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Vol. 411 Page 8238

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OREGON

THE MORTGAGORS, WAYNE M. HORTON and SHIRLEY Y. HORTON, husband and wife,

mortgage to EQUITABLE SAVINGS & LOAN ASSOCIATION, an Oregon corporation, mortgagee, the following described real estate: The Southerly Sixty feet of Lot Twenty-six in Block Three of ST MART according to the official plat thereof, particularly described as follows:

(100) Beginning at the Southwest corner of said Lot, and run Northeasterly along the southerly line of said Lot 125.3 feet to the Southeasterly corner of said lot; Thence Northwesterly along the Easterly line of said lot, 60 feet to a point; Thence Southwesterly, parallel with the southerly line of said lot, 105 feet, more or less to a point in the Westerly line of said lot; Thence southerly along the Westerly line of said Lot, 62.8 feet, more or less to the place of beginning, Klamath County, Oregon.

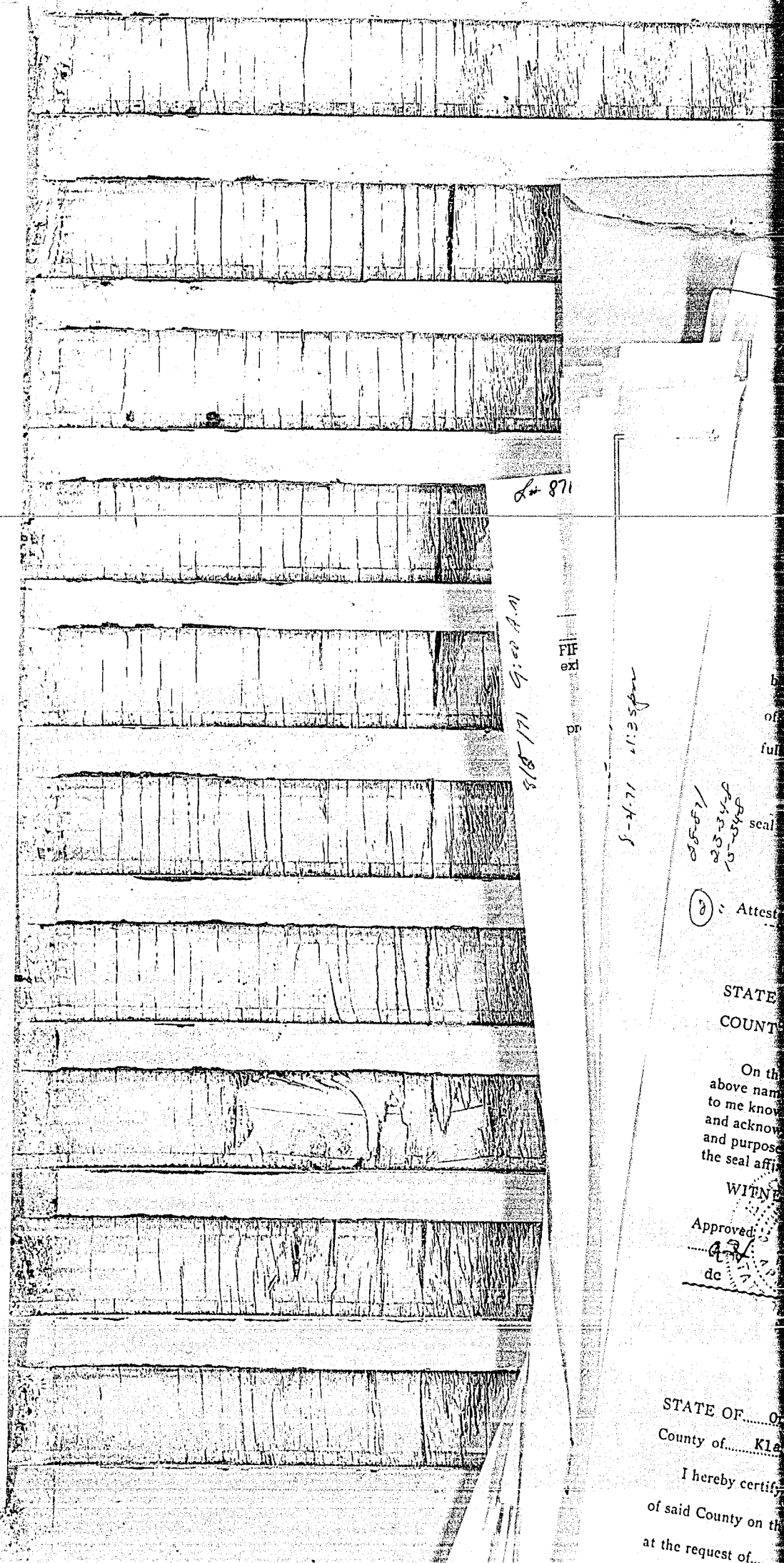
with the appurtenances, tenements, hereditaments, easements, rents, issues, profits, water rights and other rights or privileges now or hereafter belonging to or used in connection with the above described premises and including but not limited to all plumbing, lighting, heating, cooling, ventilating, cleaning and elevating, gas and electric equipment, water systems and equipment for domestic use or irrigation purposes, window shades, shutters, awnings, window screens, screen doors, mantels, boilers, air conditioning units, oil burners, tanks, shrubbery and trees, now or hereafter attached to, located on or used in connection with said premises, and whether the same be attached to said premises by means of screws, bolts, pipe connections, machinery or in any other manner, together with all interest therein that the mortgagors may hereafter acquire, to secure the payment of \$ 4,000.00, and such additional sums as are evidenced by a certain promissory note of even date herewith signed by the mortgagors and payable at the office of the mortgagee at Portland, Oregon, and interest thereon, in 1/4 equal monthly payments commencing with October 5, 1971; and the due date of the last such monthly payment shall be the date of maturity of this mortgage; and this mortgage shall secure any and all additional future advances that may hereafter be made.

In addition to the monthly payments of principal and interest payable under the terms of the note secured hereby, the mortgagors will each month pay to the mortgagee until the said note is fully paid a sum equal to the taxes and assessments next due on the mortgaged property (all as estimated by the mortgagee) divided by the number of months to elapse before one month prior to the date when such taxes and assessments will become delinquent, such sums to be held by the mortgagee in trust to pay said taxes and assessments.

The mortgagors covenant that they are the owners in fee simple of said real estate and entitled to possession thereof; that they have the right to mortgage the same; that it is free from encumbrances; that they will keep the same free from all encumbrances, including those of record, whether legal or otherwise; that they will warrant and defend the same forever against all claims and demands whatsoever; that they will pay said note according to the terms thereof; that they will pay all real property taxes and assessments levied or assessed against the premises at least ten days before the due date thereof, or of any installment thereof; that they will not use said property for any unlawful purpose; that they will complete all buildings in course of construction or to be constructed thereon within six (6) months from the date hereof; that they will keep all buildings in good repair and continuously insured against fire and other hazards to the satisfaction of the mortgagee and in a sum not less than \$ 4,000.00, all policies of insurance with premiums paid and with mortgage clause in favor of the mortgagee attached to be delivered to the mortgagee and to be in companies satisfactory to it and in accordance with the loan application which is hereby referred to, mortgagee, at its option, to apply any insurance proceeds to the indebtedness hereby secured or to rebuilding or restoring the premises; that they will pay all premiums upon any life insurance policy which may be held by the mortgagee as additional security for the debt herein referred to. Should the mortgagors fail to keep any of the foregoing covenants, then the mortgagee may at its option carry out the same and all its expenditures therefor shall draw interest until repaid at the rate of ten (10) per cent per annum, or the maximum rate of interest permitted by law, whichever is the lesser, be repayable by the mortgagors on demand and shall be secured by this mortgage, and the mortgagee may at its option sue to collect all or any part of the aforementioned expenditures without foreclosing its mortgage and without affecting its right to foreclose its mortgage at any future time; in any such suit mortgagors agree to pay all costs and a reasonable attorney's fee. Mortgagee shall be the sole judge of the validity of any encumbrances, taxes or assessments against the property. In the event of sale of the above described real property or any part thereof, the mortgagee may without notice to the mortgagors deal with such successor in interest with reference to this mortgage and the note hereby secured, either by forbearance on the part of the mortgagee or extension of the time of the payment of said note or any sum secured by this mortgage without in any way releasing or discharging or in anywise affecting the mortgagors' liability hereunder or for the debt hereby secured. In the event of the sale of the above described mortgaged premises or any part thereof, or alteration, repair, remodeling, addition or removal of any building or buildings now or hereafter upon said premises without first obtaining the written consent of the mortgagee, the balance of unpaid principal with accrued interest, and all other indebtedness hereby secured, shall, at the mortgagee's election, become immediately due, without notice. Mortgagee may impose a reasonable service charge for revising its records to reflect any change of ownership.

The mortgagors consent to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the said property, and in case of foreclosure, expressly waive any claim of homestead and all rights to possession of the premises during the period allowed by law for redemption.

The mortgagors hereby expressly assign to the mortgagee all rents and revenues from said real property or any improvements thereon and hereby assign any leases in effect or hereinafter in effect upon said premises or any part thereof,



56