

FEDERAL LAND BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on this 12th day
of December, 19 74

Buddy Eugene Kness and Debra R. Kness, husband and
and wife, and Louis Randall and Marion Randall,
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, Washington,
hereinafter called the Mortgagee, the following described real estate in the County of
Klamath State of Oregon

Government Lot 3, the SE $\frac{1}{4}$ NW $\frac{1}{4}$, and the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5
Township 37 South, Range 14 East of the Willamette Meridian. ✓

RECEIVED
DEC 23 1974
3:00 pm

FLB LOAN
Recorded _____ at _____ o'clock Page _____
Auditor, Clerk or Recorder

this 23rd day of DECEMBER A. D., 19 74 at 3:00 o'clock P. M., and duly recorded in
Vol. M 74 of MORTGAGES on Page 16177

FEE \$ 8.00

By NIM. D. MILNE County Clerk
Deputy

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 \$ 11,000.00, with interest as provided for in said note, being payable in installments, the last of which being due and payable on the first day of December, 1999. 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; to complete any building, structure or improvement being built or about to be built thereon, including improvements to any existing structures; not to remove or demolish or permit the removal or demolition of buildings and other improvements now or hereafter existing on said premises; to restore promptly and in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed; ~~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 or things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises.

To pay before delinquency all taxes, assessments and other charges upon said premises, including assessments upon water company stock, and all rents, assessments and charges for water appurtenant to or used in connection with said land, and to deliver to the mortgagee proper receipts therefor; and to suffer no other encumbrance, charge or lien 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 amounts 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 may be applied by the mortgagee upon the indebtedness hereby secured in such manner as it may 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 terms, conditions and provisions hereof shall be subject to the amendments of 1971 and any acts amendatory thereof.

The covenants and agreements herein made by the mortgagors shall bind their heirs, successors and assigns of the same.

The Mortgagee covenants and agrees:

FIRST. Defendant shall maintain and defend the same.

SECOND. Mortgagee shall have the right to enter upon the lands, having due regard to the early and efficient cultural and harvesting thereof, and to harvest the same in a manner and to the extent of the production of the grain.

A. Harvesting Operation: The mortgagee shall return from the land the early and efficient growth; that time being harvesting; and the skidways and

B. Salvage: That in the event of a casualty, shall be against the release under Paragraph

C. Fire Protection: The mortgagee shall be liable for loss by fire, which property in the event of a casualty, shall be the mortgagee's responsibility on matters

D. Maintenance of the property: The mortgagee shall permit access

E. Control of Disposition: The mortgagee shall be liable for the control of the property

F. Trespass: The mortgagee shall be liable for the purpose of the property

G. Contracts: The mortgagee shall be liable for the property

H. Inspection: The mortgagee shall be liable for the sheets and books and accounts of the mortgagee

THIRD. Cutting or removal of timber: The mortgagee shall be liable for the removal of timber for resale, for the purpose of the property

to or executed by the mortgagee

This rider is executed by the mortgagee

STA: [Signature]

Cour: [Signature]

FLB 603 (Jan. 1960)

to me known to be the executed the same as (his)

STATE OF OREGON

Filed for record

this 23rd

Vol. M 74

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.

TIMBER LAND MORTGAGE RIDER

The Mortgagor covenants and agrees:

FIRST. Definitions: That the term "Timber Lands" as hereinafter used refers to that part of the mortgaged property now maintained and operated primarily for the production of timber.

SECOND. Management, General: That the Timber Lands shall be operated for their highest and best use as timber-lands, having due regard to soil conditions, stand arrangements and other factors relevant to the conduct of sound silvicultural and harvesting practices. The Mortgagor further agrees that any intermediate harvesting of timber shall be carried out in a manner calculated to produce the maximum growth on the maximum number of stems, consistent with the production of the greatest quantity of timber.

- A. Harvesting Operations: That all cutting operations shall be conducted in such a manner as to realize the greatest return from the individual tree and from the timber stand, to effect suitable utilization of the Timber Lands, to assure the early and complete regeneration of stands of desirable timber, and to bring about their optimum development as to growth; that trees shall be cut as close to the ground as practicable; that all desirable trees which are not at the time being harvested, including young trees, shall be protected against unnecessary injury from felling, skidding and hauling; and that all measures reasonably practicable be used to prevent soil erosion including the proper location of skidways and roads.
- B. Salvage: That to the extent economically feasible, all trees which are dead, diseased, fallen or otherwise damaged by casualty, shall be salvaged in accordance with sound silvicultural practices; that any timber salvaged shall be applied against the release provision in Paragraph THIRD hereof; and that any salvage in excess of the volumes permitted under Paragraph THIRD hereof shall be subject to the prior written approval of the Mortgagee.
- C. Fire Protection: That all measures shall be taken which are reasonably necessary to protect the Timber Lands from loss by fire, which measures shall be at least equal to fire-control practices generally followed on timber-producing property in the same general area, including the adoption of suitable prevention and control measures, the maintenance of adequate fire-fighting equipment, proper disposal of slash, and full cooperation with state and federal agencies on matters of fire prevention and control.
- D. Maintenance of Roads: That an adequate system of roads and roadways shall be maintained in such manner as to permit access of mobile fire-fighting equipment to all parts of the Timber Lands.
- E. Control of Disease: That there shall be maintained at all times in a manner satisfactory to the Mortgagee and in accordance with sound silvicultural practices all reasonable and effective measures to prevent the development of and to control the spread of disease and insect infestation on the mortgaged property.
- F. Trespass: That the mortgaged property shall be marked to indicate the boundaries thereof in a conspicuous manner satisfactory to the Mortgagee; that such markings shall be renewed from time to time as may be necessary clearly to maintain public notice of boundaries; and that the Mortgagor shall cause the Timber Lands to be inspected for the purpose of preventing trespass of any type or nature, including unauthorized cutting of timber.
- G. Contracts: That no contract for the sale of timber wherein the buyer is granted the privilege of entry upon the mortgaged property for cutting and removal shall be made without prior written approval of the Mortgagee.
- H. Inspection: That the Mortgagee shall have the right to inspect the mortgaged property, to examine the scaling sheets and books of account of the Mortgagor relating to the mortgaged property, and to discuss the business, finances and accounts of the Mortgagor with the Mortgagor and its agents, all at such reasonable times and intervals as the Mortgagee may desire.

THIRD. Cutting and Removal of Timber: The Mortgagor agrees neither to cut or remove, nor to permit the cutting or removal of timber from the Timber Lands, without the prior written consent of the Mortgagee, except as hereinafter provided. The Mortgagor shall have the right to cut timber for non-commercial use on the mortgaged premises (and not for resale), for the purposes of repair, replacement, and construction of improvements, including bridges and fences, and for fuel; provided, however, that there shall be no default in accordance with the terms of the Note or of this Mortgage, that only trees not then of merchantable quality and without reasonable prospect of becoming such quality shall be used for fuel, and that no timber shall be cut for the purposes described in this sentence until timber cut or removed in salvage or thinning operations shall have been used for such purposes to the fullest extent practicable.

This rider is attached to and made a part of this mortgage, dated December 12, 1974, executed by the undersigned.

STA Louis P. Parnell David E. Parnell
Marcus Parnell Robert B. Parnell
 Cou: FLB 603 (Jan. 1960)

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.

Alvin B. Sharp
 NOTARY PUBLIC
 My Commission Expires Oct. 30, 1976

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of KLAMATH COUNTY TITLE CO
 this 23rd day of DECEMBER, A.D., 1974 at 3:00 o'clock P.M., and duly recorded in
 Vol. M 74 of MORTGAGES on Page 16177

FEE \$ 8.00

By WM. D. MILNE, County Clerk
Margaret D. Milne Deputy

that is attached to
notations
signed
Mace...
F.D. 408 (Rev. 1-6-60)

16180

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

Buddy Eugene Kness
Debra R. Kness
Louis Randall
Marion Randall

STATE OF OREGON } ss. On December 23, 1974 before me personally appeared
County of Klamath } Buddy Eugene Kness and Debra R. Kness,

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.

NOTARY PUBLIC

STATE OF OREGON } ss. My Commission Expires Oct. 30, 1976
County of Klamath } On December 23, 1974 before me personally appeared
Louis Randall and Marion Randall,

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WM. D. MILNE, County Clerk
By Hazel Brazier Deputy