

FEDERAL LAND BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on this 10th day
of March, 1972,

Charles G. Duncan and Leone M. Duncan, husband and
wife,

Hereinafter called the Mortgagors, hereby grant, bargain, sell, convey and mortgage
to THE FEDERAL LAND BANK OF SPOKANE, a corporation in Spokane, Wash-
ington, hereinafter called the Mortgagee, the following described real estate in the
County of Klamath, State of Oregon:

The description of the real property covered by this mortgage consists of two pages
marked EXHIBIT "A" which are attached hereto and are by reference made a part hereof.

FLB
LOAN 146492.

Recorded _____
at _____ o'clock
_____ Page _____

Auditor, Clerk or Recorder

EXHIBIT "A"

Page 1 of 2

PARCEL 1:

The NE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3, Township 41 South, Range 11 East of the Willamette Meridian. ALSO the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 40 South, Range 11 East of the Willamette Meridian; All that portion of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 41 South, Range 11 East of the Willamette Meridian, and all that portion of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 40 South, Range 11 East of the Willamette Meridian, lying East of the following described line:

Beginning at an iron pin on the West line of said NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 41 South, Range 11 East of the Willamette Meridian, which is South 0° 30' East 950 feet from the section corner common to Sections 3 and 4, Township 41 South, Range 11 East of the Willamette Meridian and Sections 33 and 34, Township 41 South, Range 11 East of the Willamette Meridian; thence North 47° 15' East along a fence 312 feet; thence North 15° 45' East along said fence 238 feet to a fence corner; thence South 89° 10' East along a fence 132 feet; thence North 2° 30' West along said fence 1308 feet; thence North 0° 50' East along said fence a distance of 206 feet; thence North 11° East along said fence 268 feet, more or less, to the North boundary of said SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 40 South, Range 11 East of the Willamette Meridian, EXCEPTING THEREFROM that portion conveyed to George B. Seebeck et ux., by deed recorded in Volume 307 at page 470, Deed Records of Klamath County, Oregon, as follows:

Commencing at the corner of Section 3, 4, 9 and 10, Township 41 South, Range 11 East of the Willamette Meridian; thence 1320 feet due North to the point of beginning; thence 330 feet due East to a point; thence 1320 feet due North to a point; thence 330 feet due West to a point; thence 1320 feet due South to the point of beginning in the NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 3, Township 41 South, Range 11 East of the Willamette Meridian.

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2789

PARCEL 2:

The S $\frac{1}{2}$ NE $\frac{1}{4}$, the SE $\frac{1}{4}$ NW $\frac{1}{4}$, the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 3, Township 41 South, Range 11 East of the Willamette Meridian, EXCEPTING a triangular piece of land in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 3 and more particularly described as follows:

Beginning at the Northeast corner of the SE $\frac{1}{4}$ of Section 3; thence South on the Section line between Sections 2 and 3 to the Southeast corner of Section 3; thence West 125 feet; thence Northeasterly to the place of beginning, ALSO EXCEPTING THEREFROM that portion conveyed to Louie M. Lyon, et ux., by deed recorded in Volume 328 of Deeds, page 62, Records of Klamath County, Oregon, as follows:

Commencing at the Northeast corner of the Southeast quarter of the Northeast quarter of Section 3, Township 41 South, Range 11 East of the Willamette Meridian; thence South along the East line of said Section a distance of 1305 feet; thence West parallel with the North line of said quarter section a distance of 425 feet; thence North parallel with the East line of said section a distance of 1305 feet; thence along the North line of said quarter section a distance of 425 feet to the point of beginning.

Initials:

CLD Lm

2790

PARCEL 3:

A parcel of land situated in Sections 33 and 34 in Township 40 South, Range 11 East of the Willamette Meridian, and Section 3, Township 41 South, Range 11 East of the Willamette Meridian, described as follows:

Beginning at a point on the West line of Section 3, Township 41 South, Range 11 East of the Willamette Meridian, marked by an iron pin South 0° 30' East 950 feet from the Northwest corner of Section 3; thence North 47° 15' East 312 feet; thence North 15° 45' East 238 feet to a point on the Easterly boundary of Flesher-Pope Irrigation Ditch, the true point of beginning; thence South 89° 10' East 132 feet; thence along an existing fence North 2° 30' West 1308 feet; thence North 0° 50' East 206 feet; thence North 11° East 268 feet to a point on the South line of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 40 South, Range 11 East of the Willamette Meridian; thence East along said South line to the Southeast corner of said NW $\frac{1}{4}$ SW $\frac{1}{4}$; thence North along the East line of said NW $\frac{1}{4}$ SW $\frac{1}{4}$ to the Northeast corner of said forty; thence West along the North line of said forty and the North line of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 33, Township 40 South, Range 11 East of the Willamette Meridian, to the Northwest corner of said NE $\frac{1}{4}$ SE $\frac{1}{4}$; thence South along the West line of said forty to the Northeasterly boundary of the Flesher-Pope Irrigation Ditch; thence Southeasterly along said ditch boundary to the true point of beginning.

Together with four electric motors: 40 H.P. General Electric, Serial # KBJ 101945; 60 H.P. General Electric, Serial # JEJ 924409; 60 H.P. U. S. Hollowshaft, Serial # 4043032; 75 H.P. General Electric, Serial # DCJ 426110; four pumps: Rainflow centrifugal, Serial # 11375; Rainflow centrifugal, Serial # 13815; Layne & Bowler turbine, Serial # D 16668; Rainflow centrifugal, Serial # 11268, or any replacements thereof, which are hereby declared appurtenant thereto.

Initials:

QJL LMD

including all leases, permits, licenses or privileges, written or otherwise, appurtenant or nonappurtenant to said mortgaged premises, now held by mortgagors or hereafter issued, extended or renewed to them by the United States or the State or any department, bureau, or agency thereof, which have been or will be assigned or waived to mortgagee.

Together with the tenements, hereditaments, rights, privileges and appurtenances, including private roads, now or hereafter belonging to or used in connection with the above described premises; and all plumbing, lighting, heating, cooling, ventilating, elevating, watering and irrigating apparatus, stationary scales and other fixtures, now or hereafter belonging to or used in connection with the above described premises, all of which are hereby declared to be appurtenant to said land; and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits, rights therein and rights of way therefor, which now are or hereafter may be appurtenant to said premises or any part thereof, or used in connection therewith.

This conveyance is intended as a mortgage securing the performance of the covenants and agreements hereinafter contained, and the payment of the debt represented by one promissory note made by the mortgagors to the order of the mortgagee, of even date herewith, for the principal sum of \$ 100,000.00, with interest as provided for in said note, being payable in instalments, the last of which being due and payable on the first day of June, 2007. All payments not made when due shall bear interest thereafter until paid at 10 per cent per annum.

MORTGAGORS COVENANT AND AGREE:

That they are lawfully seized of said premises in fee simple, have good right and lawful authority to convey and mortgage the same, and that said premises are free from encumbrance; and each of the mortgagors will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever, and this covenant shall not be extinguished by any foreclosure hereof, but shall run with the land;

To pay all debts and moneys secured hereby when due;

To keep the buildings and other improvements now or hereafter existing on said premises in good repair and not to remove or demolish or permit the removal or demolition of any thereof; not to cut or permit the cutting of timber from said premises except for domestic use; to maintain and cultivate the premises in a good and husbandlike manner, using approved methods of preserving the fertility thereof; to keep the orchards on said land properly irrigated, cultivated, sprayed, pruned and cared for; not to commit or suffer waste of any kind upon said premises; not to use or permit the use of said premises for any unlawful or objectionable purpose; and to do all acts and things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises;

To pay when due all taxes, assessments and other charges upon said premises and to deliver to the mortgagee proper receipts therefor; and to suffer no other lien or encumbrance prior to the lien of this mortgage to exist at any time against said premises;

To keep all buildings insured against loss or damage by fire and such other risks in manner and form and in such company or companies and in such amount as shall be satisfactory to the mortgagee; to pay all premiums and charges on all such insurance when due; to deposit with the mortgagee upon request all insurance policies affecting the mortgaged premises, with receipts showing payment of all premiums and charges affecting said policies; and that all insurance whatsoever affecting the mortgaged premises shall be made payable, in case of loss, to the mortgagee, with a mortgagee clause in favor of and satisfactory to the mortgagee. The mortgagee shall be entitled to receive the proceeds of any loss under any such policy, which, if not used in accordance with the regulations of the Farm Credit Administration for reconstruction of the buildings damaged or destroyed, may be applied by the mortgagee upon the indebtedness hereby secured in such manner as it shall elect.

If any of the mortgaged property shall be taken under right of eminent domain, the mortgagee shall be entitled at its option to receive all compensation for the portion taken and damages to the remaining portion, to be applied by the mortgagee upon the indebtedness hereby secured in such manner as it shall elect.

Should the mortgagors be or become in default in any of the covenants or agreements herein contained, then the mortgagee (whether electing to declare the whole indebtedness hereby secured due and payable or not) may, at its option, perform the same in whole or in part, and all expenditures made by the mortgagee in so doing shall draw interest at the rate of 10 per cent per annum, and shall be immediately repayable by the mortgagors without demand, and, together with interest and costs accruing thereon, shall be secured by this mortgage.

Time is material and of the essence hereof; and in case of breach of any of the covenants or agreements hereof, or if default be made in the payment of any of the sums hereby secured, or if the whole or any portion of said loan shall be expended for purposes other than those specified in the original application therefor except, by the written permission of said mortgagee, or if said land or any portion thereof shall be hereafter included in any special assessment district, then, in any such case, all indebtedness hereby secured, shall, at the election of the mortgagee, become immediately due without notice, and this mortgage may be foreclosed; but the failure of the mortgagee to exercise such option in any one or more instances shall not be considered as a waiver or relinquishment of the right to exercise such option upon or during the continuance of the same or any other default.

In case of any suit to foreclose this mortgage or to collect any charge growing out of the debt hereby secured, or any suit which the mortgagee may deem it necessary to prosecute or defend to effect or protect the lien hereof, the mortgagors agree to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agree to pay the reasonable costs of searching records and abstracting or insuring the title, and such sums shall be secured hereby and included in the decree of foreclosure.

Upon or during the continuance of any default hereunder, the mortgagee shall have the right forthwith to enter into and upon the mortgaged premises and take possession thereof, and collect the rents, issues and profits thereof, and apply the same, less reasonable costs of collection, upon the indebtedness hereby secured, and the mortgagee shall have the right to the appointment of a receiver to collect the rents, issues and profits of the mortgaged premises. The rents, issues and profits of said premises after default are hereby assigned and mortgaged to the mortgagee as additional security for the indebtedness herein described.

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Farm Credit Act of 1971 and any acts amendatory or supplementary thereto and the regulations of the Farm Credit Administration, and are subject to all the terms, conditions and provisions thereof, which are made a part hereof the same as if set out in full herein.

The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

It is agreed that if, at any time, after the date of the execution of this mortgage, the delivery of water for the irrigation of said lands be discontinued in whole or in part under the provisions of the reclamation laws of the United States or of any contract made thereunder, all indebtedness secured by this mortgage shall at the option of the mortgagee become immediately due and payable.

IN WITNESS WHEREOF, The mortgagors have hereunto set their hands the day and year first above written.

STATE OF Oregon } ss.
County of Klamath

On March 14 1972 before me personally appeared

Charles G. Duncan and Leone M. Duncan,

to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her) (their) free act and deed.

Bryan D. Milne
NOTARY PUBLIC
My Commission Expires Aug 13 1974

STATE OF _____ } ss.
County of _____

On _____ before me personally appeared

STATE OF OREGON, COUNTY OF KLAMATH, ss.

Filed for record at request of TRANSAMERICA TITLE INS. CO

this 15th day of MARCH A. D., 1972 at 3:40 o'clock P. M., and duly recorded in

Vol. M. 72 of MORTGAGE on Page 2788

FEE \$10.00

WM. D. MILNE, County Clerk

By Hazel Drayton