FORM No. 105A—MORTGAGE—One Page. Long Form. FHA #M-38-20388-1 STEVENS-NESS LAW PUBLISHING CO., PORTLAND, OR. 97204

TN #3485 **76284** Vol. M79 Page **25701**

THIS MORTGAGE, Made this 25th day of October, 19 79, by PAUL A. MONTGOMERY and RICHARD T. DUDY

Mortgagor, to PACIFIC WEST MORTGAGE CO., an Oregon corporation,

Mortgagee,

WITNESSETH, That said mortgagor, in consideration of FIFTEEN THOUSAND AND NO/100---------- 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:

That part of Lot 1, Block 65, NICHOLS ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the Southerly line of Ninth Street, 52 feet Northwesterly of the Easterly corner of Lot 1, Block 65; thence Southwesterly parallel with Franklin St. (now Grant St.) 86 feet; thence Northwesterly parallel with Ninth Street 52 feet; thence Northeasterly parallel with Franklin Street (now Grant St.) 86 feet; thence Southerly along the line of Ninth Street, 52 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 a promissory note, of which the following is a substantial copy:

$ 15,000.00 Klamath Falls, Oregon, October 25, 19 79

I (or if more than one maker) we, jointly and severally, promise to pay to the order of PACIFIC WEST MORTGAGE CO., an Oregon corporation,

FIFTEEN THOUSAND AND NO/100---------- at Stayton, Oregon,

DOLLARS, with interest thereon at the rate of 11.9 percent per annum from (date) (October 31,1979) until paid, payable in monthly installments of not less than $ 214.34 in any one payment; interest shall be paid monthly and ~~XXXXXXXX~~ is included in the minimum payments above required; the first payment to be made on the 1st day of December, 19 79, and a like payment on the 1st 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. All due and payable in three (3) years.

/s/ Paul A. Montgomery

/s/ Richard T. Dudy

FORM No. 217—INSTALLMENT NOTE. SN Stevens-Ness Law Publishing Co., Portland, Ore.

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: November 1, 19 82.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto and will warrant and forever defend the same against all persons; that he will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property or this mortgage or the note above described, when due and payable and before the same may become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire and such other hazards as the mortgagee may from time to time require, in an amount not less than the original principal sum of the note or obligation secured by this mortgage, in a company or companies acceptable to the mortgagee, with loss payable first to the mortgagee and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the mortgagee as soon as insured. Now if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies to the mortgagee at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; that he will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

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.

Richard T. Dudy

Paul A. Montgomery

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent.

STATE OF OREGON, County of Klamath } ss.

October 25, 19 79

Personally appeared the above named PAUL A. MONTGOMERY and RICHARD T. DUDY

and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

W. Darlene T. Addington

(OFFICIAL SEAL)

Notary Public for Oregon

My commission expires: March 22, 1981

MORTGAGE

(FORM No. 105A)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

PAUL A. MONTGOMERY and RICHARD T. DUDY

TO

PACIFIC WEST MORTGAGE CO., an Oregon corporation

AFTER RECORDING RETURN TO

PACIFIC WEST MORTGAGE CO.
P.O. Box 497
Stayton, OR 97383
#2482

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, County of Klamath } ss.

I certify that the within instrument was received for record on the 31st day of October, 19 79, at 11:14 o'clock A M., and recorded in book M79 on page 25701 or as file/reel number 76284, Record of Mortgages of said County. Witness my hand and seal of County affixed.

Wm. D. Milne, Title

By Bernetha Welch, Deputy.

Fee $7.00