericks

STATE OF OREGON, County of KLAMATH ss. APRIL 4, 2003.
This instrument was acknowledged before me on APRIL 4, 2003,
by MARK ERICKS — BRENDA ERICKS

This instrument was acknowledged before me on _____, 19____,
by _____,
as _____,
of _____.



Barbara Adams
Notary Public for Oregon
My commission expires 6-7-05

\$ 65,000.00

April

7

XX2003

One year

after date, each of the undersigned promises to pay to the order of

Billy J. and Annetta R. Skillington

(herein called the payee) at 5749 Basin View Dr., Klamath Falls, OR 97603

Sixty five thousand ----- DOLLARS (\$ 65,000.00),

together with interest thereon at 10% percent per annum from the date hereof until paid; interest payable monthly, or it may be added to the principal each month in lieu of payment.

any part of the principal or interest may be paid before 4/7/2004.

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

Second mortgage on Giengers Home Tracts Lots #1100, 1200, 1300, 1400, 1900., as specified on Exhibit B

(b) together with any other property, tangible or intangible, owned by or in which the undersigned, or any thereof, have an interest which may hereafter be in the possession or control of the payee and

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

2. If other liabilities of any of the undersigned to the said payee are in existence when this note is paid, then, notwithstanding the surrender of this note, the payee may retain the collateral and, with reference thereto, have all rights and remedies available to payee including those granted or referred to in this note.

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 payee's 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 payee's 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 undersigned, the payee, at payee's election, may grant any extensions, postponement of time of payment, indulgence, or permit any substitutions, exchange 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 including, without limitation, the exercise of any rights respecting the collateral. The payee shall have exercised reasonable care in the preservation and protection of the collateral if payee 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 payee's 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, payee may deliver all or any part of the collateral to the transferee or holder who thereupon 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 payee.

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 of 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 payee's 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 payee's position 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, and the payee means and includes any holder hereof.

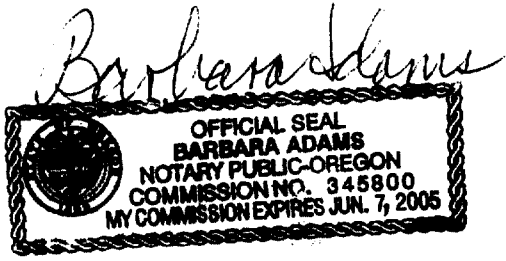
Mark J. Ericks

Personal Guarantee

Mark J. Ericks

Brenda A. Ericks

Brenda A. Ericks



4-4-03

22976

13313

Aspen
TITLE & ESCROW, INC.

02035268

WARRANTY DEED

AFTER RECORDING RETURN TO:
MARK J. ERICKS
BRENDA A. ERICKS

4110 1/2 1/2 1/2 1/2
1/2 1/2 1/2 1/2 1/2

UNTIL A CHANGE IS REQUESTED ALL TAX
STATEMENTS TO THE FOLLOWING ADDRESS:
SAME AS ABOVE

LEON R. ANDRIEU AND MINNIE R. ANDRIEU, HUSBAND AND WIFE
hereinafter called GRANTOR(S), convey(s) to MARK J. ERICKS AND
BRENDA A. ERICKS, HUSBAND AND WIFE hereinafter called
GRANTEE(S), all that real property situated in the County of
KLAMATH, State of Oregon, described as:

PARCEL 1:

Tract 4, GIENGER'S HOME TRACTS, in the County of Klamath, State
of Oregon.

EXCEPTING from the above described parcels that portion granted
to the State of Oregon, by and through its State Highway
Commission by Final Judgment filed October 25, 1964 in Case No.
64-163L for the widening of South Sixth Street.

PARCEL 2:

The Southerly 415 feet of Tract 5, GIENGER'S HOME TRACTS, in the
County of Klamath, State of Oregon.

PARCEL 3:

The Northerly 280 feet of Tract 6 of GIENGER'S HOME TRACTS, in
the County of Klamath, State of Oregon, LESS portion thereof
contained in the right of way of the Dalles-California Highway.

PARCEL 4:

Beginning at the Northwesterly corner of Lot 5 of GIENGER'S HOME
TRACTS, in the County of Klamath, State of Oregon, as is shown
on the official plat thereof of said addition on file in the
office of the County Clerk of Klamath County, Oregon, (being
situated in the E 1/2 E 1/2 SW 1/4 of Section 2, Township 39
South, Range 9 East of the Willamette Meridian); thence from
said point of beginning running Easterly 100 feet to a point;
thence from said point and at right angles running Southerly 225
feet to a point; thence from said point and at right angles
running Westerly 100 feet to a point; thence from said point and
at right angles to said Southerly line running Northerly to the
point of beginning, 225 feet; thereby constituting a tract of
land 100 x 225 feet, less portion thereof contained in the right
of way of the Dalles-California Highway.

LESS FURTHER EXCEPTING from Parcels 3 and 4 above that portion
thereof conveyed to the State of Oregon by and through its
Highway Commission by Deed recorded April 23, 1964 in Book 352 at
Page 443, Deed Records of Klamath County, Oregon.

CODE 41 MAP 3909-2CA-TL 1000

CODE 41 MAP 3909-2CA TL 1100

CODE 41 MAP 3909-2CA-TL 1200

CODE 41 MAP 3909-2CA-TL 1300

CODE 41 MAP 3909-1CA-TL 1900

"THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN
THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND
REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE
PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE
APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY
APPROVED USES."

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