

4370

38-8436

## MORTGAGE

Vol. 75 Page 10214

The MORTGAGORS **Z X RANCH, a Kansas Partnership, consisting of Z X Ranch, Inc., a corporation, and Ranch Enterprises, Inc., a Nevada corporation; and also by Z X RANCH, Inc., a corporation, C. L. PATTERSON, NICHOLAS M. SAIGO, THEODORE R. CONN, HUGH HALFF, JR., and JAMES C. LYNCH**

Mortgage to THE TRAVELERS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Connecticut, hereinafter called the MORTGAGEE, the following described real estate, and property situate in the County of **Lake and Klamath** and State of Oregon, to-wit:

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For the purpose of expediting the recording thereof, this Mortgage is executed in two counterparts, each of which is deemed an Original Mortgage and may be recorded as such.

together with all and singular the rights therein, fixtures thereon and appurtenances thereunto belonging or in anywise appertaining, whether now or hereafter acquired, which shall include, without limiting the generality of the foregoing, the following:

All of the rents, issues and profits, including all rents, royalties, bonuses and benefits under any existing or future oil, gas or mineral or other leases; all easements and rights of way; all rights of dower and homestead, and all contingent rights in and to said premises; all water, water rights, whether riparian, appropriative or otherwise and whether or not appurtenant, all ditch rights, and any shares of stock evidencing any such water or ditch right, and

All leases, permits, allotments, licenses and privileges, whether or not appurtenant, from the United States or the State of Oregon, or any Department or other agency of either for the purpose of grazing, pasturing or feeding livestock on any of the public lands of the United States or the State of Oregon, and

All buildings and the plumbing, heating, ventilating and lighting systems and equipment therein; all barn equipment; and all pumps, pumping stations, motors, switch boxes and transformers, engines, machinery, reservoirs, pipes, flumes, and other equipment used for the production of water on said premises or for the irrigation or drainage thereof.

This Mortgage secures the payment of a loan of **Three Million Two Hundred Ninety-two Thousand and No/100** Dollars [\$ 3,292,000.00 ]

together with interest thereon, and such additional sums, all as evidenced by a certain promissory note of even date herewith, signed by the Mortgagors and payable to the order of the Mortgagee at its principal office in the City of Hartford, County of Hartford and State of Connecticut. The maturity date of said note, and of this

mortgage is **January 1, 1988**

This mortgage secures any and all additional future advances that may be hereafter made.

The said Mortgagors for themselves, their heirs, legal representatives, vendees and assigns, do hereby covenant, agree and stipulate to and with the Mortgagee, its successors and assigns that:

1. At the delivery hereof the said **above mentioned Mortgagors** are the lawful owners of the said real estate and premises in fee simple absolute and are entitled to the possession thereof, that they have the right to mortgage same, that the said lands and premises are free and clear of all encumbrances and charges whatsoever, and that the Mortgagors will and their heirs, executors, administrators, vendees and assigns shall forever warrant and defend the title to the said premises against all claims whatsoever, and the Mortgagors hereby further covenant and agree that the lien created by this instrument is a first and prior lien on the above described lands and improvements.

2. They will pay said note according to its terms.

(Over)

By: C. L. Patterson, N. M. Saigo

Nicholas M. Saigo

Theodore R. Conn

Hugh Halff, Jr.

By: James C. Lynch his Attorney

Hugh Halff, Jr.

James C. Lynch

3. They will furnish and leave with the Mortgagee, during the existence of this loan and all renewals thereof, complete title evidence which shall become the property of the purchaser at any foreclosure sale.

4. They will keep the said lands and improvements free from all encumbrances and liens or claims for liens of whatsoever nature and to protect and defend the title and possession of the said premises to the end that this mortgage shall be and remain a first lien on the said premises until the indebtedness hereby secured shall be fully paid.

5. The Mortgagee shall be subrogated to the lien, though released of record, of any prior encumbrances on the said premises paid or discharged from the proceeds of the loan represented by the aforesaid promissory note.

6. The Mortgagors will pay all real property taxes and assessments levied or assessed against the mortgaged premises on or before the due date of any installment thereof.

7. They will keep, during the existence of this mortgage, all buildings and improvements erected and to be erected upon the said premises continuously insured against such hazards and in such amounts as may be required by Mortgagee, in a company or companies satisfactory to Mortgagee, and all policies of insurance without exception and of whatsoever nature and of whatever amount taken out on the said improvements or fixtures thereto attached, during the existence of the debt hereby secured, shall be constantly pledged, assigned and, with a proper mortgage clause in favor of the Mortgagee attached thereto, delivered as issued and with the premiums fully paid to the Mortgagee. Mortgagee, at its option, may apply any insurance proceeds to the indebtedness hereby secured or to rebuilding or restoring the premises.

8. They will promptly and unceasingly comply with all laws, ordinances, regulations and requirements of any governmental body affecting the said mortgaged premises and the use of the same.

9. They will maintain all buildings, structures and improvements now or hereafter erected upon the said land in sound condition and in good repair and the land in a high state of cultivation and productivity, and neither to commit nor permit waste. The Mortgagors agree that if any improvements be under construction, they will promptly complete the same and they further agree to do no act whatsoever whereby the premises hereby mortgaged shall become less valuable. The Mortgagors further agree to observe at all times the best practices as to seed selection, crop rotation, weed control, fertilizing the soil, drainage, prevention of erosion, and pasture maintenance, and to adopt approved scientific practices and methods which have been demonstrated to be practicable to the end that the fertility, productivity and worth of these lands and premises will be increased from year to year.

10. If any default be made by the Mortgagors in the prompt discharge of any liens or encumbrances, or in the prompt payment of any of the aforesaid taxes, assessments, impositions or charges, or in the procuring and maintaining of insurance, as above provided, or in making of proper repairs to or the proper maintenance of the said premises, or in promptly completing improvements under construction, the Mortgagee may, at its election, without demand or notice, pay and discharge such liens or encumbrances, pay such taxes, assessments, impositions or charges, procure such insurance and pay the premiums therefor, make such repairs and maintain the said premises, and complete any improvements under construction, and all expenditures therefor shall forthwith become due and payable to the Mortgagee with interest at the rate of Twelve [ 12 % ] per centum per annum until paid and shall, with the interest as aforesaid, be a further lien on the said lands and premises under this mortgage and secured hereby, all without prejudice to the right of the Mortgagee to declare the entire principal balance and accrued interest thereon immediately due and payable by reason of the Mortgagor's default and breach of covenants herein contained. Mortgagee may, at its option, sue to collect all or any part of the aforementioned expenditures without foreclosing its mortgage and without affecting its right to foreclose its mortgage at any future time; in any such action or suit, Mortgagors agree to pay all costs and a reasonable attorneys' fee, including all such costs and reasonable attorneys' fees incurred in any appeal to any appellate court. Mortgagee shall be the sole judge of the validity of any encumbrance, tax or assessment against the property.

11. In the event ownership of the mortgaged premises or any part thereof becomes vested in a person or persons other than the Mortgagors, the Mortgagee may, without notice to the Mortgagors, deal with such successor or successors in interest with reference to this mortgage and the note hereby secured, either by way of forbearance on the part of the Mortgagee or extension of the time of payment of the debt or any sum hereby secured, without in any way releasing, discharging, modifying, changing or in anywise affecting the covenants, conditions or lien of this mortgage or the original liability of the Mortgagors on the note secured hereby either in whole or in part.

12. In the event of sale of the mortgaged premises or any part thereof, or alteration, repair, addition or removal of any building or structure now or hereafter on the said lands and premises without the prior written consent of the Mortgagee, the entire principal balance under the aforesaid note and interest accrued thereon shall, at the election of the Mortgagee, become immediately due and payable without notice and this mortgage may be foreclosed.

13. Mortgagors expressly hereby assign to the Mortgagee any and all leases now or hereafter in effect upon the said real property and premises or any part thereof, and further hereby expressly assign to the Mortgagee all rents and revenues from the said real property and premises or any part thereof; and the Mortgagors hereby expressly and irrevocably authorize and empower the Mortgagee, its agents or attorneys, in the event of default in the performance of any of the provisions, covenants, agreements and/or conditions of this mortgage, and during the continuance of such default or while the said premises are used for unlawful purposes, at its election and without notice to the Mortgagors or their successors in interest, and as the appointed agent of the Mortgagors and their successors in interest, to take immediate possession of and maintain full control and management over the lands and premises and improvements thereon and every part thereof, to oust tenants for nonpayment of rent, to lease all or any portion of the premises in the name of the Mortgagors or their successors in interest on such terms as the Mortgagee may deem advisable to make alterations and/or repairs which the Mortgagee may deem advisable and to deduct the cost thereof from the rents, to receive all rents and income from the lands and premises and issue receipts therefor, and out of the amount or amounts so received pay the necessary operating expenses and retain or pay the customary charges for thus managing the property, and may then apply the net remaining income in such manner as it may in its sole discretion deem advisable upon taxes, assessments, insurance premiums, or upon any sums or advances or any portion of the indebtedness secured hereby, and then render any overplus so collected to the Mortgagors or their successors in interest; and the Mortgagee, its agents and attorneys, shall be accountable only to the extent that such moneys or income are actually collected and applied, and it is further expressly understood and agreed that the exercise of the above right, authority and appointment shall in no manner affect, impair or restrict the right of the Mortgagee to foreclose this mortgage in case of default and shall not in any manner whatsoever delay or retard such foreclosure proceedings if the Mortgagee elects to commence such foreclosure proceedings.

14. Mortgagors hereby assign to Mortgagee all sums paid or damages awarded for or by reason of any taking, condemnation or acquisition during the existence of this mortgage, whether or not by litigation, by any competent authority, person or corporation, of title to or any interest in all or any part of the above described real property, Mortgagee to apply such amounts as it chooses to the indebtedness hereby secured and to pay any amount not so applied to Mortgagors, but such application or payment shall not cure or waive any default hereunder or invalidate any acts of Mortgagee taken upon any default.

15. Time is material and of the essence hereof and if default be made in the payment of the debt hereby secured or any installment thereof, or interest, or in the performance of any of the other covenants herein contained, or if a proceeding under any bankruptcy, receivership or insolvency law be instituted by or against any of the Mortgagors, or if any of the Mortgagors make any assignment for the benefit of creditors, then and in such or any of said cases, the balance of unpaid principal with accrued interest and all other indebtedness hereby secured shall, at Mortgagee's election, become immediately due without notice and this mortgage may be foreclosed; and in addition, Mortgagee may apply such sums or any part thereof held by it in trust to pay taxes or assessments or insurance to reduce the indebtedness secured.



to the Mortgagors or their successors in interest, and the Mortgagee shall not be bound to collect or apply such moneys or income, and it is further expressly understood and agreed that the exercise of the above right, authority and appointment shall in no manner affect, impair or restrict the right of the Mortgagee to foreclose this mortgage in case of default and shall not in any manner whatsoever delay or retard such foreclosure proceedings if the Mortgagee elects to commence such foreclosure proceedings.

14. Mortgagors hereby assign to Mortgagee all sums paid or damages awarded for or by reason of any taking, condemnation or acquisition during the existence of this mortgage, whether or not by litigation, by any competent authority, person or corporation, of title to or any interest in all or any part of the above described real property. Mortgagee to apply such amounts as it chooses to the indebtedness hereby secured and to pay any amount not so applied to Mortgagors, but such application or payment shall not cure or waive any default hereunder or invalidate any acts of Mortgagee taken upon any default.

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15. Time is material and of the essence hereof and if default be made in the payment of the debt hereby secured or any installment thereof, or interest, or in the performance of any of the other covenants herein contained, or if a proceeding under any bankruptcy, receivership or insolvency law be instituted by or against any of the Mortgagors, or if any of the Mortgagors make any assignment for the benefit of creditors, then and in such or any of said cases, the balance of unpaid principal with accrued interest and all other indebtedness hereby secured shall, at Mortgagee's election, become immediately due without notice and this mortgage may be foreclosed; and in addition, Mortgagee may apply such sums or any part thereof held by it in trust to pay taxes or assessments or insurance to reduce the indebtedness secured.

16. Mortgagee's failure to exercise, or its waiver of any right or option or of any default, shall not be deemed a waiver of any future right, option or default.

17. In any suit to foreclose this mortgage, or in any suit or proceeding in which Mortgagee is obliged to defend or protect the lien hereof, or in which Mortgagee is a party and the above described real property or any part thereof is the subject matter thereof, including but not limited to suits to quiet title or for condemnation or partition of the whole or part of said property, or any interest therein, Mortgagors agree to pay to Mortgagee all costs and a reasonable sum as attorneys' fees, including all such costs and reasonable attorneys' fees incurred in any appeal to any appellate court, and further agree to pay such reasonable costs of searching records and abstracting the same as may necessarily be incurred in foreclosing this mortgage or defending the same, or participating in any suit or proceeding above referred to, which sum shall be secured hereby and included in any decree of foreclosure. In the absence of any such suit or proceeding and in case of default, Mortgagors agree to pay such necessary expenses, including reasonable attorneys' fees, incurred by Mortgagee in making collection of delinquent payments or curing any other default.

18. Mortgagors further agree that a receiver may be appointed in any suit or proceeding to foreclose this mortgage without notice to Mortgagors and without regard to the adequacy of the security for the indebtedness or the solvency of Mortgagors or the presence of waste or danger of loss or destruction of the property, to possess, manage and control the real property above described and all buildings thereon and to collect the rents, issues and profits thereof.

19. Mortgagee may at any time without notice release all or any part of the above described real property from the lien hereof without affecting the personal liability of any person for the payment of the indebtedness hereby secured, or the lien hereof upon the remainder of the premises for the full amount of the indebtedness then remaining.

20. They hereby expressly consent to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of said property.

21. If Mortgagor is or becomes the owner of irrigable lands subject to and in excess of the land limitation provisions of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess lands, Mortgagors agree to designate the irrigable lands on the premises, or so much thereof as may be so designated within said limitation provisions, as non-excess lands.

22. All of the covenants and agreements herein contained shall run with the land and shall bind the heirs, executors, administrators, successors and assigns of the Mortgagors and shall inure to the benefit of the Mortgagee's successors and assigns.

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If this mortgage is executed by only one person or by a corporation, the plural reference to the Mortgagors shall be held to include and apply to the singular.

In Testimony Whereof, the said Mortgagor has hereunto set their hand and seal this 11th day of

March, 1975

Signed, Sealed and Delivered in the presence of

Z X RANCH, a Kansas Partnership,  
Z X RANCH, INC., a Kansas corporation, partner

BY: *[Signature]* (SEAL)

BY: *[Signature]* (SEAL)

RANCH ENTERPRISES, INC., a Nevada corporation,  
BY: *[Signature]* (SEAL) partner

BY: *[Signature]* (SEAL)

16. Mortgagor's failure to exercise, or its waiver of any right or option or of any default, shall not be deemed a waiver of any future right, option or default.

17. In any suit to foreclose this mortgage, or in any suit or proceeding in which Mortgagee is obliged to defend or protect the lien hereof, or in which Mortgagee is a party, the debt secured by this mortgage shall be deemed to be a debt of the mortgagor.

17. In any suit to foreclose this mortgage, or in any suit or proceeding in which Mortgagee is obliged to defend or protect the lien hereon, or in which Mortgagee is a party, and the above described real property or any portion thereof is the subject matter thereof, including but not limited to suits to quiet title or for condemnation or costs, and a reasonable sum as attorney's fees, including all out of pocket expenses, and the costs of any appeal to any appellate court, and for the expense of preparing and filing with the court any briefs or affidavits, and the same, may be reasonably be incurred by Mortgagee in defending this mortgage, and for the cost of any appeal to any appellate court, and for the expense of preparing and filing with the court any briefs or affidavits, and the same shall be secured by this suit, and for the benefit of Mortgagee, and shall be paid by the borrower, or his estate, or his heirs, or assigns, or his personal representatives. In the absence of any suit or proceeding to foreclose this mortgage, and in the collection of its unpaid principal, including reasonable attorney's fees, incurred by Mortgagee in the collection of its unpaid principal, or in any other default.

18. Mortgages further agree that a receiver may be appointed in any suit or proceeding to foreclose this mortgage without notice to Mortgages and without regard to the adequacy of the security for the indebtedness or the solvency of Mortgages or the presence of waste or danger of loss or destruction of the property, to possess, manage and control the real property above described and all buildings thereon and to collect the rents, issues and profits thereof.

19. Mortgagor may at any time without notice release all or any part of the above described real property from the lien hereof without affecting the personal liability of any person for the payment of the indebtedness hereby secured, or the lien hereof upon the remainder of the premises for the full amount of the indebtedness then remaining.

20. They hereby expressly consent to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of said property.

21. If Mortgagor is or becomes the owner of irrigable lands subject to and in excess of the land limitation provisions of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess lands, Mortgagors agree to designate the irrigable lands on the premises, or so much thereof as may be so designated within said limitation provisions, as non-excess lands.

22. All of the covenants and agreements herein contained shall run with the land and shall bind the heirs, executors, administrators, successors and assigns of the Mortgagors and shall inure to the benefit of the Mortgagee's successors and assigns.

10225

If this mortgage is executed by only one person or by a corporation, the plural reference to the Mortgagors shall be held to include and apply to the singular.

In Testimony Whereof, the said Mortgagor has hereunto set **their** hand and seal this **11th** day of **January** 190**8**.

March

, 1975

Signed, Sealed and Delivered in the presence of

set their hand and seal this 11th day of  
 Z X RANCH, a Kansas Partnership  
 Z X RANCH, INC., a Kansas corporation, partner

BY: John J. [Signature] (SEAL)

BY: [Signature] (SEAL)

RANCH ENTERPRISES, INC., a Nevada corporation,  
(SEAL) partner

BY: Talbot E. Hargis (SEAL)

BY: T. J. E. Jones (SEAL)

Z X RANCH, INC., a Kansas corporation

BY: Nicolaus P. Kras

DATE: 12-11-1964

C. L. Paterson

*[Signature]*

Nicholas H. Salgo

10 0

~~Theodore R. Conn~~

Nancy, Ind. J. 2

King, R. L. L.

Hugh Haff, Jr.

James C.

**James C. Lynch**

STATE OF OREGON )  
County of Lake ) ss

On this 1st day of August, 1975, before me, a Notary Public, personally appeared R. A. Arnold, to me known to be the person who executed the foregoing instrument in behalf of Hugh Halff, Jr. and acknowledged that he executed the same as the free act and deed of Hugh Halff, Jr.

My commission expires: 7-10-78

Barbara Snider  
Notary Public for Oregon

STATE OF OREGON

COUNTY OF

This certifies that on this 1st day of August, 1975, before me, the undersigned, a Notary Public for said State, personally appeared the within named C. L. PATTERSON, NICHOLAS H. SALGO, THEODORE R. COHN, HUGH HALFF, JR., JAMES C. LITCH known to me to be the identical person described in and who executed the within instrument, and acknowledged to me that he executed the same freely and voluntarily for the purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and official seal the day and year last above written.

Barbara Snider  
Notary Public for Oregon

My commission expires: 9-10-78

STATE OF OREGON

COUNTY OF

(Corporate Acknowledgment)

On this 1st day of August, 1975, before me appeared Nicholas Salgo and Vice President C. L. Patterson both to me personally known, who being duly sworn, did say that he, the said Nicholas Salgo is the President, and he, the said C. L. Patterson is the Vice President Secretary of

C. L. Ranch, Inc., a Kansas Corporation the within named corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and

acknowledged said instrument to be the free act and deed of said corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

Barbara Snider  
Notary Public for Oregon

My commission expires: 9-10-78

10227

THIS CERTIFIES, That on this 29th day of August, 1975 before me appeared C. L. Patterson and Tullio E. Ponzi both to me personally known, who being duly sworn, did say that he, the said C. L. Patterson is the Secretary, and he, the said Tullio E. Ponzi is the Vice-President of the Ranch Enterprises, Inc., a Nevada corporation the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and the said C. L. Patterson and Tullio E. Ponzi acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed my official seal the day and year first in this, my certificate, written.

Barbara Snider  
Notary Public in and for said County and State

My Commission expires: 9-10-78

Return To:



COUNTY OF

This certifies that on this 1st day of August, 19 75, before me, the undersigned, a Notary Public for said State, personally appeared the within named C. L. PATTERSON, NICHOLAS H. SAIGO, THEODORE R. COLE, HUGH HAUFF, JR., JAMES C. LYNCH known to me to be the identical person described in and who executed the within instrument, and acknowledged to me that he executed the same freely and voluntarily for the purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and official seal the day and year last above written.

Barbara Sinder  
Notary Public for Oregon

My commission expires: 9-10-78

STATE OF OREGON

(Corporate Acknowledgment)

COUNTY OF

On this 1st day of August, 19 75, before me appeared Nicholas Saigo and Vice-President C. L. Patterson both to me personally known, who being duly sworn, did say that he, the said Nicholas Saigo is the President, and he, the said C. L. Patterson is the Vice-President Secretary of

S. S. Ranch, Inc., a Kansas Corporation the within named corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and

acknowledged said instrument to be the free act and deed of said corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

Barbara Sinder  
Notary Public for Oregon

My commission expires: 9-10-78

10227

THIS CERTIFIES, That on this 29th day of August, 1975 before me appeared C. L. Patterson and Tullio E. Ponzi both to me personally known, who being duly sworn, did say that he, the said C. L. Patterson is the Secretary, and he, the said Tullio E. Ponzi is the Vice-President of the Ranch Enterprises, Inc., a Nevada corporation the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and the said C. L. Patterson and Tullio E. Ponzi acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed my official seal the day and year first in this, my certificate, written.

Barbara Sinder  
Notary Public in and for said County and State

My Commission expires: 9-10-78

Return To:  
Travelers Ins. Co.  
Real Estate Investment  
707 W. Washington  
Portland OR 97205

STATE OF OREGON, COUNTY OF KLAMATH; ss.

Filed for record at request of TRANSAMERICA TITLE INS. CO.

this 2nd day of SEPTEMBER, A. D. 19 75 at 10:45 o'clock A.M., and

duly recorded in Vol. M 75, of MORTGAGES, on Page 10214

FEE \$ 42.00

Wm D. MILNE, County Clerk

By Hazell Duggan