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MTC 32194

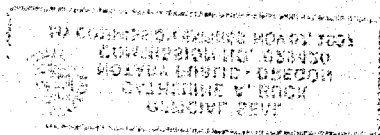
Volm 94 Page 7754

WITNESSETH, That William J. Rowe and Mary J. Rowe,

Ten thousand three hundred twenty four and 66/100, mortgagor, in consideration of  
 to mortgagor paid, does hereby grant, bargain, sell and convey unto John D. Kness and Joni L. Kness, mortgagee, the following described premises situated  
 in Klamath County, State of Oregon, to-wit:

Lot 1 and 2, Block 13, First Addition to the Town of Bly, according  
 to the official plat thereof on file in the office of the County  
 Clerk of Klamath County, Oregon, together with that portion of  
 vacated Kendall Lane inurred thereto.

(Acct. #3714-003AB-07700; Key #406153; Code 058)



Together with the tenements, hereditaments and appurtenances thereto belonging, or in any way appertaining, and to have and to hold the premises with the appurtenances, unto the mortgagee, and mortgagee's heirs and assigns forever.

This mortgage is intended to secure the payment of one (or more) promissory note(s), in substantially the following terms: a copy of which is attached hereto and by this reference incorporated herein.

See Additional Mortgage Terms which is also attached hereto.

## MORTGAGE

William J. & Mary J. Rowe

TO

John D. & Joni L. Kness

After recording return to (Name, Address, Zip):

Land Title Insurance & Escrow  
405 North 1st Street  
Lakeview, OR 97630

STATE OF OREGON,

County of \_\_\_\_\_ ss.

I certify that the within instrument  
 was received for record on the \_\_\_\_\_ day  
 of \_\_\_\_\_, 19\_\_\_\_, at  
 \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in  
 book/reel/volume No. \_\_\_\_\_ on page  
 \_\_\_\_\_ and/or as fee/file/instru-  
 ment/microfilm/reception No. \_\_\_\_\_,  
 Record of Deeds of said County.

Witness my hand and seal of  
 County affixed.

NAME

TITLE

By \_\_\_\_\_, Deputy.

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: See terms of attached Promissory Note

The mortgagor warrants that the proceeds of the loan represented by the note(s) and this mortgage are:

(a)\* primarily for mortgagor's personal, family or household purposes (see Important Notice below), or  
~~(b) for the purchase of real property (see Important Notice below), or~~  
~~(c) for the purchase of a motor vehicle (see Important Notice below), or~~  
~~(d) for the purchase of a boat (see Important Notice below), or~~  
~~(e) for the purchase of a mobile home (see Important Notice below), or~~  
~~(f) for the purchase of a manufactured home (see Important Notice below), or~~  
~~(g) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(h) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(i) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(j) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(k) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(l) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(m) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(n) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(o) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(p) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(q) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(r) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(s) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(t) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(u) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(v) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(w) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(x) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(y) for the purchase of a manufactured mobile home (see Important Notice below), or~~  
~~(z) for the purchase of a manufactured mobile home (see Important Notice below), or~~

Now, if the sum of money due upon the note(s) and this mortgage shall be paid according to the agreement herein expressed, this conveyance shall be void. In case default shall be made in payment of the principal or interest or any part thereof as above provided, then the mortgagee or mortgagee's personal representatives, successors or assigns may foreclose the mortgage and sell the premises with each and every of the appurtenances or any part thereof, in the manner prescribed by law, and out of the money arising from such sale, retain the principal, interest, attorney's fees, and costs as provided in the note(s), together with the costs and charges of making such sale and the surplus, if there be any, pay over to the person(s) entitled thereto, as such interest(s) may appear.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Dated March 11, 1994.

\* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is inapplicable. 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, use Stevens-Ness Form No. 1319 or equivalent.

x William J. Rowe

x Mary J. Rowe

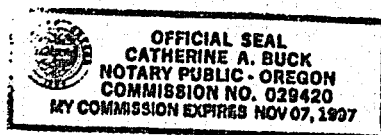
STATE OF OREGON, County of Lake ss.

This instrument was acknowledged before me on March 11, 1994,  
 by William J. Rowe and Mary J. Rowe

Catherine A. Buck

Notary Public for Oregon

My commission expires 11/7/97



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## ADDITIONAL MORTGAGE TERMS

THIS AGREEMENT is made and entered into by and between John D. Kness and Joni L. Kness, hereinafter referred to as Mortgagees, and William J. Rowe and Mary J. Rowe, hereinafter referred to as Mortgagors and is intended to add to and supplement that certain Real Property Mortgage entered into by and between Mortgagees and Mortgagors of even date herewith. In that regard, Mortgagees and Mortgagors agree as follows:

1. That Mortgagees and Mortgagors understand and agree that the terms, rights and responsibilities as contained herein are to be considered a part of said mortgage instrument as if the same had actually been set forth therein.

2. Mortgagors agree to fully assume, indemnify, defend and hold Mortgagees harmless as to all of the terms, conditions and responsibilities in that certain mortgage obligation owed to the Oregon Department of Veterans' Affairs as dated May 16, 1977 and recorded in Volume M77 at Page 8543 of the Microfilm Records of Klamath County, Oregon. Any breach of this provision shall entitle Mortgagees to pursue all available legal remedies and shall also entitle the prevailing party to an award of reasonable attorney fees in addition to costs and disbursements incurred.

3. Mortgagors acknowledge that they have had the opportunity to read and inspect said Veterans' Affairs mortgage and agree to specifically comply with all of the provisions as contained therein including, but not limited to, all provisions regarding amount of payment, time of payment, insurance requirements and maintenance requirements.

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4. In the event Mortgagors receive any type of notice of default from the Department of Veterans' Affairs with respect to Mortgagors failure to fully comply with the terms of such mortgage, Mortgagors shall immediately provide a copy to Mortgagees.

5. Mortgagors agree to obtain, carry and maintain continuously throughout the term of this mortgage, a fire insurance policy with extended coverage in an amount equal to the full insurable value of the property, on a replacement cost basis, naming the Mortgagees herein as additional loss payees, with such policy also containing a clause that such insurance shall not be cancelled, terminated or decreased without a minimum ten (10) days advance notice to the mortgagees herein.

6. Additionally, Mortgagors agree to obtain, carry and maintain continuously throughout the term of this mortgage liability insurance coverage with aggregate limits of not less than \$100,000 which shall protect mortgagees against any loss, claim or damages relating to the property or any condition thereof whether or not such condition or loss was caused or contributed to by Mortgagees.

7. Mortgagees acknowledge that they are purchasing the described real property and all improvements located thereon in their present "AS IS" condition with all warranties, including the warranty of habitability being specifically disclaimed. Mortgagors also acknowledge that Mortgagees have made no representations concerning the property or improvements and state that they have made their own independent examination of the property and are satisfied with the same.

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DATED this 11 day of March, 1994.

John D. Kness  
John D. Kness

William J. Rowe  
William J. Rowe

Joni L. Kness  
Joni L. Kness

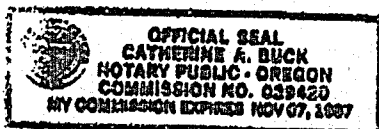
Mary J. Rowe  
Mary J. Rowe

STATE OF OREGON

County of Lake

ss.

The foregoing instrument was acknowledged before me the undersigned Notary Public this 11 day of March, 1994, by John D. Kness and Joni L. Kness to be their voluntary act and deed.



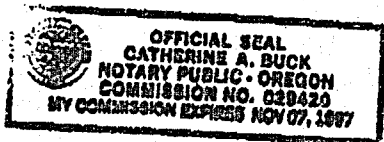
Catherine A. Buck  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 11/7/97

STATE OF OREGON

County of Lake

ss.

The foregoing instrument was acknowledged before me the undersigned Notary Public this 11 day of March, 1994, by William J. Rowe and Mary J. Rowe to be their voluntary act and deed.



Catherine A. Buck  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 11/7/97

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co the 14th day of March A.D., 19 94 at 2:20 o'clock P. M., and duly recorded in Vol. M94 of Mortgages on Page 7754.

FEE \$30.00

Evelyn Biehn - County Clerk

By Caroline Mullendore