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96 NOV 18 P2:00 Vol. M41 Page 42087

MORTGAGE

Arthur H. and Gladys M. Sheer

P.O. Box 1029

Lakeview, OR 97630

Mortgagor's Name and Address

Tim O'Sullivan

P.O. Box 1314

Lakeview, OR 97630

Mortgagee's Name and Address

After recording, return to (Name, Address, Zip):

Albert M. Monaco, Jr.

Bigardus & Nichols, PC

35 South G Street

Lakeview, OR 97630

SPACE RESERVED

FOR

RECORDER'S USE

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ and/or as fee/file/instrument/microfilm/reception No. _____.

Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____, Deputy.

WITNESSETH, That Arthur H. Sheer and Gladys M. Sheer, husband and wife,Eleven Thousand and 00/100mortgagor, in consideration of Dollars (\$11,000.00),to mortgagor paid, does hereby grant, bargain, sell and convey unto Tim O'Sullivanmortgagee, the following described premises situated in Klamath County, State of Oregon, to-wit:High County Ranch Block 2, Lot 3 R3514-00900-00300-000

Together with the tenements, hereditaments and appurtenances thereto belonging, or in any way appertaining, and to have and to hold the premises with the appurtenances, unto the mortgagee, and mortgagee's heirs and assigns forever.

This mortgage is intended to secure the payment of one (or more) promissory note(s), in substantially the following form(s):

Sheer Construction, a partnership, promises to pay to Tim O'Sullivan, or order, on or before December 31, 1999, Eleven Thousand Dollars, plus Twelve Percent interest per year, in thirteen payments of \$950 per month commencing on December 1, 1998.

152

42088

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: December 31, 1999.

The mortgagor warrants that the proceeds of the loan represented by the note(s) and this mortgage are:

~~XXX (all proceeds of the loan are for the personal, family, or household purposes of the mortgagor(s) or for the business or commercial purposes of the mortgagor(s))~~
(b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

Now, if the sum of money due upon the note(s) and this mortgage shall be paid according to the agreement herein expressed, this conveyance shall be void. In case default shall be made in payment of the principal or interest or any part thereof as above provided, then the mortgagee or mortgagee's personal representatives, successors or assigns may foreclose the mortgage and sell the premises with each 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 principal, interest, attorney fees, and costs as provided in the note(s), together with the costs and charges of making such sale and the surplus, if there be any, pay over to the person(s) entitled thereto, as such interest(s) may appear.

WARNING: Unless mortgagor provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Dated November 16, 1998.

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is inapplicable. If warranty (a) is applicable, and if the mortgagee is a creditor, in each 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, use Stovena-Nease Form No. 1318 or equivalent.

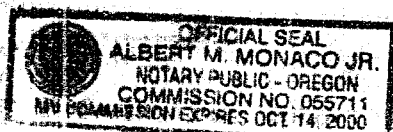
Arthur H. Sheer
Gladys M. Sheer

STATE OF OREGON, County of Lake ss.

This instrument was acknowledged before me on November 16, 1998, by Arthur H. Sheer and Gladys M. Sheer

Albert M. Monaco Jr.
Notary Public for Oregon

My commission expires 10-14-00



STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of Albert Monaco Jr. the 18th day of Nov, A.D., 1998 at 2:00 o'clock P M., and duly recorded in Vol. M98 of Mortgages on Page 42087

FEE \$15.00

By Bernetha G. Letsch, County Clerk