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FLB LOAN 166447-0

FEDERAL LAND BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on this 11th day
of October, 19 76,

Carson Sherrod Kendall and Sharon Anderson Kendall,
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

Township 40 South, Range 10 East of the Willamette Meridian

Section 20: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, and all that portion of the NW $\frac{1}{4}$, the NE $\frac{1}{4}$ SW $\frac{1}{4}$,
and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ lying Northeasterly of the Northeasterly right-of-way line of
Highway 39. ✓

Together with a 50 HP G.E. Motor, Serial No. BH6094059, with a Cornell Centrifugal
Pump, Serial No. 11234, and any replacements thereof, all of which are hereby
declared to be appurtenant thereto. ✓

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

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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 \$ 178,000.00, 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 April, 2012. 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.

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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 this mortgage, without affecting its validity as a real estate mortgage, is also executed and shall be construed as a Security Agreement and as a Fixtures Financing Statement under the Oregon Uniform Commercial Code, granting to Mortgagee a security interest in the personal property collateral described herein and in the goods described herein which are fixtures or are to become fixtures. 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.

For the purpose of a Fixtures Financing Statement, the debtors are the Mortgagors, the secured party is the Mortgagee, the address of the secured party from which information concerning the security interest may be obtained is 900 Klamath Avenue, P.O. Box 148, Klamath Falls, Oregon 97601, and the mailing address of the debtor is Route 1, Box 627, Klamath Falls, Oregon 97601.

Should the interest in said lands, or the stock in any Mortgagor corporation, owned by any of the Mortgagors, their successors or assigns, be transferred voluntarily or by operation of law without the consent of the Mortgagee, then the Mortgagee, at its option, may declare the entire indebtedness secured hereby forthwith due and payable. All sums remaining unpaid shall bear interest at the rate of 10% per annum from the date of such declaration, provided that no consent be required after reduction of the principal balance of the indebtedness to \$140,000.00.

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

STATE OF Oregon } ss.
County of Klamath

Carson Sherrod Kendall
Sharon Anderson Kendall

Carson Sherrod Kendall and Sharon Anderson Kendall,
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.

Return: Federal Land Bank
900 Klamath
City

STATE OF _____ } ss.
County of _____

On October 19, 1976, before me personally appeared
Alberta D. Sharp
NOTARY PUBLIC
My Commission Expires October 30, 1976

On _____, before me personally appeared

Deputy

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 5 day of
Nov A.D., 19 76 at 3:12 o'clock P M., and duly recorded in Vol M 76,
of Mortgages on Page 17681.

FEE 9.00

WM. D. MILNE, County Clerk
Barbara Rich Deputy