

1. To pay all debts and moneys secured hereby;
2. Not to permit the buildings to become vacant or unoccupied; not to permit the removal or demolition of any buildings or improvements now or heretofore 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 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 the note;
7. To keep all buildings unceasingly insured during the term of the mortgage, against loss by fire and such other hazards in such company or companies and in such an amount 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 mortgagor in case of foreclosure until the period of redemption expires;

6. 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 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 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 407.010 to 407.020 and any 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.

WORDS: 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 24 day of September, 1979

*David V. Gardner* (Seal)  
DAVID V. GARDNER

*Mary Gardner* (Seal)  
MARY GARDNER

**ACKNOWLEDGMENT**  
STATE OF OREGON, } ss.  
County of KLAMATH

Before me, a Notary Public, personally appeared the within named DAVID V. GARDNER AND MARY GARDNER, his wife, and acknowledged the foregoing instrument to be THEIR voluntary act and deed.

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

*Donna K. Rick*  
DONNA K. RICK  
NOTARY PUBLIC - State of Oregon  
My Commission Expires 11/1/83

My Commission expires \_\_\_\_\_

**MORTGAGE**

L. P21462

FROM \_\_\_\_\_ TO Department of Veterans' Affairs

STATE OF OREGON, } ss.  
County of Klamath

I certify that the within was received and duly recorded by me in Klamath County Records, Book of Mortgages, No. M79 Page 23687 on the 5th day of October, 1979 M. D. MILNE Klamath County Clerk

By *Bernetha J. Hetch* Deputy  
October 5, 1979 at 3:41 P.M.  
Filed Klamath Falls, Oregon  
County Klamath By *Bernetha J. Hetch* Deputy

After recording return to:  
DEPARTMENT OF VETERANS' AFFAIRS  
General Services Building  
Salem, Oregon 97310  
Form L-4 (Rev. 5-71)

Fee \$7.00  
NOTE AND MORTGAGE