

NOTE AND MORTGAGE

THE MORTGAGOR,

DONALD C. KIRKPATRICK and PATRICIA H. KIRKPATRICK, 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:

PARCEL 1

A tract of land situated in the N¹/₄ of Section 17, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the centerline of the Pine Grove County Road (Reeder Road) and the North line of said Section 17, said point being East a distance of 2644.0 feet, more or less, from the Northwest corner of said Section 17; thence Southerly along the centerline of said County Road, a distance of 260.0 feet; thence West, parallel with the North line of said Section 17, a distance of 330.0 feet; thence Northerly, parallel with the centerline of said County Road a distance of 260.0 feet to the North line of said Section 17; thence East along the North line of said Section 17 a distance of 330.0 feet to the point of beginning.

EXCEPTING THEREFROM a parcel 12 feet in width along and adjacent to the Northerly line of the above described tract for maintenance of an irrigation ditch and ingress and egress to the property lying Westerly of said Tract.

PARCEL 2

A tract of land situated in the N¹/₄ of Section 17, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the centerline of the Pine Grove County Road (Reeder Road) and the North line of said Section 17, said point being East a distance of 2644.0 feet, more or less, from the Northwest corner of said Section 17; thence Southerly along the centerline of said County Road a distance of 260.0 feet to the true point of beginning; thence continuing South along said centerline 140 feet; thence West parallel with the North line of said Section 17, a distance of 330.0 feet; thence Northerly parallel with the centerline of said County Road a distance of 140 feet; thence East 330.0 feet to the point of beginning.

This note is secured by a mortgage, the terms of which are made a part hereof.

Dated at Klamath Falls, Oregon

May 27, 1980

DONALD C. KIRKPATRICK

PATRICIA H. KIRKPATRICK

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 June 7, 1971, and recorded in Book M71, page 5509, Mortgage Records for Klamath---

County, Oregon, which was given to secure the payment of a note in the amount of \$21,500.00---, and this mortgage is also given as security for an additional advance in the amount of \$16,500.00---, 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 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 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;

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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-ins; 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 Sixteen Thousand Five Hundred and no/100 Dollars (\$16,500.00), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Sixteen Thousand Six Hundred Twenty Two and 57/100 Dollars (\$16,622.57), evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:
Sixteen Thousand Six Hundred Twenty Two and 57/100 Dollars (\$16,622.57), with interest from the date of initial disbursement by the State of Oregon, at the rate of 4.0 percent per annum.
Sixteen Thousand Five Hundred and no/100 Dollars (\$16,500.00), 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 _____ 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: \$178.00 on or before July 15, 1980 and \$178.00 on the 15th of every 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 June 15, 2010
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

May 27, 1980

DONALD C. KIRKPATRICK

PATRICIA H. KIRKPATRICK

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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 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;