

54706

NOTE AND MORTGAGE

T/A 38-16130

Vol. 78 Page 19954

THE MORTGAGOR, **KEITH E. BAILEY and FRANCES PAULINE BAILEY, 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 4, Block 43, HOT SPRINGS ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

together with the tenements, hereditaments, rights, privileges, and appurtenances including roads and easements used in connection with the premises, electric wiring and plumbing, hardware and heating system, water heaters, fuel storage receptacles, plumbing, ventilation, water and heating systems, doors, doors, windows, shades and blinds, shutters, cabinets, built-ins, tilework and floor, hardwood in or on the premises, and any machinery, fixtures, or other now existing or hereafter planned or growing thereon, and any and all of the same, present and future, of the undersigned property.

to secure the payment of Thirty Four Thousand and no/100 Dollars

in 34,000.00 and interest payable, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Thirty Four Thousand and no/100 Dollars in 34,000.00 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 407.031, 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:

\$102.00 on or before November 15, 1978 and \$202.00 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, each payment 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 then interest as provided by ORS 407.031 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 6 1978

Keith E. Bailey
Keith E. Bailey
Frances Pauline Bailey
Frances Pauline Bailey

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

The mortgagee or subsequent holder has agreed to the provisions of the mortgage, has great right in mortgage money, that the premises are free from encumbrances, that he will maintain and defend same against the claims and demands of all persons whomsoever, and this agreement shall not be extinguished by foreclosure, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES

1. To pay all taxes and interest required by law;
2. Not to permit the buildings to become dilapidated or deteriorated, and 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 fire, abandonment, loss, or destruction 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 unencumbered and insured (during the term of the mortgage) against loss by fire and such other hazards; in such contracts or policies and in such amounts 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; insurance shall be kept in force by the mortgagee in case of foreclosure until the period of redemption expires;

4. 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.

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

6. To prevent any 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; a purchaser 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.

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 herein.

It is distinctly understood and agreed that this note and mortgage are subject to the provisions of Article XI-A of the Oregon Constitution, ORS 402.210 to 402.215, and all 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.

WHEREIN: 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 6 day of September, 1978

Keith E. Bailey
Keith E. Bailey

Frances Pauline Bailey
Frances Pauline Bailey

ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath

Before me, a Notary Public, personally appeared the parties named Keith E. Bailey and

Frances Pauline Bailey

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

WITNESS my hand and official seal this day and year last above written.

[Signature]
Notary Public for Oregon

My Commission expires 4-5-80

MORTGAGE

L. M96883

FROM

TO Department of Veterans' Affairs

STATE OF OREGON

County of Klamath

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

No. 1078 Page 19954 on the 8th day of September, 1978

at Klamath Falls, Ore. by Benedicta Shultz Deputy

Filed September 8, 1978 at Klamath Falls, Oregon all o'clock 3:55 P.M.

County Klamath

by Benedicta Shultz Deputy.

After recording return to:
DEPARTMENT OF VETERANS' AFFAIRS
General Services Building
Salem, Oregon 97310

Fee \$6.00