

NOTE AND MORTGAGE

THE MORTGAGOR

Henry L. Maxwell and Bettie Maxwell, 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:

Lot 8, Block 8, STEWART, According to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with the improvements, buildings, crops, fixtures, appliances and appurtenances including roads and easements used in connection with the premises; electric, heating and air conditioning systems, water heaters, fuel storage, refrigerators, plumbing, ventilating, sewer and irrigating systems, lawns, fences, doors, window shades and blinds, shutters, cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, electric air conditioning, refrigerators, freezers, dishwashers, and all fixtures now or hereafter installed in or on the premises; and any and all other improvements, fixtures, and appurtenances now or hereafter planted or growing thereon; and any improvements of any kind or nature 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 Thirty One Thousand Three Hundred Fifty and no/100 Dollars

or \$1,350.00 and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Thirty One Thousand Three Hundred Fifty and no/100 Dollars (\$31,350.00), with 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 407.032, 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:

\$ 191.00 on or before November 15, 1978 and \$ 191.00 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 balance, the remainder on the principal.

The due date of the last payment shall be on or before October 15, 2006. 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 407.032 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 9/13/78

Henry L. Maxwell
Bettie Maxwell

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

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

MORTGAGOR FURTHER COVENANTS AND AGREES

1. To pay all debts and money 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 on the premises; 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 or bear interest as provided in the note;
7. To keep all buildings, structures, insured during the term of the mortgage, against loss by fire and such other hazards in such company or companies and in such an amount 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 mortgagee in case of foreclosure until the period of redemption expires;