

THE MORTGAGOR,

KENNETH W. DARROW AND JANICE L. DARROW,

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:

As described in the attached Exhibit "A" and by reference made a part hereof:

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 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 Eighteen thousand four hundred ninety-nine and no/100----- Dollars

(\$ 18,499.00), and interest thereon, evidenced by the following promissory note:

| | | | |
|---|--------------|--|------------------------|
| I promise to pay to the STATE OF OREGON, | | <u>Eighteen thousand four hundred ninety-nine and no/100-----</u> Dollars (\$ <u>18,499.00</u>), with interest from the date of | |
| initial disbursement by the State of Oregon, at the rate of <u>10.5</u> 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: | | | |
| \$ <u>2,045.00</u> | on or before | <u>September 1, 1984</u> | and \$ <u>2,045.00</u> |
| on the first of each September 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 <u>September 1, 2013</u> | | | |
| 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 <u>Klamath Falls, Oregon</u> | | <u>Kenneth Darrow</u> KENNETH W. DARROW | |
| <u>July 17</u> , 19 <u>84</u> | | <u>Janice L. Darrow</u> JANICE L. DARROW | |

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. 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 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;
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 unconditionally 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;

Legal correct pc

12101

Payment amount correct pc

9. 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;
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. Where such consent is given, borrower must promptly notify 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. Transferee shall pay interest as prescribed by ORS 407.070 on all payments due from the date of transfer;
12. The balance of this loan is immediately due and payable in full upon the second sale or other transfer of all or part of the property securing this loan after July 1, 1983. However, transfer or sale to the original borrower, the surviving spouse, unmarried former spouse, surviving child or stepchild of the original borrower, or to a veteran eligible for a loan under ORS 407.010 to 407.210 and Article XI-A of the Oregon Constitution does not count as a sale or transfer for purposes of the provisions of this paragraph.

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 17th day of July, 1984.

Kenneth W. Darrow (Seal)
KENNETH W. DARROW

Janice L. Darrow (Seal)
JANICE L. DARROW

(Seal)

ACKNOWLEDGMENT

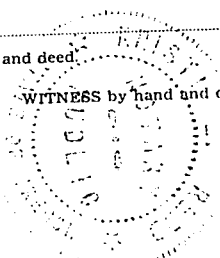
STATE OF OREGON.

County of Klamath } ss.

Before me, a Notary Public, personally appeared the within named KENNETH W. DARROW and JANICE L. DARROW,

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.



Kristi L. Redd
Notary Public for Oregon

My Commission expires 11/18/87

MORTGAGE

P66594

Loan Number

FROM _____ TO Department of Veterans' Affairs

STATE OF OREGON.

County of _____ } ss.

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

No. _____ Page _____, on the _____ day of _____, County _____

By _____, Deputy.

Filed _____ at o'clock _____ M.

County _____ By _____, Deputy.

After recording return to:
DEPARTMENT OF VETERANS' AFFAIRS

155 N.E. Revere

Benú OR 97701

12102

Exhibit A, Page 1
DESCRIPTION

Parcel 1

A piece or parcel of land situated in the Northeast $\frac{1}{4}$ of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Section corner common to Sections 19, 20, 29 and 30, Township 39 South, Range 10 East of the Willamette Meridian, and running thence Westerly along the Northerly boundary of the said Section, 1573.5 feet, more or less, to a point, 1074.2 feet Easterly along the said boundary from the quarter section corner on the Northerly boundary of the said Section 30; thence Southerly 2657.5 feet, more or less, to a point in the Southerly boundary of the said Northeast quarter of the said Section 30 which is 1074.2 feet Easterly along the said boundary line from the Southwesterly corner of the said Northeast quarter; thence Easterly along the said boundary line 1565.2 feet, more or less, to the quarter section corner on the Easterly boundary of said Section 30; thence Northerly along the Easterly boundary of said Section 30, 2656.7 feet, more or less, to the said point of beginning.

EXCEPTING from the above described property a strip of land 30 feet wide along the North side thereof.

ALSO EXCEPTING from the above described property the following described parcel:

Beginning at the quarter corner between Sections 29 and 30 said Township and Range; running thence North 206 feet; thence West 846 feet, more or less to the drain ditch; thence South along the drain ditch 206 feet, to the South line of the Northeast quarter of said Section 30; thence East 846 feet, more or less along said South line of the Northeast quarter to the place of beginning.

ALSO EXCEPTING from the above described parcel, the following described parcel:

Beginning at a point 30 feet South and 30 feet West of the Section corner common to Sections 19, 20, 29 and 30, Township 39 South, Range 10 East of the Willamette Meridian; thence South parallel to the Section line common to Sections 29 and 30, 208.71 feet to a point; thence Westerly at right angles 208.71 feet; thence Northerly at right angles 208.71 feet; thence Easterly at right angles 208.71 feet to the point of beginning.

ALSO EXCEPTING from the above described parcel the following:

A tract of land located in the NE $\frac{1}{4}$ of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin located West a distance of 30.0 feet and South a distance of 170.0 feet from the Section corner common to Sections 19, 20, 29 and 30, Township 39 South, Range 10 East of the Willamette Meridian, said point lying on the West boundary of the County road right of way; thence West a distance of 256.04 feet to an iron pin; thence South a distance of 170.0 feet to an iron pin; thence East a distance of 256.04 feet to an iron pin; thence North along the East boundary of the County Road right of way a distance of 170.0 feet to the point of beginning.

Exhibit A, Page 2

DESCRIPTION

Parcel 2

12103

The following described real property in Klamath County, Oregon:

A tract of land located in the NE $\frac{1}{4}$ of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, and more particularly described as follows:

Beginning at an iron pin located West a distance of 30.0 feet and South a distance of 1268.0 feet from the section corner common to Sections 19, 20, 29 and 30, Township 39 South, Range 10 East of the Willamette Meridian, said point lying on the West boundary of the county road right of way; thence West a distance of 256.24 feet to an iron pin; thence South a distance of 170.0 feet to an iron pin; thence East a distance of 256.24 feet to an iron pin; thence North along the West boundary of the county road right of way a distance of 170.0 feet, more or less, to the point of beginning.

TOGETHER WITH the following described easement:

A 15 foot wide easement for existing water pipe line and maintenance thereof, together with the right to use said 6 foot by 6 foot pumphouse, pump and well described as follows, said pumphouse being located approximately 590 feet West and 52 feet South of the Northeast corner of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, and said 15 foot wide easement thence running in a Southeasterly direction from said pumphouse to connect to the Westerly line of the property described in document recorded in Volume 277 at page 7 on August 24, 1955 to Ben Adair and Edith W. Adair, the Northeast corner of said tract being 30 feet West and 1,268 feet South of the Northeast corner of said Section 30.

STATE OF OREGON,)

County of Klamath)

Filed for record at request of

on this 17th day of July, 1984
at 4:16 o'clock P. M. and duly
recorded in Vol. M84 of Mortgages
Page 12100

EVELYN BIEHN, County Clerk

By [Signature] Deputy
Fee 16.00