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THE MORTGAGOR

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LARRY A. HERZMAN AND ALICE A. HERZMAN, husband and wife

hereby mortgage to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION of Klamath Falls, a Federal Corporation, hereinafter called "Mortgagee," the following described real property, situated in Klamath County, State of Oregon, and all interest or estate therein that the mortgagor may hereafter acquire, together with the income, rents and profits thereof, to-wit:

Lot 16 in Block 10 of BUENA VISTA ADDITION TO THE CITY OF KLAMATH FALLS, Klamath County, Oregon, ALSO the South 16 feet of vacated Oregon Avenue lying adjacent to and Northerly of said Lot 16, by Order of Vacation recorded March 16, 1959 in Book 310 at page 496.

together with all heating apparatus (including firing units), lighting, plumbing, water heater, venetian blinds, and other fixtures which now are or hereafter may be attached to or used in connection with said premises and which shall be construed as part of the realty, to secure the payment of a certain promissory note executed by the above named mortgagors for the principal sum of

THIRTY ONE THOUSAND SIX HUNDRED FIFTY AND NO/100--

Dollars, bearing even date, principal, and interest being payable in monthly installments of \$270.95 on or before the fifteenth day of each calendar month

commencing November 1, 1974

and to secure the payment of such additional money, if any, as may be loaned hereafter by the mortgagee to the mortgagor or others having an interest in the above described property as may be evidenced by a note or notes. If the mortgage indebtedness is evidenced by more than one note, the mortgagee may credit payments received by it upon any of said notes, or part of any payment on one note and part on another, as the mortgagee may elect.

The mortgagor covenants that he will keep the building now or hereafter erected on said mortgaged property continuously insured against loss by fire or other hazards, in such amounts and on such terms as the mortgagee may direct in an annual not less than the face of this mortgage, with loss payable first to the mortgagee to the full amount of said indebtedness and then to the mortgagor. The mortgagor hereby assigns to the mortgagee all right in the insurance policy or policies covering said property and in case of mortgagee. The mortgagor hereby appoints the mortgagee its agent to adjust and collect such loss or damage to the property insured, the mortgagor hereby agrees to execute and deliver to the mortgagee all documents and papers necessary to carry out the mortgagee's duties as agent and to apply the proceeds, or so much thereof as may be necessary, in payment of said indebtedness. In the event of foreclosure or sale of the mortgagor in all policies then in force shall pass to the mortgagee thereby having said mortgagee the right to assign and transfer and policies.

The mortgagor further covenants that the building or buildings now on or hereafter erected upon said premises shall be kept in good repair, not altered, extended, removed or demolished without the written consent of the mortgagee, and to complete all building, in care of construction or hereafter constructed thereon within six months of the date hereof or the date construction is hereafter commenced. The mortgagor agrees to pay, when due, all taxes, assessments, and charges of every kind levied or assessed upon said premises, or upon this mortgage or upon any part thereof, and to pay premiums on any bonds or policies of insurance which may be required to be paid to the lien of this mortgage or upon any part thereof, for the purpose of insuring against loss or damage to the property which may be assigned as further security to mortgagee; that for the purpose of insuring against loss or damage to the property which may be assigned as further security to mortgagee, the mortgagor shall pay to the mortgagee on the date installment on principal and interest are payable an amount equal to 1% of said sum of \$31,650.00, interest shall be paid mortgagor on said amount, and said amount is hereby pledged to mortgagee as additional security for the payment of this mortgage and the debt hereby secured.

Should the mortgagor fail to comply with the foregoing covenants, then the mortgagee may perform them, without waiving any other right or remedy herein given for any such breach, and all expenditures in that behalf shall be secured by this mortgage and shall bear interest in accordance with the terms of a certain promissory note of even date herewith and be payable by the mortgagor on demand.

In case of default in the payment of any installment of said debt, or of a breach of any of the covenants herein or contained in the application for loan executed by the mortgagor, then the entire debt hereby secured shall, at the mortgagee's option, become immediately due without notice, and this mortgage may be foreclosed.

The mortgagor shall pay the mortgagee a reasonable sum as attorneys fees in any suit which the mortgagee defends or prosecutes to protect the lien hereof or to foreclose this mortgage, and shall pay the costs and disbursements allowed by law and shall pay the cost of searching records and abstracting same, which sum shall be secured hereby and may be included in the decree of foreclosure. Upon bringing action to foreclose this mortgage or at any time while such proceeding is pending, the mortgagee, without notice, may apply for and secure the appointment of a receiver for the mortgaged property or any part thereof and the income, rents and profits therefrom.

The mortgagor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of said property.

Words used in this mortgage in the present tense shall include the future tense; and in the masculine shall include the feminine and neuter genders; and in the singular shall include the plural; and in the plural shall include the singular.

Each of the covenants and agreements herein shall be binding upon all successors in interest of each of the mortgagors, and each shall inure to the benefit of any successors in interest of the mortgagee.

Dated at Klamath Falls, Oregon, this 24th day of June, 1974

Larry A. Herzman
Alice A. Herzman
(GRAN)

STATE OF OREGON } ss
County of Klamath

THIS CERTIFIES, that on this 6th day of June, A. D. 1974, before me, the undersigned, a Notary Public for said state personally appeared the within named LARRY A. HERZMAN AND ALICE A. HERZMAN, husband and wife

to me known to be the identical persons described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily for the purposes therein expressed.

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

Notary Public for the State of Oregon
Residing at Klamath Falls, Oregon.
My commission expires: 5-14-76