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MORTGAGE AND ASSIGNMENT OF VENDEE'S INTEREST  
IN LAND SALE CONTRACT FOR SECURITY PURPOSES

This Mortgage and Assignment is made this 30th day of August, 1982 by and between JOHN T. BOWERS AND DARLENE M. BOWERS, (hereinafter called Assignors), and EASTERN INDEMNITY COMPANY OF MARYLAND (hereinafter called Assignee) to secure the faithful performance of all of the terms and conditions of an Indemnity Agreement dated May 27, 1982 between Bowers Excavating and Fencing and John T. Bowers and Assignee (hereinafter called the Agreement).

In consideration of the promises made in the Agreement by reference incorporated herein, the Assignors assign, transfer, set over and convey to Assignee its heirs and assigns, all of their right, title and interest in and to that certain Land Sale Contract made August 18, 1976, in which Floyd A. Mason and Betty J. Mason are the Sellers and said John T. Bowers and Darlene M. Bowers are the Buyers, recorded August 20, 1976, in Volume M76, Page 12971, Klamath County (hereinafter called the Contract), by this reference made a part hereof, and to their legal and equitable interest in and to said real property as a result of said

AFTER RECORDING,  
RETURN TO:  
Churchill, Leonard,  
Brown & Donaldson  
PO Box 804  
Salem, OR 97308

UNTIL A CHANGE IS REQUESTED, ALL  
TAX STATEMENTS SHALL BE SENT TO:  
John T. Bowers  
2742 Vale  
Klamath Falls, OR 97601

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Contract, the land therein being in Klamath county, Oregon,  
and described as follows:

Tracts 5 and 6, Altamont Small Farms, according to the  
Official Plat thereof on file in the Office of the  
County Clerk of Klamath County, Oregon.

Including all rights of action or other rights to said  
Assignors accrued or hereafter to accrue thereunder and said  
Assignors hereby authorize said Assignee, its heirs and  
assigns, in its own name to sue for and take all legal and  
equitable steps it may deem proper or necessary in  
connection therewith.

The Assignors covenant with and warrant to the  
Assignee, its heirs and assigns, that they have not orally  
or in writing or in any other manner, made, executed or  
delivered any prior assignment of their Contract rights, nor  
any mortgage of their equitable interest to any other person  
or corporation and that there are no liens or encumbrances  
against said property which have been incurred or suffered  
by the Assignors, other than the following:

1. Unpaid Klamath County Taxes for 1982 in the amount  
of \$501.60.
2. Easements, reservations and powers of assessment.

The Assignors further covenant to and with the  
Assignee, its heirs and assigns, that they will promptly pay  
the remaining balances of principal and interest due under  
said Land Sale Contract, and will otherwise faithfully  
perform all the terms and conditions of said Land Sale  
Contract which are required of them and that they will do

and perform all acts required or necessary under and by virtue of the terms of said Contract.

This Mortgage and Assignment is made to secure the Agreement between Assignee and Assignors up to the amount of One-Hundred Fifty Thousand Dollars (\$150,000.00) and any and all future advances thereunder which may hereafter be made by the Assignee to the Assignors, the payment of which obligation or obligations shall render this Mortgage and conveyance void, but otherwise to be in full force and effect.

In the event the Assignors shall fail to make any payments as required by said Contract or shall fail to fully comply in every particular with the terms required of them under said Contract or Agreement, then the Assignee, its heirs and assigns, shall have the right to make said payments, adding them to the principal amount due under the said Agreement, with interest thereon, and shall have the right to do any other acts required or necessary in connection with said Contract as supplemented and shall also have the right to sell the Assignors' rights under said Contract and out of the funds arising from said sale, to retain the principal and interest remaining unpaid on the obligation of the Assignors to the Assignee, its heirs, and assigns, together with the costs and charges of making said sale, and the amount of any taxes or other liens paid, or insurance and attorney's fees necessarily paid out by the

Assignee to perfect and protect its rights in the event of any default by the Assignors.

If Assignors' interest in the property described above is conveyed by deed or otherwise, or if it is sold on contract, or if the property shall be vacated by Assignors, Assignee may, at its option, enforce any of the terms and provisions of the Agreement and this Mortgage and Assignment.

In the event this Mortgage and Assignment or the Agreement are in default, the Assignors promise and agree to pay Assignee's reasonable enforcement and collection costs, including but not limited to attorney's fees, even though no suit or action is filed. However, in case suit or action is filed to enforce any of the provisions hereof, including appeals, the losing party promises and agrees to pay the reasonable costs and attorney's fees of the prevailing party as fixed by the Court, including any costs on appeal. In the event Assignee obtains the services of an attorney to review any assignment, subcontract, modification or other transaction relating to this Mortgage and Assignment proposed by Assignors, Assignors will reimburse Assignee for its reasonable attorney's fees occasioned thereby.

It is understood that the Assignors and/or the Assignee may be more than one person and that if context so requires, the singular includes the plural, the masculine shall include the feminine and the neuter, and generally all grammatical changes shall be made to make the provisions

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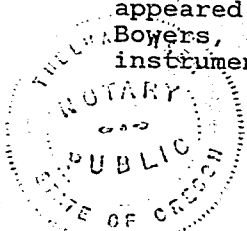
hereof apply equally to corporations and other entities and to individuals.

ASSIGNORS:

John T. Bowers  
John T. Bowers  
Darlene M. Bowers  
Darlene M. Bowers

STATE OF OREGON )  
County of Lane ) ss.

On this 20th day of Aug, 1982, personally appeared the above named John T. Bowers and Darlene M. Bowers, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed before me:



Helma D. Bowers  
Notary Public for Oregon  
My Commission Expires: 10-28-83

KAL:kmb1  
0502018.17  
DAGRE1

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record .

this 2 day of Sept A.D. 1982 at 11:16 clock A.M.

duly recorded in Vol. M 82, of Deed/Mortg. on c. 11569

Fee \$20.00

By Evlyn Brehn  
EVLYN BREHN, County Clerk

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