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petero called applications, insurance, in make additional monthly payments of 1/12 of the estimated annual taxts, assessments, insurance preinfully and other charges upon the mortgaged premises. The second of the second se

to secure the Government against loss under its insurance contract by reason of any default by Borrower: 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 "ame 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 supple-mentary agreement. Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the

Government the following property situated in the State of Oregon, County (ies) of <u>Klamath</u>

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See attached "Exhibit A"

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Government the following property situated in the State of Oregon) Cobarty (les) of 25 (110)

mentary agreement, borrower tives fleraby grant, bargem, sell, convey, mortgage, and assign with senoral averagit, unto the bereinafter described, and the performance of every covenant and appearement of Bonower command betein or in any supplyall times to secure the prompt payment of all advances and expenditures made by the covernment, with Ensiert, as Guyer (mont against loss midde fits anstrance contract by reach of any default by Borrower, and services and at The systematic for the construction of the sound) are (a) are intervented the polytic region with our file for the noise of the noise o

SOV THEREFORE, in consuler ther, of the locat(s) and (a) at all three streen the note is held by the Government, or c) secure the Coveranient against joss under its insurance contractio [reason of any default by Borrower] shall seene grynisht of the note, but when the note is held by all insured, holder, this instrument shall not as the of a the note of attach to the debt evidenced thereby, but as to the note and such debt shall consultate an indenta 25.55 are interested in second the covernment seature loss under its insurance on the note of attack to the debt evidenced thereby, but as to the note and such debt shall consultate an indenta 25.55 are interested in second by a such debt and consultate an indenta 25.55 are interested in second by the note of attack to the debt evidenced thereby, but as to the note and such debt and consultate an indenta 25.55 are interested and such as the note of attack to the debt evidenced thereby, but as to the note and such as the note of attack to the debt evidenced thereby, but as to the note and such as the note of attack to the debt evidenced thereby, but as to the note of attack debt and the note of attack to the debt evidenced thereby, but as to the note of attack debt and of the note of attack to the debt evidenced thereby. Coverants in the event the Coverancent should assign this instrument without menance of the note, this protrament And it is the Purpose and intent of this instrument that, among other shurgs at all times where the note is held by the

together with all rights, interests ceasements, hereditaments and appurtenances thereunto belonging, the rents, issues, and rogenies, while an again, interests, casements, and any and appointenances thereinto belonging, the terms, issues, and 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 thereto, 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: (1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless

the Government against any loss junder 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 tholder. Borrower shall continue to make payments on the note to the Government as collection agent for the holder alleg about a valid for pace executed by house or building to the builder alleg (12) To pay to the Government such feest and lother charges as may now or hereafter be required by regulations of the Farmers Home Administration for the function of an end of the function of an end of the function of the

(3)"If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes,

(4) Whather 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 take horne but he obte 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 advances by 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 Borrower from breach of his covenant to pay. Such advances, with interest, shall be relieved by the Government shall relieve Borrower from breach of his covenant to pay. Such advances, with interest, shall be relieved by the Government shall relieve Borrower from breach of his covenant to pay.

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.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above and property deliber to the use of the real property described above and property deliber to the use of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property described above and property described above and property deliber to the line of the real property described above and property deliber to the line of the real property described above and property deliber to the line of the line necessary to the use of the real property described above, and promptly deliver to the Government property

demand receipts evidencing such payments. Relation 2

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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 dien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants 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 of any indebtedness to the Government secured hereby, release from liability to the Government any party so fiable thereon, ing the lien or priority hereof or the liability to the Government of Borrower or any other rights hereunder, without affectindebtedness 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 redit 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 lending 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 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 of be declared an incompetent, a bankrupt, or an (a) declare the entire amount unpaid under the note and any indebfedness to the Government for the benefit of creditors, the Government, at its option, with of without notice, may: (a) declare the entire amount unpaid under the note and any indebfedness to the Government for repair or maintenance of and take an assignment for the benefit of creditors, the Government, at its option, with of without notice, may: (a) declare the entire amount unpaid under the note and any indebfedness to the Government hereby secured immediately 10 possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other of receivers in like cases, (d) forcelose 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 secured hereby, (d) inferior liens of precord required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness 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 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, inchage 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 repair of property to be used as an owner occupied dwelling (herein called "the dwelling") and if Borrower intends to sell for him will after receipt of a bona fide offer, refuse to negotiate for the sale of refail of the dwelling or will otherwise make the construction of the dwelling to anyone because of race, color, religion, sex, or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling to race, color, religion, sex or national origin, and (b) Borrower or dwelling relating to race, color, religion, sex or national origin, and (b) and the dwelling relating to race, color, religion, the dwelling relating to race color, religion, the dwelling or the dwelling relating to race color, religion, the dwelling relating to race color, reli

(21) This instrument shall be subject to the present regulations of the Farmers Home Administration; and to its future regulations not inconsistent with the express provisions hereof.



(8) To keep the property insured as required by and under insulance policies approved by, defire out of a columed

by the (sovernment.

the Government from due to time may prescribe: and not to abanding the property of cases or joiner and a second or how any prescribe and not to abanding the property of takes or joined and not how any unput mention of the second of the seco endd and husbaintmandike nunnees comply with such farm conservation practices and farm and how exercisement plans as 2(9). To many sub-improvements in good repair and make schang ironare by the Lovemment operate the property is a

stary Public for Oregon empleation expires 8-5.

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

State of Oregon County of Klamath March 27, 1978

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shall consultate default hereunder. insured by the Government and executed of assumed by Borrower addidersult under any such other would in transmi 1112 Internit protection of the construction of the construction of the construction of the construction of the to be linchard and coolerable coupler alouch a completion with fact loans. 201 Martin

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of receivers in like cases, (d) foreclose this instrument as provided fretein or by law, and (c) enforce any and all effect Return to Farmers, Home, Administration busined and biomers of the sectors of the and and barapic Br.Oat Box 1328, 16K. #Failson b. FRANCES, 0. CONNER, ENTERPRISES, INC., 264 (a) declare the ender another model the first and and the second and the second second and the s U.J. SHOULD DEFAULT occar in the performance of dischard anes B. O. Comer

all of any part of the property, the Government and its agents may bill and purchase as a stanker and may pay the Governof Borrower, owing the or insured by the Government, and (D any balance to Borrower, Ar fore fourte or other said of of needed required by law or a competent court to be so paid. (c) at the Gowardment's option, any other indebte fores be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured here y. (d) inferior liens WITNESS the hand (5) of Borrower this bic27th percet (1) and brok himerch se are put or a court 19/78 at the analysis the baseling of the base nghts and remedics, provided herein of by present or future laws

relineusies, wayes, and conveys all rights, inclusing of consummate, of descent, newer, and surface nander of the property to a new Borrower Borrower expressiv warves the benefit of any such State law Borrower bereby ilanitations. (d) allowing any right of redemption of possession following any foreclosure sale, or (s) limiting the conditions which the forward may by regulation impose, including the initial state it may charge, us a condition of approvard a Inning the amount thereof or the time within which such action hay be brought, (c) prescriping any other statute of appraisal, homestead or exemption of the property. (b) prohibiting manuenance of an action for a delicitory, judgment or (JP). Borrower agrees that the Government will not be bound by sity present of sylface laws, (a) providing for valuation, covernment, in the order press tifted above. ment a share of the purchase pize by crediting such anount on any debre of Berr sectowing to or insured by the

(23) "If any provision of this instrument of application thereof to any person of circumstances is held invalid, such the instrument which can be given effect without the invalid, such spokson of application, and to that end the provisions hereof are declared to be severable."

regulations not niconsistent with the oxpress provisions littled (22) Notices given hereunder shall be sent by certified mail, upless otherwise required by law, addressed, unless and cuntil isome other address is designated in a notice so given in the case of the Government to Farmers Home Administration, United States Department of Agriculture sat Portland, Oregon 97205, and in the case of Borrower to him at his post office address stated above the dwelling to anyone because of race, color, religion, sex, or rational ensure and (b) houses



"EXHIBIT A"

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Township 40 South, Range 9 East of the Willamette Meridian

Section 16: SWk

Section 23: ELSWL, ELWEL

PARCEL 2:

Township 40 South, Range 9 East of the Willamette Meridian

Section 13: SWA

Section 14: SE4, the SM4, 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.

Section 15: SE4, N45W4, All that portion of the NW&NW& and of the S4NW& described as follows: 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 SEANW& of said Section 15; thence West along the South line of said NW% 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.

Section 16: WENEY, SEXNER, ENNWY, and the SEY

Section 22: Einel, NEisel

Section 23: E4NW4, NW4NW4, W4NE4, NW4SW4, and W4SE4

Section 26: NW4NE4

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 Portion Sections 5, 6, 7 and 8; described as follows:

Commancing 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 SkNWk of Section 31. Township 40 South, Range 10 East of the Willamette Meridian; thence East along said line and the North line of the SkNWk to the East line of Section 32; thence East along said line to the East-West centerline of Section 32; thence East along said line to the Northeast corner of the NWkSWk; thence South along the North-South centerline of the SWk of Section 32 and the Wk of Section 5, Township 41 South, Range 10 East of the Willamette Meridian, and the NE% of Section 8, Township 41 South, Range 10 East of the Willamette Meridian, to the East-West centerline of East of the Willamette Meridian, to the East line of Section 7, Township 41 South, Range 10 East of the Willamatte Meridian; thence South along said line to the North right of way 110% of the Lower Klamath Lake Road; thence Northwest along said North line to the point of beginning. SAVE AND EXCEPT from the above described way 110% of the Lower Klamath Lake Road; thence Northwest along said North line to the point of beginning. SAVE AND EXCEPT from the sabove described