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Position 5

Vol. 78 Page 25012

USDA-FHA

Form FHA 427-1 OR

(Rev. 7-1-73)

REAL ESTATE MORTGAGE FOR OREGON

KNOW ALL MEN BY THESE PRESENTS, Dated _____

WHEREAS, the undersigned JOHN M. MOSBY and MARILYN J. MOSBY,husband and wiferesiding in Santa BarbaraCounty, California, whose post office address is California601 E. Ocean Suite 3, Lompoc

xxxx 93436

herein called "Borrower," are (is) justly 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 certain promissory note(s) or assumption agreement(s), herein called "note" (if more than one note is described below, the word "note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require), said note being executed by Borrower, being payable to the order of the Government in installments as specified therein, authorizing acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and being further described as follows:

| Date of Instrument | Principal Amount | Annual Rate of Interest |
|--------------------|------------------|-------------------------|
| | \$325,000.00 | 8 1/2% |
| | 7,000.00 | 3% |

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 supplementary 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

Silver Lake Hwy and Hwy 97

(See Exhibit A attached for description)

together with all rights, interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and necessary to the use thereof, including, but not limited to, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, in whole or in part with loan funds, all water, lease, transfer, conveyance, or condemnation 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";

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

(1) To pay promptly when due any indebtedness to the Government and its assigns forever in fee simple.

(2) To pay to the Government agent for the holder.

(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 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 receipts evidencing such payments.

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25013

(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 will 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.

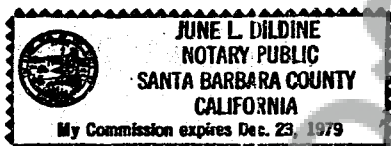
WITNESS the hand(s) of Borrower the day and year first above written.

(24) See Rider Attached.

ACKNOWLEDGEMENT

STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA] ss

On this 27th day of October, in the year 1978, before me, June L. Dildine, a Notary Public in and or said State, with principal office in the County of Santa Barbara, personally appeared John M. Mosby and Marilyn J. Mosby, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.



June L. Dildine
June L. Dildine

My Commission expires _____

Rider

This instrument also secures future advances to any person or firm named herein called Borrower when evidenced by notes covering operating or emergency loans (as identified in Farmers Home Administration regulations) subject to the same terms and conditions regarding assignment of said notes as hereinabove provided, and all references in this instrument to the "note" shall be deemed to include such future notes.

(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.

(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 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) As against the debt evidenced by the note and any indebtedness to the Government hereby secured, with respect to the property, Borrower (a) hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, curtesy, homestead, valuation, appraisal, and exemption, to which Borrower is or becomes entitled under the laws and constitution of the jurisdiction where the property lies, and (b) hereby agrees that any right provided by such laws or constitution for redemption or possession following foreclosure sale shall not apply, and that no right of redemption or possession shall exist after foreclosure sale.

(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 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, or national origin.

EXHIBIT "A"

25016

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

Township 31 South, Range 8 East of the Willamette Meridian

- Section 5: SW $\frac{1}{4}$
 Section 7: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, Lots 1 and 2, But Excepting from said Lots 1 and 2 the portion thereof lying West of a line parallel to and 50 feet Easterly from the located center line of the Southern Pacific Company right of way.
 Section 15: SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
 Section 17: N $\frac{1}{2}$, SW $\frac{1}{4}$
 Section 20: All
 Section 21: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
 Section 28: W $\frac{1}{2}$
 Section 29: All
 Section 30: E $\frac{1}{2}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 31: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ of Lot 1, E $\frac{1}{2}$ E $\frac{1}{2}$ of Lot 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
 Section 32: All
 Section 33: S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$
 Section 34: S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

Township 32 South, Range 8 East of the Willamette Meridian

- Section 4: Lots 3 and 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$
 Section 5: Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, these portions of Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ which lies Southerly and Easterly from the center line or thread of Williamson River; W $\frac{1}{2}$ SE $\frac{1}{4}$
 Section 6: Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, Lot 3, Lot 4 (But Excepting from said Lot 4 a parcel 417.42 feet by 208.71 feet described as Parcel 2 in Deed Book 331, page 173), S $\frac{1}{2}$ NW $\frac{1}{4}$, Lots 6 and 7, that part of the E $\frac{1}{2}$ SE $\frac{1}{4}$ lying Southerly and Easterly of the center line or thread of Williamson River.
 Section 8: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

on 7th day of November A. D. 1978. at 8:00 clock AM., and

fully recorded in Vol. M78, of Mortgages on Page 25012

Wm D. MILNE, County Clerk

Return to

Fee \$15.00

By Bernetha Hellock

Western Title Insurance

P.O. Box 810, Colusa, Ca 95932

Attn: Shm Wellborn

MgM
PC