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THIS MORTGAGE, Made this _____ day of _____, 19____,
by John R. Charlton and Alexes R. Charlton _____
to Cloyce E. Barnes and Sue B. Barnes _____
Mortgagor,
Mortgagee,

WITNESSETH, That said mortgagor, in consideration of _____ Dollars, to him paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

MORTGAGE

SECOND

SEE ATTACHED

79 MAR 15 PM 2-04

\$16,904.52 _____, March 15 _____, 19 79

I (or if more than one maker) we, jointly and severally, promise to pay to the order of Cloyce E. Barnes & Sue B. Barnes at _____ DOLLARS.
Sixteen Thousand Nine Hundred Four Dollars and 52/100 _____
with interest thereon at the rate of 10 1/2 percent per annum from March 15, 1979 until paid, payable in installments, at the dates and in amounts as follows: one payment in the amount of \$3,000 due April 1, 1979, and thereafter, beginning April 1, 1979, payments in the amount of \$204.16 per month due and payable on the first of each month until said balance is paid in full.

balloon payments, if any, will not be refinanced; interest shall be paid monthly and xxxxxxx is included in the payments above required, which shall continue until this note, principal and interest, is fully paid; if any of said installments is not paid, all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney's fees and collection costs of the holder hereof, and if suit or action is filed hereon, also promise to pay (1) holder's reasonable attorney's fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney's fees in the appellate court.

FORM No. 168—INSTALLMENT NOTE (in odd amounts).

SN Stevens-Ness Law Publishing Co., Portland, Ore.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(a)* primarily for mortgagor's personal, family, household or agricultural purposes (see Important Notice below),
(b) for an organization, (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

This mortgage is inferior, secondary and made subject to a prior Trust Deed mortgage on the above described real estate made by John R. Charlton and Alexis R. Charlton

to D. L. Hoots, Trustee _____ dated March 9, _____
19 79, and recorded in the mortgage records of the above named county in book M-79 _____, at page 5605 _____ thereof, or as file number _____, reel number _____ (indicate which). reference to said mortgage records hereby being made; the said first mortgage was given to secure a note for the principal sum of \$ 38,100.00 _____; the unpaid principal balance thereof on the date of the execution of this instrument is \$ 38,100 _____ and no more; interest thereon is paid to _____, 19____; said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "first mortgage".

The mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said premises; that the same are free from all encumbrances except said first mortgage and further except _____

and that he will warrant and forever defend the same against all persons; further, that he will do and perform all things required of him and pay all obligations due or to become due under the terms of said first mortgage as well as the note secured hereby, principal and interest, according to the terms thereof; that while any part of the note secured hereby remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note secured hereby, when due and payable and before the same become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire

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and such other hazards as the mortgagee may from time to time require, in an amount not less than \$ _____ in a company or companies acceptable to the mortgagee herein; with loss payable, first to the holder of the said first mortgage; second, to the mortgagee named herein and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the holder of the said first mortgage as soon as insured and a certificate of insurance executed by the company in which said insurance is written, showing the amount of said coverage, shall be delivered to the mortgagee named in this instrument. Now if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies as aforesaid at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; that the mortgagor will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. In the event any personal property is part of the security for this mortgage, then at the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in mortgage satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

Now, therefore, if said mortgagor shall keep and perform the covenants herein contained and shall pay all obligations secured by said first mortgage as well as the note secured hereby according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payments of the note secured hereby; it being agreed that a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, or fail to do or perform anything required of him by said first mortgage, the mortgagee herein, at his option, shall have the right to make such payments and to do and perform the acts required of the mortgagor under said first mortgage; and any payment so made, together with the cost of such performance shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as the note secured hereby without waiver, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all reasonable costs incurred by the mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators and assigns of said mortgagor and of said mortgagee respectively.

In case suit or action is commenced to foreclose this mortgage, the Court may, upon motion of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.

In construing this mortgage, it is understood that the mortgagor or mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

John R. Charlton
Walter R. Charlton

*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable. If warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1306 or similar.

STATE OF OREGON,

County of Klamath } ss.

BE IT REMEMBERED, That on this 15th day of March, 1979, before me, the undersigned a notary public in and for said county and state, personally appeared the within named John R. Charlton & Walter R. Charlton known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

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

Notary Seal
 Notary Public for Oregon.
 My Commission expires 7-18-82

SECOND MORTGAGE

(FORM No. 925)
 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

Charlton

TO Barnes

AFTER RECORDING RETURN TO
John R. Charlton
2451 Lindley Way
Klamath Falls, Or
97601

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book _____ on page _____ or as file/reel number _____ Record of Mortgages of said County. Witness my hand and seal of County affixed.

By _____ Title.
 Deputy

A tract of land situated in the W 1/2 NE 1/4 NW 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a 1/2 inch iron pin on the Southerly right of way line of Hilyard Avenue, said pin being North 89° 06' 00" West 908.60 feet and South 00° 05' 16" East 30.00 feet from a 5/8 inch iron pin at the centerline intersection of said Hilyard Avenue and Altamont Drive, marking the N 1/4 corner of said Section 10, thence South 00° 05' 16" East 591.88 feet; thence North 89° 06' 00" West 358.67 feet to the easterly right of way line of the Burlington Northern Railroad; thence along the said railroad right of way, North 00° 15' 50" West 274.26 feet, and along the arc of a curve to the left (radius = 813.94 feet, central angle = 12° 16' 10") 174.30 feet, and along the arc of a curve (reverse) to the right (radius = 713.94 feet, central angle = 11° 45' 03") 146.42 feet to the Southerly right of way line of Hilyard Avenue; thence South 89° 06' 00" East, 393.66 feet to the point of beginning. With bearings based on survey No. 2020, as recorded in the Klamath County Surveyor's office.

EXCEPT THEREFROM the Easterly 293 feet thereof

SUBJECT TO:

1. Regulations, including levies, liens and utility assessments of the City of Klamath Falls.
2. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals of Klamath Irrigation District.
3. Regulations, including levies, liens, assessments, rights of way and easements of the South Suburban Sanitary District.
4. Reservations for construction and maintenance of ditches, canals and pipeline across premises including the terms and provisions thereof, as set forth in Deed from Western Cities Company to Fred Duke, et ux, recorded October 9, 1953, in Deed Volume 263 at page 432, Deed Records of Klamath County, Oregon.
5. An easement created by instrument, including the terms and provisions thereof,
 Dated : May 23, 1958 Book: 299 Page: 516
 In favor of : South Suburban Sanitary District of Klamath Falls
 For : Easement for sewer line, along N boundary

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 15th day of March A.D., 19 79 at 2:04 o'clock P M., and duly recorded in Vol. M79 of Mortgages on Page 5907.

FEE \$9.00

WM. D. MILNE, County Clerk

By Bernard J. J. J. Deputy