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RODNEY D. COX and RUTH M. COX,

husband and wife

hereinafter called the mortgagor, for themselves, their heirs, executors and administrators, and as their interests may appear, hereby grant, bargain, sell and convey unto the STATE OF OREGON, represented and acting by the Director of Veterans' Affairs, pursuant to ORS 407.030, the following described real property situated in the State of Oregon and County of Klamath:

Lot 14 in Block 2, FIRST ADDITION TO WINEMA GARDENS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON
COUNTY OF KLAMATH
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together with the tenements, hereditaments, rights, privileges, and appurtenances including roads and easements used in connection with the premises; electric wiring and fixtures; furnace and heating system; water heaters; fuel storage receptacles; plumbing, washbasins, water and irrigation systems; screens, doors; window shades and blinds, shutters; cabinets, built-ins, linoleums and floor covering, built-in stoves, refrigerators, electric disposals, air conditioners, dishwashers; and all fixtures now or hereafter attached to or on the premises; all shrubbery, flora, or timber now growing or hereafter planted or growing thereon; and any rights in or to the foregoing items, in whole or in part, all of which are hereby declared to be appurtenant to the mortgaged property; and all of the rents, issues, and profits of the mortgaged property.

to secure the payment of Six Thousand One Hundred Seventy Five and no/100 Dollars ($6,175.00), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Thirty Thousand Eight Hundred Forty Seven and 99/100 Dollars ($30,847.99), evidenced by the following promissory note:

"Promise to pay to the STATE OF OREGON:

Six Thousand One Hundred Seventy Five and no/100 Dollars ($6,175.00), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,

Thirty Thousand Eight Hundred Forty Seven and 99/100 Dollars ($30,847.99), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,

Dollars ($), with interest from the date of initial disbursement by the State of Oregon, at the rate of percent per annum, until such time as a different interest rate is established pursuant to ORS 407.072.

principal and interest to be paid in lawful money of the United States at the office of the Director of Veterans' Affairs in Salem, Oregon, as follows: $220.00 on or before June 1, 1978 and $220.00 on the 1st of each month thereafter, plus one-twelfth of the ad valorem taxes for each successive year on the premises described in the mortgage, and continuing until the full amount of the principal, interest and advances shall be fully paid, such payments to be applied first as interest on the unpaid principal the remainder on the principal.

In the event the last payment is not made on or before May 1, 2008 and the balance shall draw interest as prescribed by ORS 407.072 from date of such transfer.

In the event of transfer of ownership of the premises or any part thereof, I will continue to be liable for payment

This note is secured by a mortgage, the terms of which are made a part hereof.

Rodney D. Cox
Ruth M. Cox

Dated at Klamath Falls, Oregon

April 10, 1978

The mortgagor or subsequent owner may pay all or any part of the loan at any time without penalty.

WHEREAS, the undersigned, to secure the payment of a note in the amount of $ 31,350.00, and this mortgage is also given as security for an additional advance in the amount of $ 6,175.00 together with the balance of indebtedness covered by the

NOW, THEREFORE, the said mortgagor covenants that he is the owner in fee simple, has good right to mortgage same, that the premises are free from all liens, that he will warrant and defend the same against the claims and demands of all persons whomsoever, and that covenant shall not be extinguished by foreclosure, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES:

1. To pay all debts and moneys secured hereby;
2. Not to permit the buildings to be left vacant or unoccupied; not to permit the removal or demolishment of any buildings or improvements; not to permit the buildings to be left vacant or unoccupied; to keep same in good repair; to complete all construction within a reasonable time in accordance with any agreement now between the parties hereto;
3. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
4. Not to permit the use of the premises for any illegal or immoral purpose;
5. Not to permit any tax, assessment, lien or encumbrance to attach at any time;
6. Mortgagor is entitled to pay all real property taxes assessed against the premises and add same to the principal, each of the payments to bear interest as provided in the note;
7. To keep all buildings and improvements now or hereafter on the premises, and all fixtures and equipment, insured against loss by fire and such other hazards in such companies as shall be satisfactory to the mortgagee; to deposit with the mortgagee all such policies with receipts showing payment in full of all premiums; all such insurance shall be made payable to the mortgagee; insurance shall be kept in force by the mortgagor in case of foreclosure until the period of redemption expires;

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