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NOTE AND MORTGAGE

THIS MORTGAGE, made this 27th day of NOVEMBER, 1979, between Hammond and Doke, Inc., an Oregon Corporation, as mortgagor, and the State of Oregon, represented and acting by the Director, the Department of Water Resources, pursuant to Chapter 246, Oregon Laws 1977, as mortgagee,

WITNESSETH, that the said mortgagor for and in consideration of the sum of Sixty-Five Thousand Dollars (\$65,000) to him paid by the said mortgagee, does hereby grant, bargain, sell and convey unto the said mortgagee, successors and assigns those certain premises situated in the County of Klamath, and the State of Oregon, and described as follows:

W $\frac{1}{2}$, Section 24; N $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 25, All in Township 36 South, Range 14 East of the Willamette Meridian.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom and any and all fixtures upon said premises at the time of the execution of this mortgage or at any time during the term of this mortgage;

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his successors and assigns forever.

THIS CONVEYANCE is intended as a mortgage to secure the payment of the sum of Sixty-Five Thousand Dollars (\$65,000) in accordance with the terms of that certain promissory note, as follows:

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I promise to pay to the STATE OF OREGON Sixty-Five Thousand Dollars (\$65,000), with interest from November 1, 1979, at the rate of six and 75/100 percent (6.75 %) per annum, principal and interest to be paid in lawful money of the United States at the office of the Executive Director of the State of Oregon, Salem, Oregon, as follows:

\$ 6,447.00 on or before the 1st day of September, 1980 and \$ 6,447.00 on each September 1st thereafter, and continuing until the full amount of the principal and interest 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 the 1st day of September, 1999.

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 from the 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, on the 27th day of November, 19 79.

Hammond and Doke, Inc., an Oregon Corporation

James B. Doke
President

Elaine Doke
Secretary

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit: September 1, 1999.

This indenture is further conditioned upon the faithful observance by the mortgagor of the following covenants hereby expressly entered into by the mortgagor, to-wit:

That mortgagor is lawfully seized of said premises, and now has a valid and unincumbered fee simple title thereto, (see Attachment A) and that he will warrant and defend the same against the claims and demands of all persons whomsoever;

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That he will pay the said promissory note and all installments of interest thereon promptly as the same become due, according to the tenor of said note;

That so long as this mortgage shall remain in force he will pay all taxes, assessments, and other charges of every nature which may be levied or assessed upon or against the said premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes which may be levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other incumbrances that might by operation of law or otherwise become a lien upon the mortgaged premises superior to the lien of this mortgage;

That he will keep all the improvements erected on said premises in good order and repair and will not commit or suffer any waste of the premises hereby mortgaged.

That so long as this mortgage shall remain in force he will keep the buildings now erected, or any which may hereafter be erected on said premises insured against loss or damage by fire, with extended coverage, to the extent of the original principal sum of the note secured by this obligation in some company or companies acceptable to said mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver evidence of such policies and renewals thereof to said mortgagee.

NOW, THEREFORE, if the said mortgagor shall pay said promissory note and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise to remain in full force and virtue as a mortgage to secure the payment of said promissory note in accordance with the terms thereof and the performance of the covenants and agreements herein contained; it being agreed that any failure to make any of the payments provided for in said note or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on said note, or unpaid thereon or on this mortgage, at once due and payable and this mortgage by reason thereof may be foreclosed at any time there-after. And if the said mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same and any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at a rate equal to the rate stated in the original note secured by this mortgage, without waiver, however, of any right arising from breach of any of the covenants herein.

In case of complaint is filed in a suit brought to foreclose this mortgage, the court shall, upon motion of the

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holder of the mortgage, without respect to the condition of the property herein described, appoint a receiver to collect the rents and profits arising out of said premises, and apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership.

In the event of any suit or action instituted to foreclose this mortgage, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in such suit or action and in the event of any appeal, the losing party agrees to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal; in any event the mort-gagor agrees to pay all reasonable costs incurred by the mort-gagee for title reports and title search, all statutory costs and disbursements, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

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 shall be taken to mean and include the plural, the masculine pronoun shall mean 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.

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IN WITNESS WHEREOF, the mortgagor has executed this instrument this 27 day of November, 1979; if a corporate mortgagor, it has caused its name to be signed and seal affixed by its officers, duly authorized thereto by order of its board of directors.

Hammond and Doke, Inc., an Oregon Corporation

Larry E. Doke
President

Elaine Doke
Secretary

STATE OF OREGON)
) ss:
County of Klamath)

Dated this 27th day of November, 1979.

Personally appeared Larry E. Doke
AND Elaine Doke who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of Hammond and Doke, Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:

(SEAL)

[Signature]
Notary Public for Oregon
My Commission Expires: 8-5-83

RECORDING INFORMATION

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.

Recording Officer

By _____ (Deputy)

MORTGAGE

Hammond and Doke, Inc., an
Oregon Corporation

TO

State of Oregon, acting by
Director, Water Resources
Department

AFTER RECORDING RETURN TO:

Director, Water Resources
Department
WATER DEVELOPMENT LOAN FUND
555 13th Street NE
Salem, OR 97310

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HAMMOND AND DOKE, INC.,
an Oregon Corporation

WDLF No. B-4

ATTACHMENT A

1. Rights of the Federal Government, the State of Oregon, and the general public in any portion of the herein described premises lying below the high water line of Sprague River.
2. Right of the public in and to any portion of the herein described property lying within the boundaries of public roads or highways, ditches, canals or utility easements.
3. Right of way for roadway, including the terms and provisions thereof, given by W. R. Campbell to the Secretary of Agriculture of the United States Department of Agriculture for and in behalf of the United States of America dated April 18, 1940, recorded November 28, 1942, in Volume 151 page 333, Deed Records of Klamath County, Oregon. Affects Section 24 Twp. 36 S., R. 14 E.W.M.
4. Right of way for transmission line, including the terms and provisions thereof, given by Henry C. Gerber and Mariam W. Gerber, his wife, to the California Oregon Power Company, a California Corporation, dated October 10, 1946, recorded November 22, 1946, in Volume 199, page 53, Deed Records of Klamath County, Oregon. Affects NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 25 Twp. 36 S., R. 14 E.W.M.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Subscribed for record at request of Klamath County Title Co.

This 17th day of December A. D. 1979 at 11:35 clock A. M., and

duly recorded in Vol. 179, of Mortgages on Page 28860

Wm D. MILNE, County Clerk

By Santha H. Smith

Fee \$21.00