38-12045-S

FORM No. 744—MORTGAGE

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THIS MORTGAGE, Made this 25th day of February, 19 77, by ERIK A. PETERSON and CAROLYN L. PETERSON, husband and wife, hereinafter called the mortgagor, to STEPHEN J. PETRIC, ANN S. PETRIC and ANN M. PETRIC, a corporation, hereinafter called the mortgagee,

WITNESSETH, That the mortgagor, in consideration of THIRTY-ONE THOUSAND and NO/100 ($31,000.00) Dollars, to him paid by the mortgagee, hereby does grant, bargain, sell and convey unto said mortgagee, its successors and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

PARCEL 1: Lots 7, 9 and 10, ELM PARK, Klamath County, Oregon.

PARCEL 2: Lot 11, ELM PARK, Klamath County, Oregon

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which hereafter may belong or appertain thereto, 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 placed thereon at any time during the term of this mortgage;

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

~~This mortgage is intended to secure the payment of one promissory note, in words and figures substantially as follows:~~

This mortgage is intended to secure the payment of a promissory note executed and delivered by the Mortgagors named herein to the mortgagee in the amount of $31,000.00, a copy of which is attached hereto, marked Exhibit "A", and by this reference made a part hereof.

SPECIAL PROVISIONS:

This mortgage is second and inferior to a mortgage given by ERIK A. PETERSON and CAROLYN L. PETERSON to FIRST FEDERAL SAVINGS and LOAN ASSOCIATION of Klamath Falls, Oregon dated February 25, 1977 and recorded on the 28 day of FEBRUARY, 1977 in Volume M-77, Page 3464, Deed Records of Klamath County, Oregon.

Mortgagor agrees that any default in the terms of the first mortgage above described will automatically constitute a default of this mortgage.

Mortgagor and Mortgagee hereby agree that the within Second Mortgage may be paid in full at any time without penalty.

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.

And said mortgagor covenants to and with the mortgagee, its successors and assigns, that he is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto that he will warrant and forever defend the same against all persons; that he will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, on this mortgage or the note above described, when due and payable and before the same may become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which may be hereafter erected on the premises insured in favor of the mortgagee against loss or damage by fire, with extended coverage, in the sum of not less than $ in a company or companies acceptable to the mortgagee, and will have all policies of insurance on said property made payable to the mortgagee as its interest may appear and will deliver all policies of insurance on said premises to the mortgagee as soon as written; that he will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises or of said buildings and improvements. 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.

Now, therefore, if said mortgagor shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note, it being agreed that a failure to perform any covenant herein, or if proceedings of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note and on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any tax, charge, lien, encumbrance or insurance premium as above provided, the mortgagee at its option may do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note, without waiver, however, of any right arising to the mortgagee for breach of covenant, and this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all costs and disbursements allowed by law and such sum as the court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, mortgagor further promises to pay such sums as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, together with the reasonable costs incurred by the mortgagee for title reports and search, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall inure to the benefit of and bind the heirs, executors, administrators and assigns of said mortgagor and the successors and assigns of the mortgagee respectively.

In case suit or action is commenced to foreclose this mortgage, the court, upon motion of the mortgagee, may appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.

In construing this mortgage it is understood that the mortgagor may be more than one person, that the mortgagee may be more than one corporation and that more than one note may be secured hereby; therefore, the parties hereto agree that if the context and the circumstances so require, the singular shall be taken to mean and include the plural and that the masculine pronoun shall mean and include the feminine as well as husband and wife.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

Erik A. Peterson

Carolyn L. Peterson

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable, the mortgagee MUST comply with the Truth-in-Lending Act and Regulation Z by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use S-N Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use S-N Form No. 1306, or equivalent.

MORTGAGE
to a Corporation
(FORM No. 744)
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

TO

~~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 on page Record of Mortgages of said County.~~
~~Witness my hand and seal of County affixed.~~
~~Title.~~
~~By Deputy.~~

AFTER RECORDING RETURN TO

STATE OF OREGON,
County of Klamath } ss.

On this 25th *day of* February, 1977, *before me, a notary public in and for said county and state, personally appeared the within named* ERIK A. PETERSON and CAROLYN L. PETERSON, husband and wife, *known to me to be the identical individual... described in and who executed the within instrument and acknowledged to me that* their *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.

[signature]

Notary Public for Oregon.
My Commission expires 6-13-82

PROMISSORY NOTE

$31,000.00
Klamath Falls, Oregon   February 25, 1977

FOR VALUE RECEIVED we, or either of us, promise to pay to the order of STEPHEN J. PETRIC, ANN S. PETRIC, and ANN M. PETRIC, the principal sum of THIRTY-ONE THOUSAND and NO/100 ($31,000.00) DOLLARS with interest thereon at the rate of Nine and one-half (9-1/2%) percent per annum from the date hereof until February 25, 1997 at which time the entire unpaid remaining sum of principal and accrued interest shall be paid in full. Principal and interest payable in monthly installments of not less than $270.68 in any one payment; each payment as made shall be applied first to accumulated interest and the balance to principal; the first payment to be made on the 10th day of April, 1977, and a like payment on the 10th day of each and every month thereafter until February 25, 1997, when the whole unpaid balance hereof, shall become due and payable.

If any of said monthly installments is not so paid, the whole sum of both principal and interest to become immediately due and collectible at the option of the holder of this note.

In case this note is collected by an attorney, either with or without suit, we hereby agree to pay a reasonable attorney's fee.

This note shall be payable at FIRST FEDERAL SAVINGS and LOAN ASSOCIATION of Klamath Falls, Oregon.

[signature]
ERIK A. PETERSON

Carolyn L. Peterson
CAROLYN L. PETERSON

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 principal and interest shall vest absolutely in the survivor of them.

Ret. Trans

PROMISSORY NOTE

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 28 day of Feb A.D. 19 77 at 3:42 o'clock P M., and duly recorded in Vol M 77, of Mortgages on Page 3502

WM. D. MILNE, County Clerk

FEE 9.00

By Hazel Drazil Deputy