

THE MORTGAGOR

WALTER SMITH, JR. and DOROTHY M. SMITH,

husband and wife as tenants in common

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

The NE $\frac{1}{4}$ SE $\frac{1}{4}$ EXCEPT the Northerly 60 feet thereof in Section 9, Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

A portion of W $\frac{1}{4}$ SW $\frac{1}{4}$ lying North of the Langell Valley Irrigation District High Line Ditch in Section 10, Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

PARCEL 2

#1. All that portion of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 10 and of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14 and of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 15, lying Westerly of the Easterly line of the Drain Ditch, said Easterly line of the Drain Ditch being more particularly described as follows:

Beginning at an iron pin at the intersection of the North boundary of the County Road and the Easterly boundary of the Drain Ditch, said point being East a distance of 2418.05 feet and South 38° 50' East a distance of 1712.4 feet from the iron pin marking the North $\frac{1}{4}$ corner of said Section 15; thence North 38° 50' West a distance of 2351.2 feet; thence North 13° 20' West a distance of 836.5 feet to the East-West fence line accepted as the North boundary of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 10. All in Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

ALSO the S $\frac{1}{4}$ of SE $\frac{1}{4}$ of NW $\frac{1}{4}$, The S $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$, and the S $\frac{1}{4}$ of NW $\frac{1}{4}$ of Section 15, and the NE $\frac{1}{4}$ of Section 16, All in Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

#2. The S $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 2, The N $\frac{1}{4}$ of NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 11, All in Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

#3. The E $\frac{1}{4}$ of SW $\frac{1}{4}$, The SW $\frac{1}{4}$ SW $\frac{1}{4}$, The W $\frac{1}{4}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16, The NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 22, and the NE $\frac{1}{4}$ NE $\frac{1}{4}$ and the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21, All in Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING from the above described property all those portions conveyed to United States of America, by deeds recorded in Volume 59 page 205, Volume 64 page 42, Volume 69 page 605, Volume 76 at page 21, Volume 232 page 475, and Volume 235 page 501, Deed Records of Klamath County, Oregon, and portion thereof contained in existing roadways, ditches, canals and laterals.

ALSO EXCEPTING Timber Deed to Edna Hornsby recorded on page 153 of Volume 110 of Deeds, conveying timber on NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 22.

Security for an additional advance in the amount of \$100,000.00 together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness of the borrower.

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: to perform immediately and as herein provided all of the covenants and conditions hereinafter set forth, to wit:

1. To pay all debts and moneys secured hereby;
2. Not to permit the building 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; to pay all taxes assessed against the premises;
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 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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