

K-33271  
84657

NOTE AND MORTGAGE

THE MORTGAGOR, EARL E. McGAUGHEY and VIRGINIA McGAUGHEY,

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 10 in Block 14 of Dixon Addition to the City of Klamath Falls, Oregon, according to the duly recorded plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with a one-half interest in the Hot Water well located on Lot 9, Block 14 of Dixon Addition to the City of Klamath Falls, Oregon.

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 Fifty Three Thousand and no/100 Dollars

(\$53,000.00), and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Fifty Three Thousand and no/100 Dollars (\$53,000.00), 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 407.072, 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:

\$ 315.00 on or before October 15, 1980 and \$315.00 on the 15th of every month thereafter, plus one-twelfth of 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 balance, the remainder on the principal.

The due date of the last payment shall be on or before September 15, 2010

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 May 22, 1980

Earl E. McGaughey  
Virginia McGaughey

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

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;

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 herein shall constitute a breach of the mortgage and shall render the same immediately due and payable by the mortgagor without demand.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 22nd day of May 1980

Earl E. McGaughey (Seal)

Virginia R McLaughley (Seal)  
Virginia McGaughey (Seal)

## ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath ss.

Before me, a Notary Public, personally appeared the within named Earl E. McGaughey and Virginia McGaughey, 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.

My Commission expires 7/19/82

## MORTGAGE

FROM ..... TO Department of Veterans' Affairs I- P39693

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. M80 Page 9395 on the 22nd day of May, 1980 WM. D. MILNE Klamath County Clerk

By Gertrude Hetsch, Deputy

Filed May 22, 1980 at o'clock 1:55 P.M.  
Klmath Falls, Oregon

County ..... Klamath

By Sarnetha G. Hetch  
Fee \$7.00, Deputy

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