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NOTE AND MORTGAGE

THE MORTGAGOR,

Samuel W. Prescott and Beverly Gale Prescott, aka Beverly G. Prescott

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

PARCEL 1:

The West 435 feet of the NW 1/4 of Section 36 Township 40 South, Range 11 East of the Willamette Meridian.

PARCEL 2:

All of the NE 1/4 and that portion of the W 1/2 lying North and above the Shasta View Low Line Canal, all in Section 5, Township 41 South, Range 12 East of the Willamette Meridian, and also

All that part of the E 1/2 of Section 5, Township 41 South, Range 12 East of the Willamette Meridian lying Northerly of and from the North boundary line of the line of right-of-way of lowland ditch of Shasta View Irrigation District;

LESS: Beginning at a point at the intersection of the South line of the County Road and the East line of the SW 1/4 of Section 5, which point is approximately 30 feet South of the center of Section 5, and extending Westerly 10 feet to the center of the road along the East line of the SW 1/4 of Section 5; thence South 0°15' West 167.6 feet to the true point of beginning; thence from the true point of beginning South 0°15' West 195.5 feet along the center of the said road; thence South 48°06' West 367.3 feet along the center of said road; thence South 20°11' West 214.5 feet along the center of the said road; thence North 66°25' West 293.2 feet along the center line of the said road; thence North 25°53' East 592.5 feet, thence South 88°51' East 358.2 feet to the true point of beginning;

ALSO LESS: Beginning at a point 30 feet East and 30 feet South of the quarter section corner on the West line of Section 5 and running thence South 0°15' East along the East line of the Poe Valley Road 513.2 feet to the North line of the Shasta View Irrigation District Ditch thence South 81°41' East 506.0 feet to a point on the North line of the Shasta View Irrigation District Ditch; thence North 0°42' West 591.3 feet to a point on the South line of the County Road; thence South 89°40' West 495.2 feet to the point of beginning.

EXCEPTING the following: Beginning at a point being that certain point of intersection of the centerline of Transformer Road with the East line of Section 5; thence South 91 yards to a point; thence West 39 yards to a point; thence North 91 yards to the Center of Transformer Road; thence East 89 yards to the point of beginning, being a portion of the NE 1/4 of Section 5, Township 41 South, Range 12 East of the Willamette Meridian.

Beverly Gale Prescott

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

This mortgage is given in conjunction with and supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated April 13, 1970, and recorded in vol. 780, page 2859, Mortgage Records for Klamath County, Oregon, which was given to secure the payment of a note in the amount of \$53,950.00, and this mortgage is also given as security for an additional advance in the amount of \$42,210.00, together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness.

The mortgagor covenants that he owns the premises in fee simple, has good right to mortgage same, that the premises are free from encumbrance, 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 foreclosure, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES:

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 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 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 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;

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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, fuel storage receptacles; plumbing, ventilating, water and irrigating systems; screens, doors; window shades and blinds, shutters; cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, electric sinks, air conditioners, refrigerators, freezers, dishwashers; and all fixtures now or hereafter installed in or on the premises; and any shrubbery, flora, or timber now growing or hereafter planted or growing thereon; and any replacements of any one or more of the foregoing items, in whole or in part, all of which are hereby declared to be appurtenant to the land, and all of the rents, issues, and profits of the mortgaged property;

to secure the payment of Forty Two Thousand Two Hundred Ten and no/100 Dollars (\$42,210.00---), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Fifty Thousand Three Hundred Thirty Four and 84/100 Dollars (\$50,334.84), evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:

Forty Two Thousand Two Hundred Ten and no/100 Dollars (\$42,210.00---), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum, Fifty Thousand Three Hundred Thirty Four and 84/100 Dollars (\$50,334.84---), with interest from the date of initial disbursement by the State of Oregon, at the rate of 4.0 percent per annum, interest from the date of initial disbursement by the State of Oregon, at the rate of --- percent per annum, until such time as a different interest rate is established pursuant to ORS 407.072,

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: \$ 5,350.00 on or before July 15, 1979 and \$ 5,350.00 each July 15th thereafter, plus

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, such payments to be applied first as interest on the unpaid principal, the remainder on the principal.

The due date of the last payment shall be on or before July 15, 2018. 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 as prescribed by ORS 407.070 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

July 10, 1978

Samuel W. Prescott

Beverly Gale Prescott

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

This mortgage is given in conjunction with and supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated April 13, 1970, and recorded in vol 888, page 2859, Mortgage Records for Klamath County, Oregon, which was given to secure the payment of a note in the amount of \$ 53,950.00, and this mortgage is also given as security for an additional advance in the amount of \$ 42,210.00, together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness.

The mortgagor covenants that he owns the premises in fee simple, has good right to mortgage same, that the premises are free from encumbrance, 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 foreclosure, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES:

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 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 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;

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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 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 407.210 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.

This mortgage is being rerecorded because of an error in the legal description,
This is one and the same mortgage as filed for recording, dated July 10, 1978
and recorded July 10, 1978 in Volume M78 Page 14741, Mortgage records of Klamath
County, Oregon.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 10 day of July, 1978.

Samuel W. Prescott (Seal)
Samuel W. Prescott
Beverly Gale Prescott (Seal)
Beverly Gale Prescott (Seal)

ACKNOWLEDGMENT

STATE OF OREGON,

County of Klamath ss.

Before me, a Notary Public, personally appeared the within named Samuel W. Prescott and Beverly Gale

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

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

My Commission expires 8-5-79

MORTGAGE

FROM _____ TO Department of Veterans' Affairs

L- M90050

STATE OF OREGON,

County of Klamath ss.

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

No. M78 Page 14741 on the 10th day of July, 1978 Wm. D. Milne Klamath County Clerk

By Bernadette A. Ketsch, Deputy.

Filed July 10, 1978 at 3:31 P M.

County Klamath

By Bernadette A. Ketsch Deputy
Fee \$9.00

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

