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FLB 6971 (6-77)

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FEDERAL LAND BANK MORTGAGE

Vol. M 78 Page 7527

FLB LOAN 173434-1

Recorded at ____ o'clock ____, Page ____

Auditor, Clerk or Recorder

KNOW ALL MEN BY THESE PRESENTS, That on this 7th day of April, 1978, Charles A. Nelson and Eleanor L. Nelson, 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:

SE¼SE¼ of Section 4, Township 39 South, Range 11 East of the Willamette Meridian, excepting therefrom the following: beginning at a point on the North line of the said SE¼SE¼ and the centerline of said existing road, from which the Southeast corner of said Section 4 is South 21°43'30" East 701.00 feet and South 38°01'20" East 807.44 feet; thence Westerly to the Northwest corner of said SE¼SE¼; thence Southerly to the Southwest corner of said SE¼SE¼; thence Easterly along the South line of said Section 4 to a point on the centerline of said existing road, said point being Westerly 11 feet, more or less, from the Southeast corner of said Section 4; thence Northwesterly along the centerline of said existing road to the point of beginning, with bearings based on Survey No. 1547 as recorded in the office of the Klamath County Surveyor. Also including, S½SW¼ of Section 3, the NW¼NW¼, N½SW¼NW¼, NE¼NW¼ and SE¼NW¼ Section 10, all in Township 39 South, Range 11 East of the Willamette Meridian, except therefrom that portion described as follows: the following tract of land located in the NW¼ of Section 10, Township 39 South, Range 11 East of the Willamette Meridian. Beginning at the Southwest corner of the N½SW¼NW¼, Section 10; thence North along the West boundary line of said Section 730 feet to a point; thence East 730 feet; thence South 730 feet; more or less, to a point on the South line of the N½SW¼NW¼; thence West to the point of beginning. Also except therefrom that portion described as follows: a parcel of land situate in the SW¼NE¼ and SE¼NW¼ of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, being more particularly described as follows: beginning at the iron pin marking the center of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, said pin being also the Northwest corner of East Bonanza Addition to the City of Bonanza, Klamath County, Oregon; thence North along the West right of way of West Avenue 30.0 feet; thence East along the North right of way of Morine Avenue 137.9 feet; thence North 110.0 feet; thence West 217.95 feet to the centerline of a drain; thence South 11°56' West along the centerline of said drain 143.1 feet to the East-West centerline of said Section 10; thence East along the said centerline of said Section 10, 109.64 feet to the point of beginning. Also except a tract of land situated in the SE¼NW¼ of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, more particularly described as follows: beginning at a point on the North-South center section line of said Section 10 from which the North ¼ corner of said Section 10 bears North 00°02'06" West 1997.28 feet; thence South 19°16'22" West, along the drain ditch, 530.67 feet to the Northwesterly corner of Deed Volume 353 at page 253, as recorded in the Klamath County Deed Records; thence South 89°30'16" East, along the North line of said Deed Volume, 20.44 feet to a ½ inch iron pipe; thence continuing along said line 155.03 feet to the North-South center section line of said Section 10; thence North 00°02'06" West 443.91 feet to a 5/8 inch iron pin; thence continuing North 00°02'06" West 58.53 feet to the point of beginning.

Together with a 40 HP Electric Marathon motor, 3500 RPM, with a Berkeley centrifugal pump, 180 TDH, 575 GPM, and a 40 HP Electric Marathon motor, 3500 RPM, with a Berkeley centrifugal pump, 180 TDH, 575 GPM, and a 10 HP Electric U. S. motor, 1800 RPM, with an (unknown) centrifugal pump, 125 TDH, 205 GPM, and any replacements thereof; all of which are hereby declared to be appurtenant thereto.

and pertaining 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 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 $ 170,000.00 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 January, 2013

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 money secured hereby when due.

To keep the buildings and other improvements now or hereafter existing on said premises in good repair; to complete without delay the construction on said premises of any building, structure or improvement in progress, any improvements to existing structures in progress, and any improvements or remodeling for which the loan hereby secured was granted in whole or in part; not to remove or demolish or permit the removal or demolishment of any building thereon; to restore promptly in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property and its use; not to use or permit the use of said premises for any unlawful or objectionable purpose; not to cut or permit the cutting of timber from said premises except for domestic use; to maintain and cultivate the premises in good and husbandlike manner, using approved methods of preserving the fertility thereof; to keep the orchards on said lands properly irrigated, cultivated, sprayed, pruned and cared for; not to commit or suffer waste of any kind upon said premises; 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, all assessments upon water company stock, and all rents, assessments and charges for water appurtenant to or used in connection with said property; and to suffer no other encumbrance, charge or lien against said premises which is superior to this mortgage.

To keep all buildings now existing or hereafter erected continuously 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 premises, with receipts showing payment of all premiums and charges affecting said policies; and that all insurance whatsoever affecting the premises shall be made payable, in case of loss, to the mortgagee, with a loss payable 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, together with interest and costs, shall be immediately repayable by the mortgagors without demand, shall be secured by this mortgage, and shall draw interest until paid at the default rates provided for in the note hereby secured.

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 defaults are hereby assigned and mortgaged to the mortgagee as additional security for the indebtedness herein described.

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.

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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 debtors is Route 1, Box 33, Bonanza, Oregon, 97623.

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

Charles A. Nelson

Eleanor L. Nelson

STATE OF Oregon }
County of Klamath } ss.

On April 17, 1978, before me personally appeared Charles A. Nelson and Eleanor L. Nelson 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.

Roberta B. Sharp
NOTARY PUBLIC

My Commission Expires Oct. 30, 1980

STATE OF OREGON: COUNTY OF KLAMATH: ss.

I hereby certify that the within instrument was received and filed for record on the 18th day of April A.D., 19 78 at 3:01 o'clock P M., and duly recorded in Vol. M78, on Page 7529

WM. D. MILNE, County Clerk

By Beverly Leech Deputy

NOTARY PUBLIC

My Commission Expires

After recording, return to:
Federal Land Bank
900 Klamath Ave.
Klamath Falls, Oregon
97601

DC