

NOTE AND MORTGAGE

JAMES V. DAVIS and NANCY J. DAVIS,

husband and wife

mortgages to the STATE OF OREGON, represented and acting by the Director of Veterans' Affairs, pursuant to ORS 407.030, the following described real property located in the State of Oregon and County of Klamath:

Lots 4, 5 and 6 of Block 5, ST. FRANCIS PARK, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

MORTGAGE

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, ventilating, water and irrigating systems; screens, doors, window shades and blinds, shutters; cabinets, built-in linoleums and floor coverings, built-in stoves, ovens, electric sinks, air conditioners, refrigerators, freezers, dishwashers; and all fixtures now or hereafter installed in or on the premises; and any shrubbery, flora, or timber now growing or hereafter planted or growing thereon; and any replacements of any one or more of the foregoing items, in whole or in part, all of which are hereby declared to be appurtenant to the land, and all of the rents, issues, and profits of the mortgaged property;

to secure the payment of Six Thousand Five Hundred Forty One and no/100 Dollars

(\$ 6,541.00), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Thirty Five Thousand and no/100 Dollars (\$35,000.00).

evidenced by the following promissory note:

I, JAMES V. DAVIS, do hereby promise to pay to the STATE OF OREGON:
Six Thousand Five Hundred Forty One and no/100 Dollars (\$ 6,541.00), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,
Thirty Five Thousand and no/100 Dollars (\$35,000.00), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,
 interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,
 until such time as a different interest rate is established pursuant to ORS 497.072,
 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: \$ 247.00 on or before August 15, 1978 and \$ 247.00 on the 15th 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.
 The date of the last payment shall be on or before July 15, 2008.
 In the event of transfer of ownership of the premises or any part thereof, I will continue to be liable for payment and the balance shall draw interest as prescribed by ORS 497.070 from date of such transfer.
 This note is secured by a mortgage, the terms of which are made a part hereof.

Dated at Klamath Falls, Oregon

June 15

1978

Nancy J. Davis

The mortgage is given in connection with the supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated September 19, 1977, and recorded in Book M77, page 17689 Mortgage Records for KLAMATH County, Oregon, which was given to secure the payment of a note in the amount of \$ 35,000.00 and this mortgage is also given as security for an additional advance in the amount of \$ 6,541.00 together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness.

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

MORTGAGOR'S FURTHER COVENANTS AND AGREEMENTS:

1. To pay all debts and moneys secured hereby;
2. Not to permit the buildings to become vacant or unoccupied, not to permit the removal or demolition of any buildings or improvements now or hereafter existing, to keep same in good repair, to complete all construction within a reasonable time in accordance with any agreement made 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 objectionable or unlawful purpose;
5. Not to permit any tax, assessment, lien, or encumbrance to exist at any time;
6. Mortgagee is authorized to pay all real property taxes assessed against the premises and add same to the principal, each of the advances to bear interest as provided in the note;
7. To keep all buildings, improvements, and contents insured during the term of the mortgage, against loss by fire and such other hazards in 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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