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THIS ~~MORTGAGE~~ ^{SECOND} Made this 7 day of March, 1980, by Nicolau Morgado and Judith Morgado, husband and wife, Mortgagor, to Steve C. Josse and Mary Ann Josse, husband and wife, Mortgagee,

WITNESSETH, That said mortgagor, in consideration of _____ 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:

PARCEL 1:

A tract of land situated in the NE $\frac{1}{4}$ of Section 19, Township 39 South, Range 11 E.W.M, Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin situated S 00°14'22" W 333.00 feet from the northeast corner of said Section 19, marked by a County Surveyor brass capped monument; thence S 00°14'22" W 776.83 feet to a 5/8 inch iron pin; thence S 11°36'09" W 87.28 feet to a 5/8 inch iron pin; thence N 85°39'29" W 1035.29 feet to a 5/8 inch iron pin on the easterly right of way line of the County Road; thence along the said easterly right of way line N 41°01'05" W 15.74 feet to a 5/8 inch iron pin; thence along the arc of a curve to the right (central angle = 30°53'45", radius = 610.00 feet) 328.93 feet to a 5/8 inch iron pin; thence N 10°07'20" W 486.51 feet to a 5/8 inch iron pin; thence leaving said right of way line East 1289.21 feet to the point of beginning, containing 22.64 acres, more or less.

(See attached Exhibit "A" and by this reference incorporated herein.)

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 _____ promissory note, of which the following is a substantial copy:

\$ 10,000.00 Klamath Falls, Oregon, March 7, 19 80
I (or if more than one maker) we, jointly and severally, promise to pay to the order of Steve C. Josse and Mary Ann Josse, husband and wife c/o Klamath County Title, 423 Main St. at Klamath Falls, Oregon
Ten thousand and no/100----- DOLLARS,
with interest thereon at the rate of 12 per cent. per annum from March 7, 1980, until paid, principal and interest payable in monthly installments of not less than \$ 100.00 in any one payment; each payment as made shall be applied first to accumulated interest and the balance to principal; the first payment to be made on the 7th day of April, 19 80, and a like payment on the 7th day of each month thereafter until March 7, 19 83, when the whole unpaid balance hereof, if any, shall become due and payable; if any of said installments is not so paid, the whole sum of both 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 the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, also promise to pay (1) holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.
Prepayment without penalty.
This Note secures a Mortgage of even date.
s/ Nicolau Morgado
Nicolau Morgado
s/ Judith Morgado
Judith Morgado

FORM No. 807—INSTALLMENT NOTE.

S11 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: March 7, 19 83.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized to the simple and sole premises and has a valid, unencumbered title thereto EXCEPT a prior Mortgage, dated _____, executed by Steven C. Josse et ux, Nicolas A. Morgado, et ux, to the Federal Land Bank of Spokane, a corporation in Spokane, WA, to which this Mortgage is subject and in which the said mortgagee, his heirs, executors, administrators and assigns, shall have a first lien on the premises; 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.

Nicolau Morgado
 Nicolau Morgado
Judith Morgado
 Judith Morgado

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.

MORTGAGE

(FORM No. 108A)

TO

STATE OF OREGON,

County of

I certify that the within instrument was received for record on the day of , 19 , at o'clock M., and recorded in book on page or as file number .
 Record of Mortgages of said County.
 Witness my hand and seal of County affixed.

Title.

By Deputy.

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

STATE OF OREGON,

County of Klamath

ss.

BE IT REMEMBERED, That on this 7th day of March, 19 80, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Nicolau Morgado and Judith Morgado, husband and wife,

known to me to be the identical individual S described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public for Oregon

My Commission expires 8-5-83

PARCEL 2:

A tract of land situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 39 South, Range 11 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at a point on the west line of said Section 20, said point being S 00°14'22" W 333.00 feet from the north-west corner of said Section 20; thence East 152.34 feet to the westerly bank of Lost River; thence southerly along the West bank of said Lost River S 05°50'44" W 319.04 feet and S 14°59'54" W 475.63 feet to the west line of said Section 20; thence N 00°14'22" E along said west line 776.83 feet to the point of beginning, containing 1.63 acres, more or less.

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SAVING AND EXCEPTING therefrom the following described property:
A strip of land 60 feet wide and 750 feet long, measured on the centerline, said centerline being more particularly described as follows:
Beginning at a point 760.0 feet West and 1180.0 feet South of the section corner common to Sections 17, 18, 19 and 20, Township 39 South, Range 11 East of the Willamette Meridian, said point being on the East bank of the Horsefly Irrigation Canal; thence East a distance of 750.0 feet to the West bank of Lost River, the above described tract of land containing one acre, more or less, recorded in Deed Volume 258 page 85, Deed Records of Klamath County, Oregon.

Subject, however, to the following:

1. Acreage and use limitations under provisions of United States Statutes and regulations issued thereunder.
 2. Liens and assessments of Klamath Project and Horsefly Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.
 3. Rights of the Federal Government, the State of Oregon, and the general public in any portion of the herein described premises lying below the high water line of Lost River.
 4. Reservations and restrictions in deed from State of Oregon, as follows: "Subject, however, to right of way for ditches, canals and reservoir sites for irrigation purposes, constructed or which may be constructed by authority of the United States or otherwise, which right of way is hereby expressly reserved." Affects Parcel 2.
 5. Grant of right of way, including the terms and provisions thereof, from Ronald V. Ketcham and Madeline M. Ketcham, husband and wife, to the California Oregon Power Company, a California corporation, dated March 23, 1953, recorded March 26, 1953, in Volume 259 page 608, Deed Records of Klamath County, Oregon, for construction and maintenance of power lines. Affects Parcel 1.
 6. Grant of right of way, including the terms and provisions thereof, given by the Horsefly Irrigation District to the California Oregon Power Company, a California corporation, dated March 26, 1931, recorded April 15, 1931, in Volume 95, page 111, Deed records of Klamath County, Oregon, for construction and maintenance of power lines. Affects Parcel 1.
 7. Rights granted to the Horsefly Irrigation District by instrument recorded in Volume 7 page 343, Miscellaneous records of Klamath County, Oregon, affects Parcel 2.
 8. Right of way, including the terms and provisions thereof, given by Homer M. Holt and Carol M. Holt, husband and wife, to The California Oregon Power Company, dated June 22, 1950, recorded June 23, 1950, in Volume 239 page 653, Deed records of Klamath County, Oregon. Affects Parcel 2.
 9. Right of way agreement, including the terms and provisions thereof, given by Homer M. Holt and Carol M. Holt, husband and wife, to Pacific Gas Transmission Company, a California corporation, dated February 6, 1960, recorded March 21, 1960, in Volume 319 page 590, and described in Notice of Location, dated September 18, 1961, recorded September 21, 1961, in Volume 332 page 414, Deed records of Klamath County, Oregon. Affects Parcel 2.
 10. Easement and right of way for gas pipe line, including the terms and provisions thereof, given by Ronald V. Ketcham and Madeline M. Ketcham, husband and wife, to El Paso Natural Gas Co., a corporation, dated January 10, 1961, recorded January 30, 1961, in Volume 327 page 115, Deed records of Klamath County, Oregon. Affects Parcel 1.
- (See attached Exhibit "A" and by this reference incorporated herein as if fully set forth herein.)

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 10th day of March A.D., 1960 at 2:27 o'clock PM, and duly recorded in Vol. 480 of Mortgages on Page 4437.

FEE \$10.50

WM. D. MILNE, County Clerk

By James H. Smith Deputy