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MORTGAGE

THIS MORTGAGE, made this 11th day of JUNE, 1968,
by MALIBU VISTA CORPORATION, a California corporation, herein-
after called Mortgagor, to RICHARD B. SCHOLLES, an unmarried
man, hereinafter called Mortgagee,

W I T N E S S E T H

That said Mortgagor in consideration of a release
of claims and compromise of litigation does hereby grant,
bargain, sell and convey unto said Mortgagee, his heirs,
executors, administrators and assigns, that certain real
property situated in Klamath County, State of Oregon, des-
cribed as follows, to wit: '

The South one-quarter (1/4) of Lot 2, the
South one-half (1/2) of Lot 3, all of
Lot 4, the South one-half (1/2) of the
Northeast one-quarter (1/4), the South-
west one-quarter (1/4) of the Northwest
one-quarter (1/4), the West one-half
(1/2) of the Southwest one-quarter (1/4),
and the North one-half (1/2) of the
Southeast one-quarter (1/4) of Section 3;
all of Lots 1, 2 and 3, the South one-half
(1/2) of the Northeast one-quarter (1/4), the
Southeast one-quarter (1/4) of the North-
west one-quarter (1/4), and the Southeast
one-quarter (1/4) of Section 4; and the
Northeast one-quarter (1/4) of Section 9,
all in Township 37 South, Range 9 East of
the Willamette Meridian

Together with all and singular the tenements,
hereditaments and appurtenances thereunto belonging or in any-
wise appertaining, and which may hereafter thereto belong or
appertain, and the rents, issues and profits therefrom, and
any and all fixtures upon said premises at the time of the
execution of this mortgage or at any time during the term of
this mortgage.

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To Have and to Hold the said premises with the appurtenances unto the said Mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure payment of the indebtedness evidenced by one promissory note of even date herewith in the principal sum of Six Thousand, Three Hundred Dollars (\$6,300.00), executed by Mortgagor in favor of Mortgagee.

And said Mortgagor covenants to and with the Mortgagee, his heirs, executors, administrators and assigns, that Mortgagor is lawfully seized in fee simple of said premises and has a valid title thereto, subject only to the following encumbrances:

- (1) 3rd and 4th quarters 1967-68 real property taxes.
- (2) Real property taxes for fiscal year 1968-69, not yet payable.

(3) Mortgage in favor of Neil W. Banta et ux recorded March 21, 1967 in Book M67 at page 1966, Official Records, of Klamath County, Oregon, securing indebtedness in the original amount of \$50,000.00.

(4) Mortgage in favor of Neil W. Banta et ux recorded March 21, 1967 in Book M67 at page 1968, Official Records of Klamath County, Oregon, securing indebtedness in the original amount of \$5,000.00.

(5) Covenants, conditions, restrictions, reservations, easements, rights and rights of way of record.

And will warrant and forever defend the same against all persons; that Mortgagor will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid, Mortgagor will pay all taxes, assess-

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ments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note above described, when due and payable, and before the same may become delinquent; that Mortgagor will pay the indebtedness secured by said mortgages in favor of Neil W. Banta et ux in accordance with the terms thereof and will promptly pay and satisfy any and all other liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage. Now, therefore, if said Mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note; it being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose any lien on said premises or any part thereof superior to the lien of this mortgage, the Mortgagee shall have the option (subject to the provisions for notice hereinafter provided for) to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the Mortgagor shall fail to pay any taxes or charges of any lien or encumbrance as above provided for, the Mortgagee may at his option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note without waiver, however, of any right arising to the Mortgagee for breach of covenant.

In the event of any suit or action being instituted to foreclose this mortgage, the Mortgagor agrees to pay all

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reasonable costs incurred by the Mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein Mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the successors and assigns of the Mortgagor and the heirs, executors, administrators and assigns of the Mortgagee, respectively.

In case suit or action is commenced to foreclose this mortgage, the court may, upon motion of the Mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

Notwithstanding any provision to the contrary herein contained, no exercise of the option of Mortgagee to declare the whole amount unpaid on said note or on this mortgage at once due and payable shall take place and no action or proceeding to foreclose this mortgage shall be commenced until the Mortgagee shall have first given written notice to the Mortgagor and to EILERS, LOEWE, BARANGER & MYERS, the Mortgagor's attorney, specifying with particularity the nature of the Mortgagor's failure to perform any of the covenants herein contained, or notifying the Mortgagor of the commencement of proceedings to

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foreclose any lien on said premises superior to the lien of this mortgage, as the case may be, and thirty (30) days shall have elapsed from the date on which such notice is given during which period the Mortgagor has not corrected the non-performance specified in said notice or caused the proceedings to foreclose such superior lien to be dismissed or withdrawn. Such notice shall be given by United States Mail, postage prepaid, registered, return receipt requested, deposited in the mail at a United States post office within the State of California or the State of Oregon. Notice intended for the Mortgagor shall be addressed as follows:

Malibu Vista Corporation
Post Office Box 481
Malibu, California 90265

Notices intended for the Mortgagor's attorney shall be addressed as follows:

Eilers, Loewe, Baranger & Myers
Post Office Box 1698
Newport Beach, California 92663

By written notice to Mortgagee, addressed as hereinafter provided, Mortgagor may change the address of Mortgagor or Mortgagor's attorney to be used for the purpose of notices herein provided for, and may substitute the name and address of another person or firm in place of Eilers, Loewe, Baranger & Myers as Mortgagor's attorney for the purpose of such notices. Notices intended for Mortgagee shall be given in the same manner as notices intended for Mortgagor, and shall be addressed as follows:

Richard B. Scholes
Wilshire Regent - Apt. No. 2304
16501 Wilshire Boulevard
West Los Angeles, California 90024

At the request of the Mortgagor, the Mortgagee shall execute and deliver to the Mortgagor appropriate instruments

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for the release of land selected by the Mortgagor from the lien or charge of this mortgage at the rate of one acre so released for each Four Dollars (\$4.00) by which the unpaid principal balance of the note secured hereby has been reduced below the sum of Six Thousand, Three Hundred Dollars (\$6,300.00), provided that no such partial release shall be required of a parcel of less than twenty (20) acres in size. All principal payments made to obtain releases of land from the lien or charge of this mortgage shall apply upon mandatory principal payments falling due under the terms of the note secured by this mortgage.

IN WITNESS WHEREOF, said Mortgagor has caused this instrument to be executed on its behalf on the day and year first above written.

MALIBU VISTA CORPORATION,
a California corporation

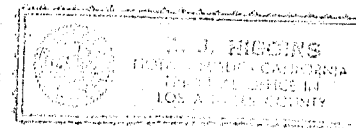
By Beverley Higgins
as President

and Jay Hoole
as Secretary

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss
JUNE 11th, 1968.

Personally appeared BEVERLEY HIGGINS
and JAY HOOLE who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of MALIBU VISTA CORPORATION, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:
[Signature]
Notary Public for California



My Commission Expires March 24, 1970

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\$6,300.00

Los Angeles, California, ~~May 23~~ ^{JUNE 11,} 1968

PROMISSORY NOTE SECURED BY MORTGAGE OF REAL PROPERTY

MALIBU VISTA CORPORATION (herein called "Malibu") promises to pay to RICHARD B. SCHOLES (herein called "Scholes") at Los Angeles, California, the sum of SIX THOUSAND, THREE HUNDRED DOLLARS, with interest from date at the rate of five per cent per annum on amounts of principal remaining from time to time unpaid. Principal shall be paid in annual installments commencing one year after date, such installments to be not less than the following amounts:

First installment	\$630.00
Second installment	567.00
Third installment	510.00
Fourth installment	459.00
Fifth installment	413.00

Interest shall be paid in annual installments commencing one year after date. The privilege is reserved to prepay in whole or in part any installment of principal provided for herein. The unpaid balance of principal and interest shall be due in full six years after date.

If any installment of principal or interest is not paid when due, and remains unpaid following the elapse of thirty (30) days after the giving of written notice to Malibu and its attorney of such non-payment, the whole sum of both principal and interest shall become due and collectible at the option of the holder of this note. Such notice of non-payment shall be given by United States Mail, postage prepaid, registered, return receipt requested, deposited in the mail at a United States Post Office within the State of California or the State of Oregon. Notices intended for Malibu shall be addressed as follows:

Malibu Vista Corporation
P. O. Box 481
Malibu, California 90265

Notices intended for Malibu's attorney shall be addressed as follows:

Eilers, Loewe, Baranger & Myers
P. O. Box 1698
Newport Beach, California 92663

By written notice to Scholes, addressed as hereinafter provided, Malibu may change the address of Malibu or Malibu's attorney to be used for the purpose of notices herein provided for and may substitute the name and address of another person or firm in place of Eilers, Loewe, Baranger & Myers as Malibu's attorney for the purpose of such notices. Notices intended for Scholes shall be given in the same manner as notices intended for Malibu, and shall be addressed as follows:

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Richard B. Scholes
Wilshire Regent - Apt. No. 2304
10501 Wilshire Boulevard
West Los Angeles, California 90024

In case suit or action is instituted to collect this note or any portion thereof, Malibu promises and agrees to pay in addition to the costs and disbursements provided by statute such additional sum in like lawful money as the court may adjudge reasonable for attorney's fees to be allowed in said suit or action. This promissory note is secured by a mortgage of real property bearing even date herewith, in which Malibu is named as mortgagor, and Scholes is named as mortgagee.

MALIBU VISTA CORPORATION

By Dorothy Higgins
President
By Ray Hinkle
Secretary

STATE OF OREGON, } ss
County of Klamath }
Filed for record at request of
Richard N. Scholes

on this 16 day of July A.D. 19 68
at 9:10 o'clock AM of duty
recorded in Vol. M-68 of mortgages
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DOROTHY ROSEN, County Clerk
By Dorothy Rosen
Fee 12.00