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T/A 38-16150-S

NOTE AND MORTGAGE Vol. ^m 71 Page 19822

THE MORTGAGOR, SALE G. SMITH and NANCY G. SMITH, 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

Lot 6, Block 12, Tract No. 1079, SIXTH ADDITION TO SUNSET VILLAGE,
in the County of Klamath, State of Oregon.

together with the hereunto, heretofore, and hereafter, 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 lighting systems, septic, sewer, window shades and blinds, shutters, cabinets, built-ins, linoleums and floor coverings, built-in stoves, electric stoves, air conditioners, refrigerators, freezers, dishwashers, and all fixtures now or hereafter installed in or on the premises and any other improvements, crops, or timber now growing or hereafter planted or growing thereon; and any replacement 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 Forty Two Thousand Five Hundred and no/100 Dollars

\$42,500.00, and interest thereon, by the following promissory note:

I promise to pay to the STATE OF OREGON

Forty Two Thousand Five Hundred and no/100

Dollars \$42,500.00, with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum until such time as a different interest rate is established pursuant to ORS 411.022. 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:

\$253.00 on or before November 15, 1978 and \$253.00 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 balance, the remainder on the principal.

The due date of the last payment shall be on or before October 15, 2008.

In the event of transfer of ownership of the premises or any part thereof, I will continue to be liable for payment and the balance shall draw interest as provided by ORS 407.030 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

September 7, 1978

Dale G. Smith

Dale G. Smith

Nancy G. Smith

Nancy G. Smith

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

The mortgagee covenants that he owns the premises in fee simple, has good title to mortgage same, that the premises are free from encumbrances, 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, full chain run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES

1. To pay all debts and monies secured hereby.
2. Not to permit the mortgage to become vacant or unperfected; not to permit the removal or demolishment 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 building or removal of any fences 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 this note.
7. To keep all buildings reasonably insured during the term of the mortgage, against loss by fire and such other hazards in such amounts or amounts and in such an amount as shall be satisfactory to the mortgagee; to deposit with the mortgagee all such policies with certificates showing payment of full and all premiums; all such insurance shall be made payable to the mortgagee; insurance shall be kept in force by the mortgagee in case of foreclosure until the period of redemption expires.

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4. Mortgages shall be entitled to all exemptions and damages provided under right of eminent domain, or for any security voluntarily released, under to be applied upon the indebtedness.

5. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee:

6. To promptly satisfy mortgage on written demand in full of the indebtedness of the mortgagor. If a holder of ownership of the premises or any part or interest in same, and to transfer to the mortgagee, a purchaser shall pay interest as prescribed by ORS 407.070 on all payments due from the date of transfer. If all other respects this mortgage shall remain in full force and effect.

7. 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 remain due and shall be secured by this mortgage.

8. 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, without the 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.

9. 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.

10. 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.

11. Upon the breach of any covenant of the mortgage, the mortgagee shall have the right to enter the premises, take possession, subject the rents, issues and profits and to have reasonable costs of collection, upon the indebtedness and the mortgagee shall have the right to the appointment of a receiver to collect same.

12. The covenants and agreements herein shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties herein.

13. It is solemnly acknowledged and agreed that this note and mortgage are subject to the provisions of Article XI-A of the Oregon Constitution, ORS 407.010 to 407.220 and any subsequent amendments therein 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.

WITNESSES The mortgagors 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 7th day of September, 1978

Dale G. Smith (Seal)
Dale G. Smith (Seal)
Nancy G. Smith (Seal)
Nancy G. Smith (Seal)

ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath

Before me, a Notary Public, personally appeared the within named Dale G. Smith and Nancy G. Smith

and their wife, and acknowledged the foregoing instrument to be their voluntary

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

[Signature]
 Notary Public for Oregon

My Commission expires 4-5-82

MORTGAGE

FROM

TO Department of Veterans' Affairs

L M96834

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,

on 11/7/78 page 19823 on the 7th day of September, 1978 WM. D. MILNE Klamath County Clerk

by Bernard A. Ketch Deputy.

Witness: September 7, 1978
Klamath Falls, Oregon
 County Klamath

at 3:50 P.M.

by Bernard A. Ketch Deputy.

Fee \$4.00

State Recording Bureau No.
 DEPARTMENT OF VETERANS' AFFAIRS
 National Service Building
 Salem, Oregon 97331

Form 10-1 (Rev. 9-77)