

The description of the real property covered by this mortgage consists of one page marked Exhibit "A" which is attached hereto and is by reference made a part hereof.

EXHIBIT "A"

The following described real property in Klamath County, Oregon:

PARCEL 1:

Township 36 South, Range 14 East of the Willamette Meridian:

Section 30 - SW 1/4 NE 1/4, SW 1/4 NW 1/4, S 1/2

PARCEL 2:

Township 36 South, Range 15 East of the Willamette Meridian:

Section 31 - S 1/2 S 1/2, EXCEPT that part of the above described property conveyed to Weyerhaeuser Timber Company by deed recorded July 20, 1959, in Deed Volume 314 at page 296, Records of Klamath County, Oregon.

PARCEL 3:

Township 37 South, Range 14 East of the Willamette Meridian:

Section 1 - Government Lot 1, those portions of Government Lots 2 and 3 lying Northerly of Weyerhaeuser Timber Company Road. The N 1/2 SW 1/4 NE 1/4, SE 1/4 NE 1/4. That part of the S 1/2 NE 1/4 SW 1/4, W 1/2 SE 1/4, and SE 1/4 SE 1/4 lying Northerly of U. S. Highway #66, also the N 1/2 NE 1/4 SE 1/4, but EXCEPTING THEREFROM a 100-foot strip reserved to Weyerhaeuser Timber Company by deed recorded in Deed Volume 316 at page 565, Records of Klamath County, Oregon. ALSO EXCEPTING the Bly Logging Co. Railroad right of way as shown in instrument recorded July 31, 1929, in Deed Volume 87 at page 514, Records of Klamath County, Oregon.

PARCEL 4:

9471

Township 37 South, Range 15 East of the Willamette Meridian:

Section 5 - NE 1/4, NW 1/4, W 1/2 SW 1/4, SE 1/4 SW 1/4, S 1/2 NE 1/4 SW 1/4, W 1/2 SE 1/4, SE 1/4 SE 1/4.

PARCEL 5:

Township 37 South, Range 15 East of the Willamette Meridian:

Section 6 - ALL, EXCEPT that part of the above described property conveyed to Weyerhaeuser Timber Company by deed recorded July 20, 1959, in Deed Volume 314 at page 296, Records of Klamath County, Oregon. ALSO EXCEPTING the Bly Logging Co. Railroad right of way as shown in instrument recorded July 31, 1929, in Deed Book 87 at page 514, Records of Klamath County, Oregon.

PARCEL 6:

Township 37 South, Range 15 East of the Willamette Meridian:

Section 7 - That part of the NE 1/4 NW 1/4, NE 1/4 lying Northerly of U. S. Highway #66, EXCEPTING the Bly Logging Co. Railroad right of way as shown in instrument recorded July 31, 1929, in Deed Book 87, Page 513, Records of Klamath County, Oregon.

PARCEL 7:

Township 37 South, Range 15 East of the Willamette Meridian:

Section 8 - NE 1/4, N 1/2 NW 1/4.

Together with a 100 HP General Electric Motor, Serial No. BDJ 221140 with a Johnston Turbine pump, Serial No. CA 2293, or any replacements thereof which are hereby declared appurtenant thereto.

Initials A. J.

LSJ

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Act of 1971 and any act amendatory or supplementary thereto and the regulations of the Farm Credit Administration 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, successors and assigns of the respective parties hereto.

It is agreed that this mortgage, without affecting the validity as a real estate mortgage, is also executed and shall be construed as a "Security Agreement" under the Oregon Uniform Commercial Code granting to Mortgagee a security interest in all personal property collateral described herein and in addition to the rights and remedies provided herein, Mortgagee shall have all the rights and remedies provided by such Code; and reasonable notice, when notice is requested, shall be five days.

Donald V. Nonella and Barbara J. Nonella, husband and wife, who are principal upon the note hereby secured execute this mortgage for the purposes of binding as principal obligors to the fulfillment of all the covenants of the mortgage contained; but do not thereby assert any ownership of or interest in the land mortgaged, which is vested in the 7-C Ranch, Inc. a corporation.

WHEREAS, mortgagors have assigned or waived, or will assign or waive to the mortgagee, additional security for the indebtedness described herein, certain grazing leases, permits, licenses and/or privileges, to-wit:

Grazing privileges on Fremont National Forest for 89 cattle from June 1
Public Domain Lease No. 36016910 covering 727.57 acres.

mortgagors covenant and agree that they are the lawful owners and holders thereof and they are free from encumbrance and have not been assigned; and mortgagors further covenants and agree to procure renewals thereof upon or prior to their expiration date, to execute any instrument deemed by the mortgagee necessary to effect an assignment or waiver of such renewals to the mortgagee, and to pay all fees and charges, and to perform all acts as may be necessary to preserve and keep in good standing all of said leases, permits, licenses, privileges, and all renewals thereof; and they will take no action which would adversely affect any of such rights or their preference status thereunder and that in the event of the closure of this mortgage they will waive all claims for preference in any of such rights or demands from the purchaser of the mortgaged property at foreclosure sale, or any successor or such purchaser; and further agree that the lands covered by said leases, permits, licenses and/or privileges and renewals thereof, shall at all times be operated in conjunction with the lands hereby mortgaged, and that neither shall be transferred to any other person separate from the other. Any leases, permits, licenses and/or privileges which the mortgagors, without the consent of the mortgagee, shall substitute for those hereinabove mentioned, shall be subject to the provision hereof. For any breach by mortgagors of any covenant or agreement contained in this paragraph, the mortgagee shall have the same rights and/or remedies as are available to it for the breach of any other covenant or agreement of the mortgagors in this mortgage contained, including but not limited to the right to declare the entire mortgage debt due and payable.

This rider is attached to and made a part of mortgage to the Federal Land Bank of Spokane, a corporation, executed by the undersigned, dated August 21 1934

7 C RANCH, INC.

By: Donald W. Youilla Pres

Attest: Sandra J. Youilla Secy

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Grazing Rider No. 1
Form FLB 559

My Commission Expires 4/1/1974

Notary Public for the State of Oregon
Residing at Klamath Falls, Oregon

STATE OF OREGON; COUNTY OF KLAMATH; ss.
TRANSMERICA TITLE INS. CO
Filed for record at request of _____
this 23rd day of AUGUST A. D. 1972 at 3:45 o'clock _____ P.M., and duly recorded

appurtenant or nonappurtenant to said mortgaged premises; and all plumbing, lighting, heating, cooling, ventilation and other fixtures, now or hereafter belonging to or used by declared to be appurtenant to said land; and together with all other rights, whether evidenced, and all ditches or other conduits, rights appurtenant to said premises or any part thereof, or

and appurtenances, including private roads, now or hereafter, and all plumbing, lighting, heating, cooling, ventilation and other fixtures, now or hereafter belonging to or used by declared to be appurtenant to said land; and together with all other rights, whether evidenced, and all ditches or other conduits, rights appurtenant to said premises or any part thereof, or

ance of the covenants and agreements hereinafter contained made by the mortgagors to the order of the mortgagee, with interest as provided for in said note, on the first day of January, 2008 paid at 10 per cent per annum.

have good right and lawful authority to convey and release; and each of the mortgagors will warrant and defend all persons whomsoever, and this covenant shall run with the land;

after existing on said premises in good repair and not to be cut or permit the cutting of timber from the premises in a good and husbandlike manner, using orchards on said land properly irrigated, cultivated, and any kind upon said premises; not to use or permit the use to do all acts and things necessary to preserve all water on the premises;

on said premises and to deliver to the mortgagee proper evidence of the lien of this mortgage to exist at any time against

such other risks in manner and form and in such amounts as the mortgagee may require; to pay all premiums and charges on all such insurance policies affecting the mortgaged premises, including said policies; and that all insurance whatsoever affecting the mortgagee, with a mortgagee clause in favor of and to receive the proceeds of any loss under any such policy, Credit Administration for reconstruction of the buildings indebtedness hereby secured in such manner as it shall elect.

of eminent domain, the mortgagee shall be entitled to the remaining portion, to be applied by the mortgagee as it shall elect.

the covenants or agreements herein contained, then the mortgagee may, at its option, by the mortgagee in so doing shall draw interest at the rate of the mortgagors without demand, and, together with

each of any of the covenants or agreements hereof, or if the whole or any portion of said loan shall be applied therefor except, by the written permission of the mortgagee included in any special assessment district, then, in the event of the mortgagee, become immediately due without the mortgagee to exercise such option in any one or more of the right to exercise such option upon or during the

charge growing out of the debt hereby secured, or any other debt to effect or protect the lien hereof, the mortgagors shall pay the expenses in connection with said suit, and further agree to insure the title, and such sums shall be secured hereby

the mortgagee shall have the right forthwith to enter upon and collect the rents, issues and profits thereof, and apply the same to the payment of the debt hereby secured, and the mortgagee shall have the right to the rents, issues and profits of the mortgaged premises. The rents, issues and profits of the mortgaged premises shall be additional security for the

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Farm Credit Act of 1977 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 this mortgage, without affecting the validity as a real estate mortgage, is also executed and shall be construed as a "Security Agreement" under the Oregon Uniform Commercial Code granting to Mortgagee a security interest in all personal property collateral described herein and in addition to the rights and remedies provided herein, Mortgagee shall have all the rights and remedies granted by such Code; and reasonable notice, when notice is requested, shall be five (5) days.

Donald V. Nonella and Barbara J. Nonella, husband and wife, who are principal obligors upon the note hereby secured execute this mortgage for the purposes of binding themselves as principal obligors to the fulfillment of all the covenants of the mortgage herein contained; but do not thereby assert any ownership of or interest in the land hereby mortgaged, which is vested in the 7-C Ranch, Inc. a corporation.

WHEREAS, mortgagors have assigned or waived, or will assign or waive to the mortgagee, as additional security for the indebtedness described herein, certain grazing leases, permits, licenses and/or privileges, to-wit:

Grazing privileges on Fremont National Forest for 89 cattle from June 1 to July 1. Public Domain Lease No. 36016910 covering 727.57 acres.

mortgagors covenant and agree that they are the lawful owners and holders thereof and that they are free from encumbrance and have not been assigned; and mortgagors further covenant and agree to procure renewals thereof upon or prior to their expiration date, to execute any instrument deemed by the mortgagee necessary to effect an assignment or waiver of such renewals to the mortgagee, and to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing all of said leases, permits, licenses, and/or privileges, and all renewals thereof; and they will take no action which would adversely affect any of such rights or their preference status thereunder and that in the event of foreclosure of this mortgage they will waive all claims for preference in any of such rights upon demand from the purchaser of the mortgaged property at foreclosure sale, or any successor to such purchaser; and further agree that the lands covered by said leases, permits, licenses and/or privileges and renewals thereof, shall at all times be operated in conjunction with the lands hereby mortgaged, and that neither shall be transferred to any other person separately from the other. Any leases, permits, licenses and/or privileges which the mortgagor, with the consent of the mortgagee, shall substitute for those hereinabove mentioned, shall be subject to the provision hereof. For any breach by mortgagors of any covenant or agreement in this paragraph contained, the mortgagee shall have the same rights and/or remedies as are available to it for the breach of any other covenant or agreement of the mortgagors in this mortgage contained, including but not limited to the right to declare the entire mortgage debt due and payable.

This rider is attached to and made a part of mortgage to the Federal Land Bank of Spokane, a corporation, executed by the undersigned, dated August 21, 1972.

7 C RANCH, INC.

By: Donald V. Nonella President

Attest: Barbara J. Nonella Secretary

Grazing Rider No. 1

Form FLB 559

My Commission Expires 4/1/1974

Notary Public for the State of Oregon
Residing at Klamath Falls, Oregon

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of TRANSMERICA TITLE INS. CO

this 23rd day of AUGUST A. D., 1972 at 3:45 o'clock PM, and duly recorded in 72 MORTGAGES 9170

the performance of the covenants and agreements hereinafter con-
promissory note made by the mortgagors to the order of the mortgagee,
20,000.00, with interest as provided for in said note,
and payable on the first day of January, 2008
hereafter until paid at 10 per cent per annum.

free simple, have good right and lawful authority to convey and
an encumbrance; and each of the mortgagors will warrant and
demands of all persons whomsoever, and this covenant shall
run with the land;

due;

now or hereafter existing on said premises in good repair and not to
cut of any thereof; not to cut or permit the cutting of timber from
cultivate the premises in a good and husbandlike manner, using
to keep the orchards on said land properly irrigated, cultivated,
or waste of any kind upon said premises; not to use or permit the
purpose; and to do all acts and things necessary to preserve all water
on with said premises;

charges upon said premises and to deliver to the mortgagee proper
prior to the lien of this mortgage to exist at any time against

by fire and such other risks in manner and form and in such com-
factory to the mortgagee; to pay all premiums and charges on all such
on request all insurance policies affecting the mortgaged premises,
arges affecting said policies; and that all insurance whatsoever affect-
se of loss, to the mortgagee, with a mortgagee clause in favor of and
entitled to receive the proceeds of any loss under any such policy,
the Farm Credit Administration for reconstruction of the buildings
upon the indebtedness hereby secured in such manner as it shall elect.

nder right of eminent domain, the mortgagee shall be entitled to
ken and damages to the remaining portion, to be applied by the
ach manner as it shall elect.

any of the covenants or agreements herein contained, then the
tedness hereby secured due and payable (or not) may, at its option,
tures made by the mortgagee in so doing shall draw interest at the
repayable by the mortgagors without demand, and, together with
this mortgage.

in case of breach of any of the covenants or agreements hereof, or
reby secured, or if the whole or any portion of said loan shall be
original application therefor except, by the written permission of
all be hereafter included in any special assessment district, then, in
the election of the mortgagee, become immediately due without
ure of the mortgagee to exercise such option in any one or more
ishment of the right to exercise such option upon or during the

collect any charge growing out of the debt hereby secured, or any
ecute or defend to effect or protect the lien hereof, the mortgagors
sts and legal expenses in connection with said suit, and further agree
tracting or insuring the title, and such sums shall be secured hereby

hereunder, the mortgagee shall have the right forthwith to enter
on thereof, and collect the rents, issues and profits thereof, and apply
debtedness hereby secured, and the mortgagee shall have the right
es and profits of the mortgaged premises. The rents, issues and
and mortgaged to the mortgagee as additional security for the

9474

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

7 C RANCH, INC.

By: Donald V. Nonella
President
Attest: Barbara J. Nonella
Secretary

Donald V. Nonella
Donald V. Nonella
Barbara J. Nonella
Barbara J. Nonella

STATE OF Oregon
County of Klamath } ss.

On 8/23/1972, before me personally appeared

Donald V. Nonella and Barbara J. Nonella

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.

COUNTY OF Klamath
STATE OF Oregon } ss.

Ruth E. Robertson
NOTARY PUBLIC
My Commission Expires 4/1/1974

On this 23rd day of August A. D. 1972, before me, a Notary Public in
and for the above named County and State, personally appeared Donald V. Nonella
and Barbara J. Nonella to me known to be the President and

Secretary respectively of the corporation that executed the within and foregoing instrument,
and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the
uses and purposes therein mentioned, and each on oath stated that he was authorized to execute said instru-
ment and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year
first above written.

My Commission Expires 4/1/1974

Notary Public for the State of Oregon
Residing at Klamath Falls, Oregon

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of TRANSAMERICA TITLE INS. CO

this 23rd day of AUGUST A. D. 1972 at 3:45 o'clock PM, and duly recorded in
Vol. M 72 of MORTGAGES on Page 9470

FEE \$10.00

WM. D. MILNE, County Clerk

By Wm. D. Milne