

1. The 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, interest and costs of the mortgagee.

2. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee.

3. The mortgagee must obtain prior written consent from the Director to transfer ownership 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. Transfers shall remain in full force and effect until the date of the mortgagee's written consent.

4. 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.

5. 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 mortgagor 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 27th day of April, 1985

203.00 on the 1st of each month

203.00

1985 1-1882

Gerald H. Haggnes (Seal)

Joan Ann Haggnes (Seal)

ACKNOWLEDGMENT

STATE OF OREGON, County of Klamath

Before me, a Notary Public, personally appeared the within named Gerald H. Haggnes, his wife and acknowledged the foregoing instrument to be their voluntary act and deed.

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

Gerald H. Haggnes (Seal)

Joan Ann Haggnes (Seal)

Notary Public for Oregon

MORTGAGE

FROM STATE OF OREGON TO Department of Veterans Affairs

County of Klamath ss. M20404 Loan Number

I certify that the within was received and duly recorded by me in Klamath County Records, Book of Mortgages, No. M85, Page 6045, on the 26th day of April, 1985.

By Evelyn Biehn County Clerk

By Patricia Smith Deputy

Filed April 26, 1985 at 10:42 A.M.

County Clerk, Evelyn Biehn By Patricia Smith Deputy

DEPARTMENT OF VETERANS AFFAIRS
155 NE REVERE AVENUE
BEND, OREGON 97701

Fee: \$9.00