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

REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by ROBERT L. HORTON AND GRETA MAE HORTON
husband and wife

residing in KLAMATH County, Oregon, whose post office address is 1940 Pointer Street, Klamath Falls, Oregon 97601

herein 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
2/16/1979	274,450.00	8.5%	2/16/2019

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 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

Government the following property situated in the State of Oregon, County (ies) of KLAMATH

RECEIVED FEB 16 1979 11:00

PARCEL 1:

TOWNSHIP 39 SOUTH, RANGE 11 E.W.M.

3690

SECTION 22: SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{4}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$, EXCEPTING that portion lying North of the Langell Valley Market Road

SECTION 25: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{4}$ SE $\frac{1}{4}$, and that portion of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ lying Southwesterly of the Westerly boundary of the Langell Valley Market Road

SECTION 26: All that portion of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ lying Westerly from a straight line drawn from a point on the North line of said Section 26, which point is 441.0 feet East of Section corner common to Sections 22, 23, 26 and 27, and to a point on the South line of said NW $\frac{1}{4}$ NW $\frac{1}{4}$, which point is 252.0 feet East of the Southwest corner of the said NW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 26;

ALSO all that portion of S $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26 lying Southwesterly from a line whose course is as follows: Beginning at a point on the South line of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26, which point is 252.0 feet East of the Southwest corner of said NW $\frac{1}{4}$ NW $\frac{1}{4}$; thence South 86° East, 406.0 feet; thence South 34° East, 811.0 feet; thence South 64° East, 407.0 feet; thence South 56° East, 810.0 feet, more or less, to a point on the South line of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26;

ALSO all that portion of the SE $\frac{1}{4}$ of Section 26, lying Southwesterly of the Westerly boundary of the Langell Valley Market Road; ALSO the SW $\frac{1}{4}$;

EXCEPT from the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26 that portion lying Northeasterly of the West Langell Valley Road.

SECTION 27: S $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$, that portion of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ lying South of the Langell Valley Market Road

SECTION 35: N $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 36: SE $\frac{1}{4}$, NE $\frac{1}{4}$, NW $\frac{1}{4}$ and Lots 1 and 4. EXCEPT the E $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, Township 39 South, Range 11 East of the Willamette Meridian, LESS the West 289 feet thereof. ALSO EXCEPT a tract of land beginning at the quarter section corner on the East line of Section 36, thence along the section line South 1252 feet, more or less, to the Northerly line of the Langell Valley Market Road; thence Northwesterly along the Northerly line of said Market Road 435 feet; thence North 1108 feet, more or less, to the Northerly line of the SE $\frac{1}{4}$ of said Section 36; thence Easterly along the Northerly line of said SE $\frac{1}{4}$ of said Section 36, 498 feet, more or less, to the point of beginning, being a portion of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 36, Township 39 South, Range 11 East of the Willamette Meridian in Klamath County, Oregon.

TOWNSHIP 39 SOUTH, RANGE 12 E.W.M.

SECTION 30: Lot 4

SECTION 31: SW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, EXCEPT 7 acres, more or less, described as follows: Beginning at the Northeast section corner of Section 31; thence West 360 feet; thence South 822 feet; thence East 360 feet; thence North 822 feet to the point of beginning.

Section 6: That portion of the N $\frac{1}{4}$ NE $\frac{1}{4}$ lying North of the Bonanza-Langell Valley Highway.

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to the point of beginning.

KLAMATH

N $\frac{1}{2}$ SE $\frac{1}{4}$, Lot 4, EXCEPTING 5.85 acres, more or less, lying North of the Market Road.

TOWNSHIP 40 SOUTH, RANGE 12 E.W.M.

SECTION 1: Lots 1, 2, 5, 6 and 7; SE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$

PARCEL 2:

TOWNSHIP 39 SOUTH, RANGE 12 E.W.M.

Section 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Township 39 South, Range 11 E.W.M.

Section 36: The E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 36 Township 39 South, Range 11 East of the Willamette Meridian, LESS the West 289 feet thereof.

ALSO a tract of land beginning at the quarter section corner on the East line of Section 36, thence along the section line South 1252 feet, more or less, to the Northerly line of the Langell Valley Market Road; thence Northwesterly along the Northerly line of said Market Road 435 feet; thence North 1108 feet, more or less, to the Northerly line of the SE $\frac{1}{4}$ of said Section 36; thence Easterly along the Northerly line of said SE $\frac{1}{4}$ of said Section 36, 498 feet, more or less, to the point of beginning, and being a portion of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 36, Township 39 South, Range 11 East of the Willamette Meridian in Klamath County, Oregon.

TOWNSHIP 40 SOUTH, RANGE 13 E.W.M.

Section 6: That portion of the N $\frac{1}{2}$ NE $\frac{1}{4}$ lying North of the Bonanza-Langell Valley Highway.

(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 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.

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(58) 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.

ACKNOWLEDGMENT FOR OREGON

On this 16 day of February, 19 79, personally appeared the above-named Robert L. Horton and Greta Mae Horton and acknowledged the foregoing instrument to be their voluntary act and deed. Before me,

(NOTARIAL SEAL)

My Commission expires 8-5-79

STATE OF OREGON; COUNTY OF KLAMATH; ss.
I hereby certify that the within instrument was received and filed for record on the 16th day of February A.D., 19 79 at 11:00 o'clock A M., and duly recorded in Vol. M79 of Mortgages on Page 3689.
WM. D. MILNE, County Clerk
By Bernetha Helrich Deputy

FEE \$12.00