

THE MORTGAGOR,

JOHN F. NIKOLA and CLAUDIA J. NIKOLA

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 NE $\frac{1}{4}$ of Section 19, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a County Surveyor brasscapped monument marking the Northeast corner of said Section 19; thence South 00° 14' 22" West along the East line of said Section 19, 333.00 feet to a 5/8 inch iron pin; thence West 1289.21 feet to a 5/8 inch iron pin on the Easterly right of way line of the County Road; thence following said Easterly line, North 10° 07' 20" West 136.50 feet to a 5/8 inch iron pin; thence along a curve to the right (central angle 08° 58' 41" and radius 1250 feet) 195.37 feet to a 5/8 inch iron pin on the North line of said Section 19; thence North 89° 49' 58" East along the North line of said Section 19, 1333.80 feet to the point of beginning.

PARCEL 2:

The following described real property situate in Klamath County, Oregon :

A tract of land situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the northwest corner of said Section 20, marked by a Klamath County Surveyor Brass Capped Monument; thence South 89° 40' 49" East along the northerly boundary of said Section 20, 170.94 feet to a 5/8 inch iron pin; thence continuing South 89° 40' 49" East 14.0 feet to the westerly bank of Lost River; thence along the westerly bank of Lost River South 05° 50' 44" West 333.71 feet; thence West 152.34 feet to the west boundary of said Section 20; thence North 00° 14' 22" East, along the west boundary of Section 20, 333.00 feet to the point of beginning.

Principal and interest on or before October 1, 1983----- and
\$ 430.00 on the 1st 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 May 1, 2006-----

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

September 8

19 83

JOHN F. NIKOLA

CLAUDIA J. NIKOLA

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 to the State of Oregon, dated June 1, 1976,

and recorded in Book M76, page 8154, Mortgage Records for KLAMATH County, Oregon,

which was given to secure the payment of a note in the amount of \$ 37,600.00-----

and this mortgage is also given as security for an additional advance in the amount of \$ 15,402.00--, 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. To allow the Representatives of the Director of Veterans' Affairs of Oregon to make reasonable inspection of the premises during the life of the loan;
3. 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;
4. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
5. Not to permit the use of the premises for any objectionable or unlawful purpose;
6. Not to permit any tax, assessment, lien, or encumbrance to exist at any time; if mortgagee is required to defend against a lawsuit to foreclose a lien or encumbrance, mortgagee may add any attorney fees or costs incurred to the principal, to bear interest as provided in the note; if mortgagee pays any liens, taxes, assessments or other encumbrances, such payments may also be added to the principal, to bear interest as provided in the note;
7. 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;
8. 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 heater, fuel storage receptacles; plumbing, ventilating, water and irrigating systems, pumps, electrical service panels; 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 hereon; 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 Fifteen thousand four hundred two and no/100----- Dollars (\$15,402.00----), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Thirty-three thousand ninety-eight and 66/100----- Dollars (\$33,098.66,

evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:
Fifteen thousand four hundred two and no/100----- Dollars (\$15,402.00----), with
 interest from the date of initial disbursement by the State of Oregon, at the rate of 10.5----- percent per annum,
Thirty-three thousand ninety-eight and 66/100----- Dollars (\$33,098.66----), with
 interest from the date of initial disbursement by the State of Oregon, at the rate of 8.8----- percent per annum,
 ----- Dollars (\$-----), with
 interest from the date of initial disbursement by the State of Oregon, at the rate of ----- 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: \$430.00----- on or before October 1, 1983----- End
\$430.00 on the 1st 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 May 1, 2006-----
 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-----
September 8-----, 1983-----

John F. Nikola
 JOHN F. NIKOLA
Claudia J. Nikola
 CLAUDIA J. NIKOLA

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 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. To allow the Representatives of the Director of Veterans' Affairs of Oregon to make reasonable inspection of the premises during the life of the loan;
3. 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;
4. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
5. Not to permit the use of the premises for any objectionable or unlawful purpose;
6. Not to permit any tax, assessment, lien, or encumbrance to exist at any time; if mortgagee is required to defend against a lawsuit to foreclose a lien or encumbrance, mortgagee may add any attorney fees or costs incurred to the principal, to bear interest as provided in the note; if mortgagee pays any liens, taxes, assessments or other encumbrances, such payments may also be added to the principal, to bear interest as provided in the note;
7. 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;
8. 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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10. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee;
11. The borrower must obtain prior written consent from the Director to transfer ownership or possession of property that is security for a loan obtained from the Department of Veterans' Affairs. Where such consent is given, borrower must promptly notify mortgagee in writing of a transfer of ownership of the premises or any interest in same, and furnish a copy of the instrument of transfer. Transferee shall pay interest as prescribed by ORS 407.070 on all payments due from the date of transfer. In all other respects this mortgage shall remain in full force and effect.
- The mortgagee may, at his option, in case of default of the mortgagor, perform same in whole or in part and all expenditures made in so doing including the employment of an attorney to secure compliance with the terms of the mortgage or the note shall draw interest at the rate provided in the note and all such expenditures shall be immediately repayable by the mortgagor without demand and shall be secured by this mortgage.

Default in any of the covenants or agreements herein contained or the expenditure of any portion of the loan for purposes other than those specified in the application, except by written permission of the mortgagee given before the expenditure is made, shall cause the entire indebtedness at the option of the mortgagee to become immediately due and payable without notice and this mortgage subject to foreclosure.

The failure of the mortgagee to exercise any options herein set forth will not constitute a waiver of any right arising from a breach of the covenants.

In case foreclosure is commenced, the mortgagor shall be liable for the cost of a title search, attorney fees, and all other costs incurred in connection with such foreclosure.

Upon the breach of any covenant of the mortgage, the mortgagee shall have the right to enter the premises, take possession, collect the rents, issues and profits and apply same, less reasonable costs of collection, upon the indebtedness and the mortgagee shall have the right to the appointment of a receiver to collect same.

The covenants and agreements herein shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

It is distinctly understood and agreed that this note and mortgage are subject to the provisions of Article XI-A of the Oregon Constitution, ORS 407.010 to 407.210 and any subsequent amendments thereto and to all rules and regulations which have been issued or may hereafter be issued by the Director of Veterans' Affairs pursuant to the provisions of ORS 407.020.

WORDS: The masculine shall be deemed to include the feminine, and the singular the plural where such connotations are applicable herein.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 8th day of September, 1983.

John F. Nikola (Seal)
 JOHN F. NIKOLA
Claudia J. Nikola (Seal)
 CLAUDIA J. NIKOLA
 (Seal)

ACKNOWLEDGMENT

STATE OF OREGON,

County of Klamath } ss.

Before me, a Notary Public, personally appeared the within named JOHN F. NIKOLA and CLAUDIA J. NIKOLA

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

WITNESS my hand and official seal the day and year last above written.

Kristi L. Garrison
 Notary Public for Oregon
 My Commission expires 6/19/87

MORTGAGE

FROM TO Department of Veterans' Affairs

M42147

Loan Number

STATE OF OREGON,

County of Klamath } ss.

I certify that the within was received and duly recorded by me in Klamath County Records, Book of Mortgages.

No. M83..... Page 15288.. on the 8th day of September, 1983 Evelyn Biehn..... County Clerk

By *Bernetha J. Letich*..... Deputy.

Filed September 8, 1983 at o'clock 11:06 A M.

County Klamath

By *Bernetha J. Letich*..... Deputy

After recording return to:
 DEPARTMENT OF VETERANS' AFFAIRS

Fee \$12.00

124 N. 4th Street
 Klamath Falls, Or. 97601