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NOTE AND MORTGAGE

THE MORTGAGOR, WAYNE R. RAWSON and BETTY L. RAWSON, 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:

The Southerly one-half of Lot 32, LOMA LINDA HEIGHTS ADDITION to the City of Klamath Falls, Oregon, and those portions of vacated Huron Street and Lot 1, Block 7, THE TERRACES ADDITION to the City of Klamath Falls, Oregon, all being more particularly described as follows:

Beginning at the Southeast corner of said Lot 32, LOMA LINDA HEIGHTS; thence South 7° 06' West along the Easterly line of said Lot extended, a distance of 35.83 feet to the beginning of a 25.48 foot radius curve to the right; thence along the arc of said curve to the right, a distance of 9.76 feet to a point on the Southeasterly line of Huron Street; thence along the arc of a 25.48 foot radius curve to the right, (said curve having a long chord which bears South 68° 45' West 33.45 feet) a distance of 36.49 feet to a point on the Southeasterly line of Huron Street; thence along the arc of a 155.84 foot radius curve to the left, (said curve having a long chord which bears North 77° 30' West 41.44 feet) a distance of 42.24 feet, more or less, to a point on the Westerly line of said Lot 32, Loma Linda Heights, extended Southerly; thence North 7° 27' West along said Westerly line, a distance of 99.2 feet to a point, said point also being the Northeasterly corner of Lot 52, Loma Linda Heights; thence North 68° 45' East, a distance of 110.8 feet, more or less, to a point on the Easterly line of said Lot 32; thence South 7° 06' West, along said Easterly line, a distance of 90.9 feet, more or less, to the point of beginning.

WB
BLR

owing of Fourteen Thousand One Hundred ...

evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:

Twenty Nine Thousand Nine Hundred and no/100 Dollars ($29,900.00), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum,

Fourteen Thousand One Hundred Thirty Eight and 11/100 Dollars ($14,138.11), with interest from the date of initial disbursement by the State of Oregon, at the rate of 4.0 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: $245.00 on or before January 1, 1980 $245.00 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.

The due date of the last payment shall be on or before December 1, 2009

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 407.070 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

October 23, 1979

Wayne R. Rawson
WAYNE R. RAWSON

Betty L. Rawson
BETTY L. RAWSON

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

This mortgage is given in conjunction with and supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated December 22, 1969, and recorded in Book M69, page 10737, Mortgage Records for Klamath County, Oregon, which was given to secure the payment of a note in the amount of $19,436.25, and this mortgage is also given as security for an additional advance in the amount of $29,900.00, 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 forever 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 FURTHER COVENANTS AND AGREES:

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 demolishment 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 unceasingly 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 mortgagor in case of foreclosure until the period of redemption expires;