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together with all interest therein of the mortgagor and that which is hereafter acquired by him.

To secure the payment of the principal sum of Ten Thousand Five Hundred - - - - - Dollars (\$ 10,500.00), as evidenced by a certain promissory note of even date herewith and the terms of which are incorporated herein by reference, with interest from date at the rate of six per centum (6 %) per annum on the balance remaining from time to time unpaid; the said principal and interest to be payable at the office of the Loan Guaranty Officer, Veterans Administration Regional Office in Seattle, Washington, or at such other place as the holder may designate in writing delivered or mailed to the mortgagor, in monthly installments of Seventy-nine and 85/100ths - - - - - Dollars (\$ 79.85), commencing on the 20th day of January , 19 69 , and continuing on the 20th day of each month thereafter until the principal and interest are fully paid, except that, if not sooner paid, the final payment of the entire indebtedness evidenced by said note, shall be due and payable on the 20th day of December , 19 88.

And the mortgagor does hereby covenant that he is lawfully seized of an indefeasible estate in fee (or such other estate, if any, as is stated herein); that said premises are free of any encumbrances except as herein otherwise recited; that he hereby warrants the usual covenants to the same extent as a statutory warranty deed under the laws of the State of Washington and all covenants herein made, and that he will defend against any breach of any or all of the same.

The mortgagor further covenants and agrees as follows:

1. That he will pay the indebtedness, as hereinbefore provided. Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100.00), whichever is less. Any prepayment made on other than an installment due date will not be credited until the next following installment due date.

2. In order more fully to protect the security of this mortgage, the mortgagor, together with, and in addition to, the monthly installments of principal and interest payable under the terms of the note secured hereby, on the installment due day of each month until the said note is fully paid, will pay to the mortgagee:

(a) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the mortgagee, and of which the mortgagor is notified) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by mortgagee in trust to pay said ground rents, premiums, taxes and special assessments.

(b) The aggregate of the amounts payable pursuant to subparagraph (a) and those payable on the note secured hereby, shall be paid in a single payment each month, to be applied to the following items in the order stated:

- I. Ground rents, taxes, assessments, fire and other hazard insurance premiums;
- II. interest on the note secured hereby; and
- III. amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payments shall, unless made good by the mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. At mortgagee's option, mortgagor will pay a "late charge" not exceeding four per centum (4%) of any installment when paid more than fifteen (15) days after the due date thereof to cover the extra expense involved in handling delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured thereby.