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

Position 5

MTC 6450 M
Vol. 78 Page 12965

REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by MELVIN D. FIEGI and VIRGINIA A. FIEGI,
husband and wife(2) The address of the (Borrower) is described in the instrument with interest, and is
residing in County, Oregon, whose post office
address is Route 2 Box 771, Klamath Falls, Oregon 97601herein called "Borrower," and
WHEREAS Borrower is 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)
or assumption agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the
Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by
Borrower, and is described as follows:

Date of Instrument	Principal Amount	Annual Rate of Interest	Due Date of Final Installment
June 2, 1978	\$14,800.00	5.0%	June 2, 2018

And the note evidences a loan to Borrower and the Government, at any time, may assign the note and insure the
payment 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 mortgage
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 save 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 KLAMATH

** SEE ATTACHED EXHIBIT "A" **

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

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 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 Government as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration to the United States of America.

(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 Borrower 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 loan 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 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 promptly deliver to the Government without demand receipts evidencing such payments.

12966

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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 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.

(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 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 waive 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 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 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, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby 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 rent the property, (c) upon application by it and production of this instrument 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 secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at 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's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by 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 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 illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex or national origin.

(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.

(22) Notices given hereunder shall be sent by certified mail, 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, United States Department of Agriculture, at Portland, Oregon 97205, and in the case of Borrower to him at his post office address stated above.

(23) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

(24) It is the intent of the parties to this instrument that the instrument be given effect to the maximum extent possible under the law.

(25) The parties to this instrument agree that the instrument is given effect to the maximum extent possible under the law.

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SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 34, Township 39 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, Klamath County, Oregon, and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and that portion of Lot 12, Section 35, Township 39 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, lying Southwesterly of the centerline of Lost River, and Westerly of the West line of the following described parcel:

A parcel of land situate in Lots 12, 13 and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, Township 39 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the South line of said Section 35 which bears North 89° 53' West a distance of 803.4 feet from the Southeast corner of said Section 35; thence continuing along said South line North 89° 53' West a distance of 2180.6 feet to the Southwest corner of tract described in Deed from Rockne Lane Flegi to Ben F. Smith, Inc., dated October 25, 1974, recorded November 4, 1974 in Volume M74, page 14245, Microfilm Records of Klamath County, Oregon; thence North 01° 07' East along the West line and West line extended of last mentioned tract a distance of 753.1 feet to the center of Lost River; thence Northeasterly along the centerline of Lost River a distance of 1125 feet, more or less, to the most Northerly point of tract described as Parcel #1 in Deed from Millet Ranch to Ben F. Smith, Inc., dated June 27, 1972, recorded July 7, 1972 in Volume M72, page 7365, Microfilm Records of Klamath County, Oregon; thence South 59° 19' East a distance of 953.0 feet to a point; thence South 33° 29' East a distance of 869.0 feet, more or less, to the point of beginning, LESS portion contained in the Right of Way of South Poe Valley Road.

AND Lots 1, 8 and 9 in Section 3, and Lot 13 in Section 2, Township 40 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon and a portion of Lots 4, 5, and 12 in Section 2, said Township and Range, being described as follows:

Beginning at a point on the North line of Section 2, said point being West 524.4 feet from the Northeast corner of Government Lot 3, thence West along said North line of Section 2 a distance of 1832 feet; thence South 407 feet; thence West 50 feet; thence South 618 feet; thence East 537 feet; thence Southeasterly a distance of 1008 feet, more or less, to an iron pin; thence South 01° 40' East a distance of 824.2 feet to the Southwest corner of that parcel described in Volume M72, page 7365, Microfilm Records of Klamath County, Oregon; thence North 88° 45' East along the Southerly boundary of said parcel to the Northwest corner of that parcel described in Volume 357, page 339, Deed Records of Klamath County Oregon, said point being on the West line of Government Lot 11 and the East line of Government Lot 12; thence South along said boundary line of Lots 11 and 12 to the Southeast corner of Lot 12; thence West to the West line of said Section 2; thence North along said West line to the North line of said Section 2; thence East along said North line to the point of beginning.

ALSO THE FOLLOWING DESCRIBED PERSONAL PROPERTY:

Sprinkler system including but not limited to the following items, and including any replacements of or addition to such sprinkler system:

2 - $\frac{1}{2}$ mile x 4" Wheel lines

2500' - 6" Aluminum Mainline

Miscellaneous valves, couplers, risers, sprinklers, etc.

STATE OF OREGON, COUNTY OF KLAMATH, ss.

I hereby certify that the within Instrument was received and filed for record on the 19th day of June A.D., 19 78 at 9:40 o'clock A.M., and duly recorded in Vol. 1179 of Mortgages on Page 12965.

FEE \$15.00

WM. D. MILNE, County Clerk

By Berntha Shultz Deputy