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neUSDA.FmHA endoucing such payments re Bound EmHY (353) OBring use of the real property described above, and ABIT SUT Balle 2208 (In the second s

-S800 Nan evidenced by the note solely for perpose authorized by the Government

per ubban and the second and suffered into by FRANCES OF CONNER ENTERPRISES, INC. Suf dba teams by the rest of the

(5) All advances by the Bovernment as described in this instrument, with interest, shall be immediately due and gayable Presiding thus the the KLAMATH IN THE THE THE CALL WELCZE THE (Presiding muse no the North Region Region Region and a state of the second of Borrower. All such advances and bear interest at a such advances and bear interest at a such advances and bear interest at a such as advances and bear interest at a such advances and bear advances and bear interest at a such advances and bear advances and bear interest at a such advances and bear advances are advances at a such advances and bear advances at a such advances a - County, Oregon, whose post office

termined peter Reports BOR 868 of KLAMATH: PALLS Jon when due at well as and coars and expense of the 97601 and address is prive or not the uncertain of the constant of the c assessments, mourance premiums and other charges upon the mortgaged premises

perein called "Borrower," cand seroment, in make additional monthly pryments of 1/15 of the estimated annual taxes, rise i WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, The HWHEREAS borowerses indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) in or assumption, agreement(s), herein called "note," which has been executed by Borower, is payable to the order of the signature of the states of the states of the states of the potton of the Government upon any default by Borower, and is described as follows in uteratives of babuent of the note policy of the Government upon any default by (f) To be blowbith when the sub inserted control of the control of the covernment upon any default by <u>Date of Instrument</u> succes abecined use to the order of the control of the covernment upon any default by <u>Instrument</u> succes abecined use to the order of the control of the covernment upon any default by <u>Instrument</u> succes abecined use to the order of the control of the covernment upon and the control of the covernment <u>Installment</u> of the states of the control of the covernment upon and the control of the covernment <u>Installment</u> of the covernment of the covernment upon and the covernment of the covernment of the covernment <u>Installment</u> of the covernment of the covernment upon and the covernment of the covernment of

PO3X31/13348umself his hers, ex20202000d00ustrators, successors 202 assigns WARRANTS 3/152/15018 the TO HAVE AND TO HOUD the property unto the Government and its assigns forever in fee simple-CI any part thereof or interest therein all of which are herein called "the property"

chereto, and all payments at any time owing to Borrower by sintue of any sale, lease, transfer, conservance, ar concernation Th carpenng purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining sconapity increased to the note entries of including per not planter to trutter to trutter to and insure the more evidences, a loan to portion and the Covernment, at any time, may assign the note and insure the covernment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949:

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity portgage to secure the Government against loss under its insurance contract by reason of any default by Borrower: 2355

NOW THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and same harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the

See attached "Nohibit A"

FmHA 427-1 OR (Rev. 12-2-75)

bee accached "Exhibit A"

BOVEINTICEN INC. JOHOWING PROPERTY SITURED IN the State of Oregon, Jounny (128) of the sedimentation

mentary nerections, dortower does nereby grant, bargain, sell, confey, munitage, and assign with general warrenty and stille all times to secure the prompt payment of all advances and expenditures made by the Government, with measur as horeinalter described, and the performance of every covenant and greement of Berrower contained fortain of in its supplies note is beld by an insured holder, to secure peticipinance of Borrower's agreement herrin to indemnity and same instructional of the any event and defend at Government against flore under its insurance contract by teason of any default by Borrower, and (c) in any event and at Payment of the note and any renewals and extensions thereof and any agreements contained storem. (b) at all times were lise in the event the Government should assign this instrument without insurance of the payment of the note to score events NOW THEREFORE, in consultation of the loan(s) and (a) a all lines schen, the nois is held by the travernation of

of the nois or attach to the debt evidenced thereby, but as to the noise and such, detersinal constitute an "**23,000** to secure the Government against loss under its manance contract by reason of any default by Borrower." shill secure payment of the note, but when the note is held by an insured holder. Dus metrument shall not secure payment Covernment, or in the event the Government should assign this fusitument address in the role, this instrument

ying it is the bathoze and income therefrom, all improvements and personal property now or later attached thereto or profits, thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining othereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property";

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for himself, his heirs, executors, administrators, successors and assigns WARRANTS. THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows: 111111111111

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower, shall continue to make payments on the note to the Govern-

ment as collection agent, for the holder cannot your appendix and other charges as may now, or hereafter be required by regulations of (1) (2) of the Government such fees and other charges as may now, or hereafter be required by regulations of (1) the Farmers Home, Administration prograd up (Durce 2000) question schut (product) the stimated annual taxes, (3). If required, by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes,

assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by him when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Porrower from breach of his covenant to pay. Such advances, with interest, shall be repaid from the first available collections received from Borrower. Otherwise, any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the foan evidenced by the note solely for purpose authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and lassessments in connection with lwater, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

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(8) To keep the property insured as required by and under insurance policies approved by, delivered to, and retained by the Government.

(9). To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs; and expenses of advertising, selling, and conveying the property.

(12) Neither the property nor any portion thereof or interest therein shall be assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

and agreements contained herein or in any supplementary agreement are being performed.

(14). The Government may extend and defer the maturity of and renew and reamortize the debt evidenced by the note or any indebtedness to the Government secured hereby, release from liability to the Government any party so liable thereon, release portions of the property from and subordinate the lien hereof, and ways any other rights hereunder, without affecting the lien or priority hereof or the liability to the Government of Borrower or any other party for payment of the note or indebtedness secured hereby.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative ending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate or crop or chattel security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government's tills option, with or without notice; may (a) declare the entire amount unpaid under the note and any indeptedness to the Government's tills option, with or without notice; may (a) declare the entire amount unpaid under the note and any indeptedness to the Government's tereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or iterit the property, (c) upon application by if and production of this instrume... without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident; to enforcing or complying with the provisions hereof, (b) any prior-liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent; dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or, rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act of for him will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, or national origin, and (b) Borrower recognizes as illegial and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling to face, color, religion, sex or national origin, and (b) Borrower recognizes as illegial and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling to face, color, religion, sex or national origin, and (c) Borrower (21). This instrument is hall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

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(8) To keep the property insured as required by and under insurance policies approved by, delivered to, and retained

(10) To comply with all laws, ordinances, and regulations. (feeting the more solution of the complexity of the second solution of the secon turber, stavel, oil, gas coul, or other minerals except at may be necessary for ordinary homestic pure-set good and husbandmaniks manner, comply with such farm consectation practices and farm and home nationant prices as the flowerancent from time to three may presente and not to abanded the property, or cause or period wasts, tesening size implificant of the security covered hereby, or with not the willien content all the concentrative as removed or leave set 2 (91 To maintain improvements in sood repair and make repairs required by the Government; operate the property in a by the Government.

Comission expires 8-5

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and Public for Oregon

Personally appeared James B. O'Conner who, being duly sworn , did say that he is the president of Frances O'Conner Enterprises, Inc., dba O. K. and & Cattle Co., an Oregon Corporation, and that said instrument was sign incl sealed in behalf of said corporation by authority of its board of ectors; and that said instrumentits its voluntary act and deed.

State of Oregon) County of Klamath arch 27, 1978

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rights and remedics provided herein or by present or future law. of receivers in life cases, (d) foreclose this instrument as provided herein or by law, and (c) enforce any and all other Return to Farmers Home Admin station mach income abbonuted for the broberty with the print bonets

incid WUINESS theilitand(s) of Borrower this the state of the state of

becomment in the order preserined above ments stare of the pulchase pine of stediling each another of any debits of Borower owing to an insured by the all or any part of the property. The Government and at agents may find and purchase as a stranger and noy pay the fourth-31) of any part of the monethy the continuent and its source may be and internals, as a structure of the monethy of Borrower by the Concurrent and (i) and permit in pointwer. All (or ecosine of all the second of the monethy) is a structure of the monethy of the concurrent and (i) and permit in pointwer. All (or ecosine of all the second of the monethy) is a structure of the monethy of the mone

which the Government may by regulation impose, including the fatorest rate it may charge, as a condition of approving a itansfer of the property to a new Borrower. Borrower expressly wrives the brack of any such State has aborrower beichy relindenings, waives, and conveys all rights, including or consummate of descent, dower, and our less imitations. (d) allowing any fight of refleration of possession following any foreclosure sile, or (e) inuting the conditions lumiting the groound thereof of the time within which such neared may be brought. (c) prescribing any other statute of appaison homestead or excitation of the property (b) prohibiting memory of an action to, a deficiency industries (0.9) Potrower serves that the thoremment will not be bound by any present or future (1987-(3) providing for valuation;

provision of application, and to that and the provisions hereof are declared to be severable and the provisions hereof are (10). If any part of the four flor which this instrument is pays shall be used to transfer the purchase, construction of

(22), Notices, given, hereunder, shall be sent to vertified real, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, address stated above the sent to farmer at Portland. Oregon 9/205, and in the case of Borrower to him at his post office address stated above the sent to farmer at Portland. Oregon 9/205, and in the case of Borrower to him at his post office address stated above the sent to farmer at Portland. Oregon 9/205, and in the case of Borrower to him at his post office address stated above the sent of the sent of the case of the case of the Government to Farmers Home Administration, address stated above the sent of the sent of the case of th

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"EXHIBIT A"

Township 40 South, Range 9 East of the Willamette Meridian

Section 16: SWk

Section 23: EASWA, EANEA

PARCEL 2:

Township 40 South, Range 9 East of the Willamette Meridian

Section 13: SWk

Section 14: SE%, the SW%, all that portion of the NW%NW% lying Westerly of the County Road. The S%NW%, LESS portions thereof conveyed to the United States of America by deeds recorded in Deed Volume 99 page 184 and in Volume 105 page 261.

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Section 15: SE4, N4SWA, All that portion of the NW4NW4 and of the S4NW4 described as foilows: Beginning at the corner common to Sections 9, 10, 15 and 16; thence East 183 feet; thence South 38°43' West 25 feet; thence South 7°30' West 370 feet; thence South 20°00' West 385 feet; thence South 33°15' East 425 feet; thence South 12°00' East 435 feet; thence South 56°30' East 350 feet; thence South 43°20' East 290 feet; thence South 18°30' East 300 feet; thence South 27°45' East 250 feet; thence South 80°00' East 190 feet; thence North 76°30' East 520 feet; thence South 76°00' East 345 feet; thence South 89.00' East 490 feet; thence South 65.30' East 30 feet; thence South to the Southeast corner of the SEXNW% of said Section 15/ thence West along the South line of said NWW of said Section 15, to the quarter corner common to Sections 15 and 16; thence North along the Section line to the point of beginning.

WyNEY, SEYNEY, EYNWY, and the SEY Section 16:

EYNEY, NEYSEY Section 22:

EANWA, NWANWA, WANEA, NWASWA, and WASEA Section 23:

Section 26: NWINEY

Township 40 South, Range 9 East of the Willamette Meridian Portion Section 36 Township 40 South, Range 10 East of the Willamette Meridian Portion Sections 31 and 32 Township 41 South, Range 10 East of the Willamette Meridian

Sections 31 and 32 Township 41 South, Range 10 East of the Willamette Meridi Portion Sections 5, 6, 7 and 3; described as follows: Commencing at the NorthWest corner of Section 7, Township 41 South, Range 10 East of the Willamette Meridian, thence South, 2,349.63 feet; thence East 588.53 feet to a 5/8 inch iron pin on the Northerly boundary of Lower Lake Road for the true point of beginning; thence North 32°57'50" East, 626.60 feet; thence North 30°37'40" East, 583.76 feet; thence North 2°06'10" West, 272.55 feet; thence North 26°53'30" West, 795.90 feet; thence North 00°59'20" West, 483.48 feet; thence North 30°49'50" East, 1,493.24 feet; thence North 8°30'40" West, 1245.85 feet; thence North 26°12'20" West, 5,063.29 feet; thence North 9°33'50" East, 881.61 feet; thence North 17°30' 30" East, 240.44 feet; thence North 20°16'20" East, 245.73 feet; thence North 36°44'20" East a distance of 920 feet; more or less, to a point on the North boundary of the S½NW¼ of Section 31. Township 40 South, Range 10 East of the Willamette Meridian; thence East along said line and the North line of the S½NW¼ to the East line of Section 31; thence South along said East line to the East-West centerline of Section 32; thence East along said East line to the East-West centerline of Section 32; thence East along said line to the Northeast corner of the NW4SW4; thence South along the North-South centerline of the SW4 of Section 32 and the W4 of Section 5, Township 41 South, Range 10 East of the Willamette Meridian, and the NE's of Section 8, Township 41 South, Range 10 East of the Willomette Meridian, to the East-West centerline of Section 8; thence West along said centerline to the East line of Section 7, Township 41 South, Range 10 East of the Willamette Meridian; thence South along said line to the North right of way line of the Lower Klamath Lake Road; thence Northwest along said North line to the point of beginning, SAVE AND EXCEPT from the above described parcels SaNEL Section 31, Township 40 South, Range 10 East of the Willamette

STAT E OF OPECOM. C