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THIRD MORTGAGE

THIS MORTGAGE, made this 25 day of August, 1980, by ALAN E. GREAVES and IRIS R. GREAVES, husband and wife, Mortgagors, to WARREN L. RUSSELL and DIANE L. RUSSELL, husband and wife, Mortgagees,

W I T N E S S E T H:

That said Mortgagors, in consideration of Twenty-Five Thousand and no/100----Dollars (\$25,000.00), to them paid by said Mortgagees, do hereby grant, bargain, sell and convey unto said Mortgagees, their heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

PARCEL I:

Beginning at the Northwest corner of Section 19, Township 38 South, Range 11 E.W.M.; thence Easterly along the right of way of Klamath County Road known as Wu Road for a distance of approximately 328 feet; thence South for a distance of 300 feet; thence West a distance of 328 feet; thence North along the West section line of Section 19 a distance of 300 feet to the point of beginning.

PARCEL II:

The E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 24, Township 38 South, Range 11 $\frac{1}{2}$ E.W.M.

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 Mortgagees, their heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of a promissory note, of which the following is a substantial copy:

\$ 25,000.00
 Sixty-one (61) days after date, I (or if more than one maker) we jointly and severally promise to pay to the order of Warren L. Russell and Diane L. Russell or the survivor at Klamath Falls, Oregon Twenty-five thousand and no/100----- (\$25,000.00) -----DOLLARS, with interest thereon at the rate of 12 % per annum from August 25, 1980 until paid; interest to be paid at maturity and if not so paid, all principal and interest, at the option of the holder of this note, to become immediately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

/s/ Alan E. Greaves
 Alan E. Greaves
 /s/ Iris R. Greaves
 Iris R. Greaves

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: October 25, 1980.

THIRD MORTGAGE (1)

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The Mortgagors warrant that the proceeds of the loan represented by the above-described note and this mortgage are primarily for Mortgagors' personal, family, household or agricultural purposes.

This mortgage is inferior, and made subject to a prior mortgage on the above-described real estate made by Warren L. Russell and Diane L. Russell, husband and wife, to The State of Oregon, represented and acting by the Director of the Veterans Affairs, dated April 4, 1979, and recorded in the Mortgage Records of Klamath County, Oregon in Book M79, page 7781, reference to said mortgage records hereby being made; the said first mortgage was given to secure a note for the principal sum of \$150,000.00; the unpaid principal balance thereof on the date of the execution of this instrument is \$ 149,082.57, and no more; interest therein is paid to 4/16/80, 1980; said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "first mortgage".

In addition to the above-referenced "first mortgage", this mortgage is inferior, and made subject to a prior mortgage on the above-described real estate made by Warren L. Russell and Diane L. Russell, husband and wife, to Fort Bidwell Cattle Production Company, a corporation, dated April 5, 1979, and recorded in the Mortgage Records of Klamath County, Oregon in Book M79, page 7783, reference to said mortgage records hereby being made; the said second mortgage was given to secure a note for the principal sum of \$15,000.00; the unpaid principal balance thereof on the date of the execution of this instrument is \$ 13,591.98, and no more; interest thereon is paid to May 2, 1980; said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "second mortgage".

The Mortgagors covenant to and with the Mortgagees, their heirs, executors, administrators and assigns, that they are lawfully seized in fee simple of said premises and that the same are free from all encumbrances, except said first and second mortgages and further except all reservations, rights of way of record, liens, assessments, and easements, and that they will warrant and forever defend the same against all persons; further, that they will do and perform all things required of them and pay all obligations due or to become due under the terms of said first and second mortgages as well as the note secured hereby, principal and interest, according to the terms thereof; that while any part of the note secured hereby remains unpaid they will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note secured hereby, when due and payable and before the same become delinquent; that they will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that they will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire and such other hazards as the Mortgagees may from time to time require, in an amount not less than the insurable value in a company or companies acceptable to the Mortgagees herein, with loss payable first to the holder of the said first mortgage, then to the holder of the second mortgage, then to the Mortgagees named herein and then to the Mortgagors named herein as their respective interests may appear; all policies of insurance shall be delivered to the holder of the said first mortgage as soon as insured and a certificate of insurance executed by the company in which said insurance is written, showing the amount of said coverage, shall be delivered to the Mortgagees named in this instrument. Now if the Mortgagors shall fail for any reason to procure any such insurance and to deliver said policies as aforesaid at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed

on said buildings, the Mortgagees may procure the same at Mortgagors' expense; that the Mortgagors will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. In the event any personal property is part of the security for this mortgage, then at the request of the Mortgagees the Mortgagors shall join with the Mortgagees in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to this mortgage, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the Mortgagees.

Now, therefore, if said Mortgagors shall keep and perform the covenants herein contained and shall pay all obligations secured by said first and second mortgages, as well as the note secured hereby according to its terms, this conveyance shall be void, but otherwise shall remain in full force and effect as a mortgage to secure the performance of all of said covenants and the payments of the note secured hereby; it being agreed that a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the Mortgagees shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the Mortgagors shall fail to pay any taxes or charges or any lien, encumbrances or insurance premium as above provided for, or fail to do or perform anything required of them by said first and second mortgages, the Mortgagees herein, at their option, shall have the right to make such payments and to do and perform the acts required of the Mortgagors under said first and second mortgages; and any payment so made, together with the cost of such performance shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as the note secured hereby without waiver, however, of any right arising to the Mortgagees for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the Mortgagees at any time while the Mortgagors neglect to repay any sums so paid by the Mortgagees. In the event of any suit or action being instituted to foreclose this mortgage, the Mortgagors agree to pay all reasonable costs incurred by the Mortgagees for title reports and title searches, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, Mortgagors further promise to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators and assigns of said Mortgagors and of said Mortgagees respectively.

In case suit or action is commenced to foreclose this mortgage, the court may, upon motion of the Mortgagees, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.

In construing this mortgage, it is understood that the Mortgagors or Mortgagees may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, 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, said Mortgagors have hereunto set their hands the day and year first above written.

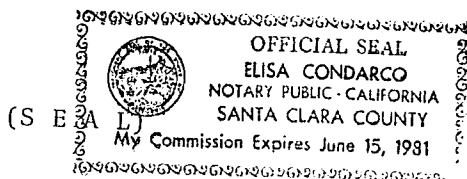
Alan E. Greaves
Alan E. Greaves

Iris R. Greaves
Iris R. Greaves

STATE OF California)
County of Santa Clara) ss.

BE IT REMEMBERED, That on this 22ND day of August, 1980, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named ALAN E. GREAVES and IRIS R. GREAVES, husband and wife, known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Elisa Condarco
Notary Public for California
My Commission Expires: 6-15-81

Alan E. Greaves
Iris R. Greaves

TO

Warren L. Russell
Diane L. Russell

AFTER RECORDING RETURN TO:

KTCO
3389

THIRD MORTGAGE (4)

STATE OF OREGON)
County of Klamath) ss.

I certify that the within instrument was received for record on the 25th day of August, 1980, at 11:50 o'clock A .m., and recorded on Book 1130, page 16015, Record of Mortgages of said county.

Witness my hand and seal of county affixed.

WILLIAM D. MILNE, Clerk

By: Berntha L. Litch

Fee \$14.00