MORTGAGE

THIS MORTGAGE, Made this 27th day of February, 19 78,
by JOSEPH F. TEIXEIRA, JR. and AUDREY A. TEIXEIRA, Mortgagor,

to MITCHELL DEAN ROSE, WILLIAM E. QUARESMA and GERALDINE E. QUARESMA, Mortgagee,

WITNESSETH, That said mortgagor, in consideration of ELEVEN THOUSAND, FIVE HUNDRED DOLLARS Dollars, to him paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

A portion of the Southeast quarter of Section 26, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, described as follows: Beginning at a point located 990 feet South and 873 feet West from the East quarter corner of said Section 26; thence West 873 feet to a point; thence South 990 feet, to a point; thence East 873 feet to a point; thence North 990 feet, to the point of beginning.

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 heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of one promissory note....., of which the following is a substantial copy:

$11,500.00   Klamath Falls, Oregon   February 27, 1978

I (or if more than one maker) we, jointly and severally, promise to pay to the order of MITCHELL DEAN ROSE, WILLIAM E. QUARESMA and GERALDINE E. QUARESMA, at Klamath Falls, Oregon ELEVEN THOUSAND FIVE HUNDRED DOLLARS.............. DOLLARS, with interest thereon at the rate of 10 percent per annum from March 1, 1978 until paid, payable in monthly installments of not less than $ 100.00 in any one payment; interest shall be paid monthly and is included in the minimum payments above required; the first payment to be made on the 1st day of April 19 78, and a like payment on the first day of each month thereafter, until the whole sum, principal and interest has been paid; if any of said installments is not so paid, all principal and interest to 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 holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; however, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court, or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

Prepayment without penalty.
All principal and interest is to be paid in full in ten (10) years.

/s/ Joseph F. Teixeira, Jr.

/s/ Audrey A. Teixeira

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: February 1, 1988.

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.

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 a proceeding 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 or 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 taxes or charges or any lien, encumbrance or insurance premium as above provided for, the mortgagee may at his option 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 reasonable costs incurred by the mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial 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 sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all 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 apply to and bind the heirs, executors, administrators and assigns of said mortgagor and of said mortgagee respectively.

In case suit or action is commenced to foreclose this mortgage, the Court, may upon motion of the mortgagee, 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 or mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, 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, said mortgagor has hereunto set his hand the day and year first above written.

Joseph F. Teixeira, Jr.

Audrey A. Teixeira