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THE MORTGAGOR

STEVEN KEEL AND CAROL KEEL, Husband and Wife

hereby mortgage to KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized and existing under the laws of the United States, 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, towit:

Lot 89 of MERRYMAN'S REPLAT OF VACATED PORTION OF OLD ORCHARD MANOR, Klamath County, Oregon.

Morgagor's performance under this Mortgage and the Note it secures, may not be assigned to or assumed by another party. In the event of an attempted assignment or assumption, the entire unpaid balance shall become immediately due and payable.

together with all rights, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, and all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, watering and irrigation apparatus, equipment and fixtures, together with all awnings, venetian blinds, floor covering in place such as wall-to-wall carpeting and linoleum, shades and built-in ranges, dishwashers and other built-in appliances now or hereafter installed in or used in connection with the above described 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

TWENTY NINE THOUSAND, FIVE HUNDRED AND NO/100

Dollars, bearing even date, principal and interest being payable in monthly installments on the 9th day of May, 1978 and the 9th day of November, 1978 and the principal balance plus interest due on or before 18 months from date.

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 buildings now or hereafter erected on said mortgaged property continuously insured against loss by fire or other hazards in such companies as the mortgagee may from time to time approve, in an amount 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, all policies to be held by the mortgagee. The mortgagor hereby assigns to the mortgagee all right in all policies of insurance carried upon said property and in case of loss or damage to the property insured, the mortgagor hereby appoints the mortgagee as its agent to settle and adjust such loss or damage and to apply the proceeds, or so much thereof as may be necessary, in payment of said indebtedness. In the event of foreclosure all right of the mortgagor in all policies then in force shall pass to the mortgagee thereby giving said mortgagee the right to assign and transfer said policies.

The mortgagor further covenants that the building or buildings now or hereafter erected upon said premises will be kept in good repair, not altered, extended, removed or demolished without the written consent of the mortgagee, and to complete all buildings in course of construction or hereafter constructed thereon within six months from 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 against said premises, or upon this mortgage or the note and/or the indebtedness which it secures or any transactions in connection therewith or any other lien which may be prior to the lien of this mortgage or which becomes a prior lien by operation of law; and to pay premiums on any life insurance policy which may be assigned as further security to mortgagee; that for the purpose of providing regularly for the prompt payment of all taxes, assessments and governmental charges levied or assessed against said mortgaged property and insurance premiums while any part of the indebtedness secured hereby remains unpaid, mortgagor will pay to the mortgagee on the date installments on principal and interest are payable an amount equal to 1/112 of said yearly charges. No interest shall be paid mortgagor on said amount, and said amounts are hereby pledged to mortgagee as additional security for the payment of this mortgage and the note hereby secured.

Should the mortgagor fail to keep any of 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 this 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 repayable 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 agrees to pay the mortgagee a reasonable sum as attorney's 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 sums shall be secured hereby and may be included in the decree of foreclosure. Upon bringing of 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 covenants 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 9th day of November 19 77

                 _____ (SEAL)

                 _____ (SEAL)

STATE OF OREGON
County of Klamath }ss

THIS CERTIFIES, that on this 9th day of November A. D. 19 77 before me, the undersigned, a Notary Public for said state personally appeared the within named

STEVEN KEEL AND CAROL KEEL, 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.

         Debra L. Williams
         Notary Public for the State of Oregon
         Residing at Klamath Falls, Oregon.
         My commission expires: November 12, 1978
         March 31, 1981

21784

MORGAGE

Mortgagors

—To—

**KLAMATH FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION**
540 Main Street
Klamath Falls, Oregon 97601

Mortgagee

STATE OF OREGON } ss
County of _____

Filed for record at the request of mortgagee on

_____NOVEMBER 10th 1977_____

at....43....minutes past....11:00....o'clock....A. M.

and recorded in Vol.....M77.... of Mortgages

page....21783....Records of said County

_____WM. D. MILNE_____
County Clerk

By _Hazel Drazil_ Deputy.

FEE $ 8.00

Mail to

KLAMATH FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION

Shasta Sloge