

THE MORTGAGOR, GARRET DEAN HILYARD and BETTY JEAN HILYARD, as

tenants by the entirety,

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

A parcel of land situate in the SW $\frac{1}{4}$  of Section 7, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the intersection of a line 30 feet North of the South line of Section 7, said Township and Range, with the East right of way line of the Enterprise Irrigation Canal; thence Northwesterly, Northerly and Northeasterly along said Enterprise Irrigation Canal right of way line to its intersection with the South right of way line of the Oregon California and Eastern Railway right of way; thence Southeasterly along said railway right of way to the East line of said SW $\frac{1}{4}$  of Section 7; thence South along the East line of said SW $\frac{1}{4}$  to a point 30 feet North of the South line of said Section 7; thence running West on a line parallel to and 30 feet North of the South line of Section 7 to the point of beginning.

ALSO a portion of SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, Township 39 South, Range 10 East of the Willamette Meridian, more particularly described as follows:

Commencing at the Southwest corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 7, Township 39 South, Range 10 East of the Willamette Meridian; thence East on the Section line 767.8 feet; thence North and parallel with West line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ , 577.4 feet, more or less, to the intersection with the South line of the right of way of the O.C. & E. Railway Company; thence Northwesterly following the said South line of the right of way of the O.C. & E. Railway Company, to its intersection with the West line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ ; thence South on the West line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ ; 908 feet, more or less, to the point of beginning.

PARCEL 2

A parcel of land situate in the NW $\frac{1}{4}$  of Section 19, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southwest corner of the NW $\frac{1}{4}$  of Section 19, said Township and Range; thence North along the Section line to the Northwest corner of Section 19; thence East to the United States Government Irrigation "A" Canal; thence Southeasterly along said canal to the East line of said NW $\frac{1}{4}$ ; thence South along the East line of the NW $\frac{1}{4}$  to the Southeast corner of said NW $\frac{1}{4}$ ; thence West to the place of beginning.

EXCEPTING AND RESERVING THEREFROM a parcel of land in the Southwest corner of said premises as described in Deed Volume 129 at page 359,

ALSO EXCEPTING THEREFROM those portions lying within the limits of the Klamath Falls-Merrill Highway and the Crystal Springs Road.  
AND ALSO EXCEPTING THEREFROM those parcels recorded in Book 100 at page 270 and Book 136 at page 149, Klamath County Deed Records.

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;

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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 Ninety Seven Thousand One Hundred and no/100 Dollars

(\$97,100.00), and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Ninety Seven Thousand One Hundred and no/100 Dollars (\$97,100.00), 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:

\$ 6,373.00 on or before July 1, 1981 and \$6,373.00 on the 1st of every July 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 balance, the remainder on the principal.

The due date of the last payment shall be on or before July 1, 2020

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, June 18, 1980

*Don't Beartley*  
*Betty Jean Hilgert*

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;

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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.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 18 day of June, 1980

*Garret Dean Hilyard* (Seal)  
*Betty Dean Hilyard* (Seal)

## ACKNOWLEDGMENT

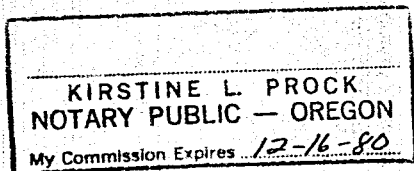
STATE OF OREGON,

County of Klamath

Before me, a Notary Public, personally appeared the within named GARRET DEAN HILYARD and BETTY

JEAN HILYARD, 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.



*Kirstine L. Prock*  
 Notary Public for Oregon

My Commission expires 12/16/80

## MORTGAGE

P40186

FROM TO Department of Veterans' Affairs

STATE OF OREGON,

County of Klamath

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

Page 12299 on the 3rd day of July, 1980 WM. D. MILNE Klamath County Clerk

By Bernetha W. Hetch, Deputy.

Filed July 3, 1980 at o'clock 10:49A

Klamath Falls, Oregon

County Klamath

By Bernetha W. Hetch, Deputy.

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

Fee \$10.50