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THIS INDENTURE WITNESSETH: That GLEN W. BUCHANAN and DOROTHY M. BUCHANAN,
husband and wife,
of the County of Klamath, State of Oregon, for and in consideration of the sum of

TEN THOUSAND Dollars (\$10,000.00), to them
in hand paid, the receipt whereof is hereby acknowledged, have granted, bargained, sold and conveyed, and
by these presents do grant bargain, sell and convey unto FREDERIC SCHILDMAYER and ROBERTA
SCHILDMAYER, husband and wife

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

"Beginning at a point on the North right of way boundary of the Dalles-California Highway, now a county road known as Algoma Road, which point is North 56°50' East 460 feet from the iron pin which is 1328 feet North of the Southwest corner of Section 18, Township 37, South, Range 9 E.W.M., from said point of beginning, run North 10°25' West 82 feet; thence North 56°50' East 378 feet; thence South 10°25' East 82 feet to North boundary of Dalles-California Highway, also known as Algoma Road; thence South 56°50' West along said North boundary to the point of beginning being a portion of the NW1/4 Sec. 18, Township 37 South, Range 9 E.W.M."

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 FREDERIC SCHILDMAYER and
ROBERTA SCHILDMAYER, husband and wife,

THIS CONVEYANCE is intended as a Mortgage to secure the payment of the sum of their heirs and assigns forever.
TEN THOUSAND Dollars (\$10,000.00) in accordance with the terms of a certain promissory note of which the following is a substantia copy:

\$ 10,000.00 Klamath Falls, Oregon, June 1986.
I (or if more than one maker) we, jointly and severally, promise to pay to the order of FREDERIC SCHILDMAYER and ROBERTA SCHILDMAYER
and upon the death of any of them, then to the order of the survivor of them, at Klamath Falls, Oregon
TEN THOUSAND DOLLARS
with interest thereon at the rate of ten percent per annum from July 1, 1986 until paid, payable in
annual installments, at the dates and in the amounts as follows: \$3,333.33 plus interest on July 1, 1987; \$3,333.33 plus interest on July 1, 1988 and the balance of \$3,333.34 plus interest on, or before July 1, 1989. All or any portion of the above amounts may be prepaid without penalty.

balloon payments, if any, will not be refinanced; interest to be paid as above and * in addition to the payments above required; said payments shall continue until the whole sum hereof, principal and interest, has been paid; if any of said installments is not so paid, all principal and interest shall become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, also promise 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.
It is the intention of the parties hereto that the said payees do not take the title hereto as tenants in common but with the right of survivorship, that is: on the death of any of the payees, the right to receive payment of the then unpaid balance of principal and interest shall vest absolutely in the survivor of them.

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: July 1, 1989

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 the purchase of real estate for business or commercial purposes or for 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 FREDERIC SCHILDMEYER and ROBERTA SCHILDMEYER, 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 GLEN W. BUCHANAN or DOROTHY M. BUCHANAN, their heirs or assigns.

Witness our hands this 20th day of June, 1986

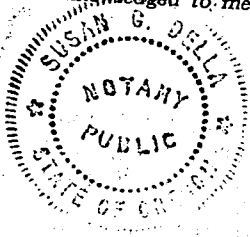
*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, 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.

GLEN W. BUCHANAN
DOROTHY M. BUCHANAN

STATE OF OREGON,

County of KLAMATH } ss.

BE IT REMEMBERED, That on this 20th day of June, 1986, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named GLEN W. BUCHANAN and DOROTHY M. BUCHANAN known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they 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.

Susan G. Della
Notary Public for Oregon
My Commission expires 11/15/89

MORTGAGE

(FORM No. 7)

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

Glen W. Buchanan and Dorothy M. Buchanan

TO

Frederic Schildmeyer and Roberta Schildmeyer

AFTER RECORDING, RETURN TO

NEAL G. BUCHANAN

Attorney at Law

First Interstate Bank Building

601 Main Street, Suite 210

Klamath Falls, Oregon 97601-8017

(503) 862-8807

SPACE RESERVED
FOR
RECORDER'S USE

Fee: \$9.00

STATE OF OREGON

County of Klamath } ss.

I certify that the within instrument was received for record on the 23rd day of June, 1986, at 12:38 o'clock PM, and recorded in book M86 on page 10904 or as file/reel number 62855, Record of Mortgages of said County. Witness my hand and seal of County affixed.
Evelyn Biehn, County Clerk Title

By [Signature] Deputy