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NOTE AND MORTGAGE Vol. ^M 78 Page 20367

T/A 38-16166-S

THE MORTGAGOR, DAVID G. DUFFITT and JULIA A. DUFFITT, 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 9, Block 22, Tract No. 1005, FOURTH ADDITION TO KLAMATH RIVER ACRES, in the County of Klamath, State of Oregon.

TOGETHER WITH THE FOLLOWING MOBILE HOME: Make/Honette, Year/1978, Serial Number/03830476-1, Size/14x64.

together with the tenements, hereditaments, rights, privileges, and appurtenances including roads and easements used in connection with the premises; electric wiring and fixtures; furnace and heating system; water heaters; cabinets, built-ins, linoleums and floor coverings; built-in stoves, ovens, electric ranges; and all other improvements and appurtenances of any kind or more of the kind, and all of the rents, issues, and profits of the mortgaged property.

to secure the payment of Forty One Thousand One Hundred Thirty Five and no/100 Dollars

(\$ 41,135.00), and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Forty One Thousand One Hundred Thirty Five and no/100 Dollars (\$ 41,135.00), 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 407.032, 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:

293.00 on or before November 15, 1978 and 293.00 on the 15th of each month thereafter, plus one-twelfth of the ad valorem taxes for each

successive year on the premises covered by the mortgage, and continuing until the full amount of the principal, interest and advances shall be fully paid; first 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, 1998.

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 remain due and payable by ORS 407.034 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 13, 1978

David G. Duffitt
David G. Duffitt
Julia A. Duffitt
Julia A. Duffitt

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

The mortgagor covenants that he and his heirs, assigns, and personal representatives shall not do anything to encumber, burden, or otherwise affect the premises or any part thereof, and 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 the passage of time, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES

- To pay all debts and mortgages secured hereby;
- Not to permit the buildings on the premises to be removed or dismantled; and to permit the removal or dismantling of any buildings or improvements now or hereafter existing on the premises in good repair; to complete all construction within a reasonable time in accordance with any agreement between the parties hereto;
- Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
- Not to permit the use of the premises for any objectionable or unlawful purpose;
- Not to permit any tax, assessment, lien, or encumbrance to exist at any time;
- Mortgagee is authorized to place a lien on the property covered by the mortgage and add same to the principal, each of the advances to bear interest as provided in the note;
- To keep all buildings (including company or equipment and its policies) with occupancy showing insurance shall be kept in force by the mortgagor in case of foreclosure until the period of redemption expires;

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8. 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.

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

10. To promptly notify 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 by it during 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 for the mortgage shall constitute a breach of the mortgage and shall cause the entire indebtedness at the time of the mortgage to become immediately due and payable without notice and this mortgage subject to foreclosure.

The failure of the mortgagee to exercise any of the 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 or agreement herein, the mortgagee shall have the right to enter the premises, take possession, collect the rents, issues and profits and to sue for the 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 hereto.

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 422.010 to 422.110 and any subsequent amendments thereto and to all rules and regulations which have been issued or may hereafter be issued by the Oregon Department of Veterans' Affairs pursuant to the provisions of ORS 407.020.

WORDS: The masculine shall be deemed to include the feminine, and the singular the plural where such connotations are applicable herein.

The mobile home described on the face of this document is a portion of the property secured by this Note & Mortgage.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 13th day of September, 19 78

David G. Duffitt
David G. Duffitt

Julia A. Duffitt
Julia A. Duffitt

ACKNOWLEDGMENT

STATE OF OREGON,

County of Klamath

Before me, a Notary Public, personally appeared the within named David G. Duffitt and

Julia A. Duffitt, her wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

WITNESS my hand and official seal this 13th day and year last where written.

[Signature]
Notary Public for Oregon

My Commission expires 4-5-82

MORTGAGE

LH96775

FROM

TO Department of Veterans' Affairs

STATE OF OREGON,

County of Klamath

Firstly that the within was received and duly recorded by me to Klamath County Records, Book of Mortgages,

No. N73 Page 20367, on the 14th day of September, 1978 WM. D. MILNE Klamath County Clerk

By Bernard Schleich Deputy.

Dated September 14, 1978 at o'clock 3:51 P.M.

Klamath Falls, Oregon
County Klamath

By Bernard Schleich Deputy.

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

Fee \$6.00