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Vol. ^m 79 Page 27019

THIS INDENTURE WITNESSETH: That THEODORE J. PADDOCK

of the County of Klamath, State of Oregon, for and in consideration of the sum of THIRTY-FIVE THOUSAND AND NO/100 Dollars (\$35,000.00), to him in hand paid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant bargain, sell and convey unto ORVAL K. MUSGROVE and FERN M. MUSGROVE, husband and wife,

of Oregon, the following described premises situated in Klamath County, State of Oregon, to-wit:

Lots 3 and 4, Block 14, BUENA VISTA ADDITION to the City of Klamath Falls, Oregon, EXCEPTING THEREFROM the northerly 73 feet. SUBJECT TO: (1) 1979-80 real property taxes which are now a lien but not yet due and payable. (2) Liens and assessments of the City of Klamath Falls for monthly water and/or sewer service.

Together with the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining. To have and to hold the same with the appurtenances, unto the said Orval K. Musgrove and Fern M. Musgrove, husband and wife,

THIS CONVEYANCE is intended as a Mortgage to secure the payment of the sum of their heirs and assigns forever. FIVE THOUSAND AND NO/100 THIRTY- Dollars (\$35,000.00) in accordance with the terms of a certain promissory note of which the following is a substantial copy:

\$35,000.00 Klamath Falls, Oregon, September //, 1979
On or before January 1, 1981, after date, I (or if more than one maker) we jointly and severally promise to pay to the order of ORVAL K. MUSGROVE and FERN M. MUSGROVE, husband and wife, or their survivor, at Klamath Falls, Oregon, THIRTY-FIVE THOUSAND AND NO/100 DOLLARS, with interest thereon at the rate of 8 % per annum from April 1, 1976, until paid; interest to be paid daily due and collectible. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; 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.
THIS NOTE SHALL NOT BE PRE-PAID
in whole or in part prior to January 1, 1980.

THEODORE J. PADDOCK

Shadane Paddock

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: January 1, 1981

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

- (a) ~~primarily for mortgagor's personal family household or agricultural purposes (see Important Notice below)~~
- (b) for an organization or (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

Now, if the sum of money due upon said instrument shall be paid according to the agreement therein expressed, this conveyance shall be void; but in case default shall be made in payment of the principal or interest or any part thereof as above provided, then the said Orval K. Musgrove and Fern M. Musgrove, husband and wife,

and their legal representatives, or assigns may foreclose the Mortgage and sell the premises above described with all and every of the appurtenances or any part thereof, in the manner prescribed by law, and out of the money arising from such sale, retain the said principal, interest and attorney's fees as provided in said note, together with the costs and charges of making such sale and the surplus, if there be any, pay over to the said Theodore J. Paddock, his

heirs or assigns.

Witness my hand this 17 day of September, 19 79.

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and if the mortgage 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, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent.

STATE OF OREGON,

County of KLAMATH

ss.

BE IT REMEMBERED, That on this 17 day of September, 19 79, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named THEODORE J. PADDOCK,

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Harman J. Smith

Notary Public for Oregon.

My Commission expires 12/13/82

MORTGAGE

(FORM No. 7)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

TO

AFTER RECORDING RETURN TO

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON

County of Klamath

ss.

I certify that the within instrument was received for record on the 16th day of November, 19 79, at 3:20 o'clock P.M., and recorded in book M79 on page 27019 or as file/reel number 77003

Record of Mortgages of said County. Witness my hand and seal of County affixed.

Wm. D. Milne

Title

By Buncha M. Hetch Deputy.