

NOTE AND MORTGAGE

THE MORTGAGOR, Benjamin H. Derby, Jr. and Irene Derby, 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
 Tract 5 and the North 28 feet of Tract 6 of DE WITT HOME TRACTS in Klamath County, Oregon.

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 ¹ Ten Thousand Two Hundred and no/100 - - - - - Dollars

(\$ 10,200.00 - - -), and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Ten Thousand Two Hundred and no/100 - - -
 - - - - - Dollars (\$ 10,200.00 - - -), with interest from the date of initial disbursement by the State of Oregon, at the rate of four percent per annum, 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:

\$ 60.00 - - - - - on or before December 15, 1967 - - - and \$ 60.00 on the 15th of each 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 November 15, 1988.

In the event of transfer of ownership of the premises or any part thereof, to anyone other than a qualified veteran under ORS 407.010 to 407.210 who assumes the indebtedness in his own right, I will continue to be liable for payment and if transferred to a person not entitled to a 4% interest rate, 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

October 23

67

The mortgagor or subsequent owner may pay all or any part of the loan at any time without penalty.

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; if the mortgagor fails to effect the insurance, the mortgagee may secure the insurance and the cost shall be added to the principal, deemed a debt due and shall be secured by this mortgage; insurance shall be kept in force by the mortgagor in case of foreclosure until the period of redemption expires;

8. Mortgagee shall be entitled to all compensation and damages received under right of eminent domain, or for any security voluntarily released, same to be applied upon the indebtedness;
9. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee;
10. To promptly notify mortgagee in writing of a transfer of ownership of the premises or any part or interest in same, and to furnish a copy of the instrument of transfer to the mortgagee; any purchaser shall assume the indebtedness, and purchasers not entitled to a loan or 4% interest rate under ORS 407.010 to 407.020 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; no instrument of transfer shall be valid unless same contains a covenant of the grantee whereby the grantee assumes the covenants of this mortgage and agrees to pay the indebtedness secured by same.

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 mortgage is subject to the provisions of Article XI-A of the Oregon Constitution, ORS 407.010 to 407.020 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 23 day of October, 1967.

Benjamin H. Derby, Jr. (Seal)
Irene Derby (Seal)
 (Seal)

ACKNOWLEDGMENT

STATE OF OREGON,

County of Klamath

October 23, 1967

Before me, a Notary Public, personally appeared the within named Benjamin H. Derby, Jr. and Irene Derby,

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

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

Carol V. McDonald
 Notary Public for Oregon
 My Commission expires April 4, 1971

MORTGAGE

FROM TO Department of Veterans' Affairs

L-59556

STATE OF OREGON,

County of Klamath

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

No. M-67 Page 8242 on the 23 day of October, 1967, County Clerk

By Deputy

Filed 4:36 at o'clock P M.

County Clerk Dorothy Rogers By Mari Hale Deputy.

After recording return to:
 DEPARTMENT OF VETERANS' AFFAIRS Fee 3.00.
 MC State Finance Building
 Salem, Oregon 97310

Form 1-4-7-53
 SP-38024-274

SSBE

KNOW ALL MEN BY THESE PRESENTS, That CLIFFORD J. EMMICH and WINIFRED L. EMMICH, husband and wife, 1931 El Arbolita Drive, Glendale, California 91208, hereinafter called grantor, in consideration of * * * * * Ten and no/100 * * * * * Dollars

to grantor paid, the receipt whereof hereby is acknowledged, does hereby grant, bargain, sell and convey unto THRACY M. BALOG, a single woman, 2123 Floyd Street, Burbank, California 91504 hereinafter called grantee, and unto grantee's heirs, successors and assigns all of that certain real property with the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, situated in the County of Klamath, State of Oregon, described as follows, to-wit:

TOWNSHIP 35 South, Range 11 East, W.M. Section 25: West 1/2 of Northeast 1/4 of Southwest 1/4.

This conveyance is made subject to rights and reservations common to the area.

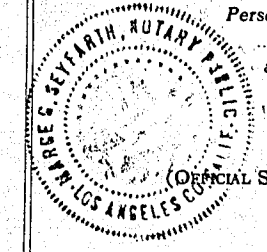


To Have and to Hold the same unto the said grantee and grantee's heirs, successors and assigns forever.

And the grantor hereby covenants to and with said grantee and grantee's heirs, successors and assigns that said real property is free from incumbrances created or suffered thereon by grantor and that grantor will warrant and defend the same and every part and parcel thereof against the lawful claims and demands of all persons claiming by, through, or under the grantor.

In construing this deed the singular includes the plural as the circumstances may require. Witness grantor's hand this 2nd day of October, 1967.

CLIFFORD J. EMMICH and WINIFRED L. EMMICH Personally appeared the above named CLIFFORD J. EMMICH and WINIFRED L. EMMICH and acknowledged the foregoing instrument to be their voluntary act and deed.



Before me: MARGE G. SEYFARTH My Commission Expires June 25, 1969 NOTARY PUBLIC Notary Public for Oregon, California In and for the County of Los Angeles, State of California my commission expires June 25, 1969

Special WARRANTY DEED

CLIFFORD J. EMMICH & WINIFRED L. EMMICH TO THRACY M. BALOG

AFTER RECORDING RETURN TO JOSEPH J. BALOG 2123 FLOYD ST BURBANK, CALIF 91504

(DON'T USE THIS SPACE, RESERVED FOR RECORDING LABEL IN COUN. TIES WHERE USED.)

Fee 1.50

STATE OF OREGON, County of Klamath ss.

I certify that the within instrument was received for record on the 23 day of October, 1967, at 8:50 o'clock A.M., and recorded in book N-67 on page 824. Record of Deeds of said County.

Witness my hand and seal of County affixed.

Morothy Rogers County Clerk-Recorder. By Deputy

SATISFACTION OF MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That First Federal Savings and Loan Association of Klamath Falls, Oregon, a Corporation, duly incorporated, organized and existing under and by virtue of the laws of the United States of America with its principal office at Klamath Falls, Oregon, owner and holder of the Mortgage and the obligation hereinafter described, does hereby certify and declare that a certain Mortgage, bearing the date the 10 day of July 1958, made and executed by Alonzo I. Hodges & Dovie F. Hodges, the mortgagor therein, to First Federal Savings and Loan Association of Klamath Falls, Oregon, the mortgagee therein and recorded in the office of the County Clerk of the County of Klamath, State of Oregon, in Klamath Falls book 183 of Mortgages on Page 487 on the 21 day of July 1958.

together with the debt thereby secured, is fully paid, satisfied and discharged.

IN WITNESS WHEREOF, First Federal Savings and Loan Association of Klamath Falls, Oregon, mortgagee, has caused its lawful corporate seal to be hereunto affixed and its name to be hereto subscribed by the hands of its President and Secretary this 18 day of October 1967 at Klamath Falls, Oregon.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION
OF KLAMATH FALLS, OREGON

By Van S. Mollison President
By James D. Bocchi Secretary

STATE OF OREGON } ss.
County of Klamath

On this 18 day of October, 1967, before me appeared Van S. Mollison and James D. Bocchi, both to me personally known, who being duly sworn did say that he, the said Van S. Mollison is the President, and he, the said James D. Bocchi is the Secretary of First Federal Savings and Loan Association of Klamath Falls, Oregon, the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and Van S. Mollison and James D. Bocchi acknowledged said instrument to be the free act and deed of said Corporation.

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

Mary Bolte
Notary Public for Oregon
My commission expires 8/16/69

STATE OF OREGON } ss.
County of Klamath

I certify that the within instrument was received for record on the 24 day of October, 1967, at 9:30 o'clock A.M., and recorded in book M-67, on page 8245, Record of Mortgages for said County.

Witness my hand and seal of County affixed Dorothy Rogers
County Clerk-Recorder

Fee 1.50

By Beverly J. Hayden Deputy

RETURN TO:
Mr. & Mrs. Alonzo Hodges
114 N. Garfield
Klamath Falls, Oregon

17217

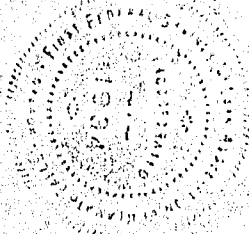
VOL. M-67 PAGE 1

SATISFACTION OF MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That First Federal Savings and Loan Association of Klamath Falls, Oregon, a Corporation, duly incorporated, organized and existing under and by virtue of the laws of the United States of America with its principal office at Klamath Falls, Oregon, owner and holder of the Mortgage and the obligation hereinafter described, does hereby certify and declare that a certain Mortgage, bearing the date the 8th day of August 1955, made and executed by Richard L. Harris and Josephine Harris, the mortgagor therein, to First Federal Savings and Loan Association of Klamath Falls, Oregon, the mortgagee therein and recorded in the office of the County Clerk of the County of Klamath, State of Oregon, in Klamath Falls book 165 of Mortgages on Page 9 on the 8th day of August 1955.

together with the debt thereby secured, is fully paid, satisfied and discharged.

IN WITNESS WHEREOF, First Federal Savings and Loan Association of Klamath Falls, Oregon, mortgagee, has caused its lawful corporate seal to be hereunto affixed and its name to be hereto subscribed by the hands of its President and Secretary this 16th day of October 1967, at Klamath Falls, Oregon.



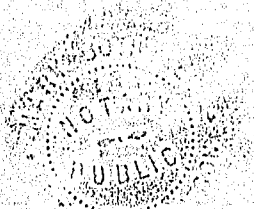
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION
OF KLAMATH FALLS, OREGON

By Van S. Mollison President
By James D. Bocchi Secretary

STATE OF OREGON
County of Klamath

} ss.

On this 16th day of October 1967, before me appeared Van S. Mollison and James D. Bocchi, both to me personally known, who being duly sworn did say that he, the said Van S. Mollison is the President, and he, the said James D. Bocchi is the Secretary of First Federal Savings and Loan Association of Klamath Falls, Oregon, the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and Van S. Mollison and James D. Bocchi acknowledged said instrument to be the free act and deed of said Corporation.



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

Mary G. Galt
Notary Public for Oregon
My commission expires 8-16-69

STATE OF OREGON
County of Klamath

} ss.

I certify that the within instrument was received for record on the 23 day of October 1967, at 9:31 o'clock A.M., and recorded in book M-67, on page 8246, Record of Mortgages for said County.

Witness my hand and seal of County affixed Dorothy Rogers
County Clerk-Recorder

Return to:
Mr. & Mrs. Richard L. Harris
Rt. 3, Box 242
Klamath Falls, Oregon

Fee 1.50

By Beatty J. Rogers
Deputy

5