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NOTE AND MORTGAGE

THE MORTGAGOR, ROBERT E. NEESER

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 5, Block 10, TRACT NO. 1064, FIRST ADDITION TO GATEWOOD, in the County of Klamath, State of Oregon.

together with the tenements, heriditaments, rights, privileges, and appurtenances including roads and easements used in connection with the premises; electric wiring and fixtures; furnace and heating system, water heater, fuel storage receptacles; plumbing, ventilating, water and irrigating systems, pumps, electrical service panels; 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 hereon; 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 Seventeen thousand five hundred nineteen and no/100----------- Dollars ($17,519.00----), and interest thereon, and as additional security for an existing obligation upon which there is a balance owing of Forty thousand four hundred eighty-one and 28/100---------- Dollars ($40,481.28), evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:

Seventeen thousand five hundred nineteen and no/100---- Dollars ($17,519.00---), with interest from the date of initial disbursement by the State of Oregon, at the rate of 10.5---------------- percent per annum,

Forty thousand four hundred eighty-one and 28/100------ Dollars ($40,481.28---), with interest from the date of initial disbursement by the State of Oregon, at the rate of 6.2------------------ percent per annum,

-- Dollars ($------------), with interest from the date of initial disbursement by the State of Oregon, at the rate of ------------------ percent per annum,

-- Dollars ($------------), with 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: $427.00------ on or before September 15, 1983------------------------------ and $427.00 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 principal, the remainder on the principal.

The due date of the last payment shall be on or before May 15, 2009------------------------------

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

Robert E. Neeser
ROBERT E. NEESER

August 18, 1983

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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 to the State of Oregon, dated April 10, 1979, and recorded in Book M79 page 7908 Mortgage Records for KLAMATH County, Oregon, which was given to secure the payment of a note in the amount of $42,500.00------------

and this mortgage is also given as security for an additional advance in the amount of $17,519.00--, 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. To allow the Representatives of the Director of Veterans' Affairs of Oregon to make reasonable inspection of the premises during the life of the loan;
3. Not to permit the buildings to become vacant or unoccupied; not to permit the removal or demolishment 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;
4. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
5. Not to permit the use of the premises for any objectionable or unlawful purpose;
6. Not to permit any tax, assessment, lien, or encumbrance to exist at any time; if mortgagee is required to defend against a lawsuit to foreclose a lien or encumbrance, mortgagee may add any attorney fees or costs incurred to the principal, to bear interest as provided in the note; if mortgagee pays any liens, taxes, assessments or other encumbrances, such payments may also be added to the principal, to bear interest as provided in the note;
7. 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;
8. 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. [illegible]
9. [illegible] for any security voluntarily released, same to be [illegible]
10. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee;
11. The borrower must obtain prior written consent from the Director to transfer ownership or possession of property that is security for a loan obtained from the Department of Veterans' Affairs. [illegible] mortgagee in writing of a transfer of ownership of the premises or any interest in same, and furnish a copy of the instrument of transfer. [illegible] 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 August, 19 83

Robert E. Neeser
ROBERT E. NEESER (Seal)

(Seal)

(Seal)

ACKNOWLEDGMENT

STATE OF OREGON,
County of Klamath } ss.

Before me, a Notary Public, personally appeared the within named ROBERT E. NEESER, his wife and acknowledged the foregoing instrument to be his voluntary act and deed.

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

Darlene V. Addington
Notary Public for Oregon

My Commission expires 3-22-85

MORTGAGE

FROM TO Department of Veterans' Affairs

P10359
Loan Number

STATE OF OREGON,
County of Klamath } ss.

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

No. M83 Page 13992 on the 19 day of August 1983 Klamath County Clerk

By Sue Lewis, Deputy. Evelyn Biehn

Filed 19 August 1983 at o'clock 2:31 P.M.

County Klamath By Sue Lewis Deputy

8.00

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