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THIS INDENTURE, Made this 13 day of MARCH, 1986,
between Brian A. Mitchell and Linda G. Mitchell, husband and wife

as mortgagor, and
Eddie O. Nelson and Jeanne M. Nelson, husband and wife as mortgagee,

WITNESSETH, That the said mortgagor for and in consideration of the sum of \$ 18,000.00
EIGHTEEN THOUSAND Dollars (\$ 18,000.00) to him
paid by the said mortgagee, does hereby grant, bargain, sell and convey unto the said mortgagee, his successors
and assigns, those certain premises situated in the County of Klamath, and State of
Oregon, and described as follows:

EXHIBIT 'A'-LEGAL DESCRIPTION

County of Klamath, State of Oregon

NE $\frac{1}{4}$

A tract of land situated in SW $\frac{1}{4}$ of Section 18, Township 24 S. R. 7 E.W.M., more partic-
particularly as follows:

Beginning at an iron pin on the North line of SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 18, said
point beginning West thereon a distance of 120 feet from the iron pin marking the
Northeast corner of SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 18; thence West along said North line a
distance of 193.0 feet to an iron pin, thence S. 45° W. a distance of 334.0 feet to an
iron pin; thence continuing S. 45° W. a distance of 78.0 feet to the centerline of
Crescent Creek; thence Easterly and Southerly along the centerline of said creek to a
point which is S. 45° W. a distance of 494.95 feet from the point of beginning; thence
N. 45° E. a distance of 64.0 feet to an iron pin; thence continuing N. 45° E. a distance
of 430.95 feet, more or less, to the point of beginning.

EASEMENT: Together with the perpetual easement for ingress to and egress from said
property over the Northerly 25 feet of that portion of SW $\frac{1}{4}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 18
which lies Southwesterly of the Willamette Highway and Easterly of said described
property.

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Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise 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;

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his successors and assigns forever.

THIS CONVEYANCE is intended as a mortgage to secure the payment of the sum of
EIGHTEEN THOUSAND Dollars
(\$ 18,000.00) in accordance with the terms of certain promissory note of which the following is substantially a true copy, to-wit: THIS IS A FIRST MORTGAGE.

This mortgage is for (3) three years only. Starting from this date, MARCH 13/1986 closing at this date, MARCH 12/1989 The interest rate is 14.69 percent per year on \$18,000.00 which is \$2,644.20 per year. The mortgagor shall pay interest payments only, at the amount of \$220.35 per month per year. At the end of (3) three years, on MARCH 12/1989 the mortgagor promises to pay in full, the amount of \$18,000.00 EIGHTEEN THOUSAND Dollars plus final interest payment. Failure to do so, will cause suit or action to be instituted.

(the good part)

There will be a 10% charge per month on monthly payments not received by mortgagee on due date. If the date falls on holidays or week ends, it shall be paid before.

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: MARCH 12, 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 an organization or (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

This indenture is further conditioned upon the faithful observance by the mortgagor of the following covenants hereby expressly entered into by the mortgagor, to-wit:

That mortgagor is lawfully seized of said premises, and now has a valid and unincumbered fee simple title thereto,

and that he will warrant and defend the same against the claims and demands of all persons whomsoever; That he will pay the said promissory note and all installments of interest thereon promptly as the same become due, according to the tenor of said note;

That so long as this mortgage shall remain in force he will pay all taxes, assessments, and other charges of every nature which may be levied or assessed upon or against the said premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes which may be levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other incumbrances that might by operation of law or otherwise become a lien upon the mortgaged premises superior to the lien of this mortgage;

That he will keep all the improvements erected on said premises in good order and repair and will not commit or suffer any waste of the premises hereby mortgaged. At the request of the mortgagee, the mortgagor shall 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 or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

That so long as this mortgage shall remain in force he will keep the buildings now erected, or any which may hereafter be erected on said premises insured against loss or damage by fire, with extended coverage, to the extent of \$ maximum in some company or companies acceptable to said mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to said mortgagee.

NOW, THEREFORE, if the said mortgagor shall pay said promissory note and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise to remain in full force and virtue as a mortgage to secure the payment of said promissory note in accordance with the terms thereof and the performance of the covenants and agreements herein contained; it being agreed that any failure to make any of the payments provided for in said note 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 said note, 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. And if the said 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 and any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the rate of ten per cent per annum, without waiver, however, of any right arising from breach of any of the covenants herein.

In case a complaint is filed in a suit brought to foreclose this mortgage, the court shall, upon motion of the holder of the mortgage, without respect to the condition of the property herein described, appoint a receiver to collect the rents and profits arising out of said premises, and 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.

* 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. 1306, or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1305, or equivalent.

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In the event of any suit or action being instituted to foreclose this mortgage, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in such suit or action and in the event of any appeal, the losing party agrees to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal; in any event the mortgagor agrees to pay all reasonable costs incurred by the mortgagee for title reports and title search, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

In construing this mortgage, it is understood that the mortgagor or mortgagee may be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, the masculine pronoun shall mean the feminine and the neuter, and that 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 this 13 day of MARCH 1986; ~~the mortgagor, who has executed this instrument, has signed and sent this instrument by the following duty~~
Eddie O. Nelson
Jeanne M. Nelson

(If executed by a corporation, affix corporate seal)

STATE OF OREGON,

County of Gambell

June 18, 1986

Personally appeared the above named
Brian A. Mitchell
Linda Mitchell

and acknowledged the foregoing instrument to be

(OFFICIAL SEAL)

Before me:

Linda L. Rupp

Notary Public OREGON

My commission expires: 12-18-89

MORTGAGE

Brian A. Mitchell

Linda G. Mitchell

Eddie O. Nelson

Jeanne M. Nelson

AFTER RECORDING RETURN TO

Eddie O. Nelson
 536 S. W. 4th
 Newport, Ore. 97365

STATE OF OREGON, County of Lincoln

March 13, 1986

Personally appeared Eddie O. Nelson
and Jeanne M. Nelson

and acknowledged the foregoing instrument to be

Before me:

Claudia Tower

Notary Public for Oregon

My commission expires: 5-15-88

(OFFICIAL SEAL)

CLAUDIA TOWER
 NOTARY PUBLIC-OREGON

My Commission Expires

STATE OF OREGON,
 County of Klamath

I certify that the within instrument was received for record on the 26th day of June, 1986, at 11:30 o'clock A.M., and recorded in book/reel/volume No. M86, page 11187, or as document/file/instrument/microfilm No. 63018, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By Pam Smith Deputy

Fee: \$17.00

By

SPACE RESERVED
 FOR
 RECORDER'S USE