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MORTGAGE FORM

Vol. <sup>M</sup> 79 Page. 9731

MORTGAGE

The MORTGAGORS HAMMOND and DOKE, INC., a California corporation

mortgage to THE TRAVELERS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Connecticut, hereinafter called the MORTGAGEE, the following described real estate, premises and property situate in the County of Klamath and State of Oregon, to-wit:

Township 36 South, Range 14 East, Willamette Meridian

Section 23: Beginning at a point 100 feet west of the Southeast corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 23; thence North 200 feet; thence West 200 feet; Thence South 200 feet; thence East 200 feet to the point of beginning.

Section 24: All

Section 25: N $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{2}$ SW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$

Section 26: All

Section 36: NW $\frac{1}{4}$ NE $\frac{1}{4}$

Township 36 South, Range 15 East, Willamette Meridian

Section 16: W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 17: W $\frac{1}{2}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 18: S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$

Section 19: All

Section 20: N $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 21: W $\frac{1}{2}$ , SE $\frac{1}{4}$

Section 27: W $\frac{1}{2}$ , SE $\frac{1}{4}$

Section 29: E $\frac{1}{2}$ , SW $\frac{1}{4}$

Section 31: W $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$

Section 33: W $\frac{1}{2}$ , SE $\frac{1}{4}$

Section 35: S $\frac{1}{2}$

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SAVING AND EXCEPTING a strip of land 66 feet in width across the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21 and the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 31 Twp. 36 S.R. 15 E.W.M. conveyed to Weyerhaeuser Timber Company as described in Parcels 1 and 2 in deed recorded July 25, 1958, Vol. 301, page 347, Deed Records of Klamath County, Oregon.

ALSO SAVING AND EXCEPTING a strip of land 66 feet in width in the N $\frac{1}{2}$ NW $\frac{1}{4}$  and SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 33 Twp. 36 S.R. 15 E.W.M. conveyed to Weyerhaeuser Timber Company by deed recorded January 13, 1959, Vol. 308, page 577, Deed Records of Klamath County, Oregon.

together with all and singular the rights therein, fixtures thereon and appurtenances thereunto belonging or in anywise appertaining, whether now or hereafter acquired, which shall include, without limiting the generality of the foregoing, the following:

All of the rents, issues and profits, including all rents, royalties, bonuses and benefits under any existing or future oil, gas or mineral or other leases; all easements and rights of way; all rights of dower and homestead, and all contingent rights in and to said premises; all water, water rights, whether riparian, appropriative or otherwise and whether or not appurtenant, all ditch rights, and any shares of stock evidencing any such water or ditch right, and

All leases, permits, allotments, licenses and privileges, whether or not appurtenant, from the United States or the State of Oregon, or any Department or other agency of either for the purpose of grazing, pasturing or feeding livestock on any of the public lands of the United States or the State of Oregon, and

All buildings and the plumbing, heating, ventilating and lighting systems and equipment therein; all barn equipment; and all pumps, pumping stations, motors, switch boxes and transformers, engines, machinery, reservoirs, pipes, flumes, and other equipment used for the production of water on said premises or for the irrigation or drainage thereof.

This Mortgage secures the payment of a loan of Three Hundred Ten Thousand and No/100- - -

-----Dollars [\$ 310,000.00 ] together with interest thereon, and such additional sums, all as evidenced by a certain promissory note of even date herewith, signed by the Mortgagors and payable to the order of the Mortgagee at its principal office in the City of Hartford, County of Hartford and State of Connecticut. The maturity date of said note, and of this

mortgage is January 1, 1994 advances that may be hereafter made.

. This mortgage secures any and all additional future

The said Mortgagors for themselves, their heirs, legal representatives, vendees and assigns, do hereby covenant, agree and stipulate to and with the Mortgagee, its successors and assigns that:

1. At the delivery hereof the said HAMMOND and DOKE, INC., a California corporation are the lawful owners of the said real estate and premises in fee simple absolute and are entitled to the possession thereof, that they have the right to mortgage same, that the said lands and premises are free and clear of all encumbrances and charges whatsoever, and that the Mortgagors will and their heirs, executors, administrators, vendees and assigns shall forever warrant and defend the title to the said premises against all claims whatsoever, and the Mortgagors hereby further covenant and agree that the lien created by this instrument is a first and prior lien on the above described lands and improvements.

2. They will pay said note according to its terms.

3. They will furnish and leave with the Mortgagee, during the existence of this loan and all renewals thereof, complete title evidence which shall become the property of the purchaser at any foreclosure sale.
4. They will keep the said lands and improvements free from all encumbrances and liens or claims for liens of whatsoever nature and to protect and defend the title and possession of the said premises to the end that this mortgage shall be and remain a first lien on the said premises until the indebtedness hereby secured shall be fully paid.
5. The Mortgagee shall be subrogated to the lien, though released of record, of any prior encumbrances on the said premises paid or discharged from the proceeds of the loan represented by the aforesaid promissory note.
6. The Mortgagors will pay all real property taxes and assessments levied or assessed against the mortgaged premises on or before the due date of any installment thereof.
7. They will keep, during the existence of this mortgage, all buildings and improvements erected and to be erected upon the said premises continuously insured against such hazards and in such amounts as may be required by Mortgagee, in a company or companies satisfactory to Mortgagee, and all policies of insurance without exception and of whatsoever nature and of whatever amount taken out on the said improvements or fixtures thereto attached, during the existence of the debt hereby secured, shall be constantly pledged, assigned and, with a proper mortgage clause in favor of the Mortgagee attached thereto, delivered as issued and with the premiums fully paid to the Mortgagee. Mortgagee, at its option, may apply any insurance proceeds to the indebtedness hereby secured or to rebuilding or restoring the premises.
8. They will promptly and unceasingly comply with all laws, ordinances, regulations and requirements of any governmental body affecting the said mortgaged premises and the use of the same.
9. They will maintain all buildings, structures and improvements now or hereafter erected upon the said land in sound condition and in good repair and the land in a high state of cultivation and productivity, and neither to commit nor permit waste. The Mortgagors agree that if any improvements be under construction, they will promptly complete the same and they further agree to do no act whatsoever whereby the premises hereby mortgaged shall become less valuable. The Mortgagors further agree to observe at all times the best practices as to seed selection, crop rotation, weed control, fertilizing the soil, drainage, prevention of erosion, and pasture maintenance, and to adopt approved scientific practices and methods which have been demonstrated to be practicable to the end that the fertility, productivity and worth of these lands and premises will be increased from year to year.
10. If any default be made by the Mortgagors in the prompt discharge of any liens or encumbrances, or in the prompt payment of any of the aforesaid taxes, assessments, impositions or charges, or in the procuring and maintaining of insurance, as above provided, or in making of proper repairs to or the proper maintenance of the said premises, or in promptly completing improvements under construction, the Mortgagee may, at its election, without demand or notice, pay and discharge such liens or encumbrances, pay such taxes, assessments, impositions or charges, procure such insurance and pay the premiums therefor, make such repairs and maintain the said premises, and complete any improvements under construction, and all expenditures therefor shall forthwith become due and payable to the Mortgagee with interest at the rate of Twelve [ 12 %] per centum per annum until paid and shall, with the interest as aforesaid, be a further lien on the said lands and premises under this mortgage and secured hereby, all without prejudice to the right of the Mortgagee to declare the entire principal balance and accrued interest thereon immediately due and payable by reason of the Mortgagor's default and breach of covenants herein contained. Mortgagee may, at its option, sue to collect all or any part of the aforementioned expenditures without foreclosing its mortgage and without affecting its right to foreclose its mortgage at any future time; in any such action or suit, Mortgagors agree to pay all costs and a reasonable attorneys' fee, including all such costs and reasonable attorneys' fees incurred in any appeal to any appellate court. Mortgagee shall be the sole judge of the validity of any encumbrance, tax or assessment against the property.
11. In the event ownership of the mortgaged premises or any part thereof becomes vested in a person or persons other than the Mortgagors; the Mortgagee may, without notice to the Mortgagors, deal with such successor or successors in interest with reference to this mortgage and the note hereby secured, either by way of forbearance on the part of the Mortgagee or extension of the time of payment of the debt or any sum hereby secured, without in any way releasing, discharging, modifying, changing or in anywise affecting the covenants, conditions or lien of this mortgage or the original liability of the Mortgagors on the note secured hereby either in whole or in part.
12. In the event of sale of the mortgaged premises or any part thereof, or alteration, repair, addition or removal of any building or structure now or hereafter on the said lands and premises without the prior written consent of the Mortgagee, the entire principal balance under the aforesaid note and interest accrued thereon shall, at the election of the Mortgagee, become immediately due and payable without notice and this mortgage may be foreclosed.
13. Mortgagors expressly hereby assign to the Mortgagee any and all leases now or hereafter in effect upon the said real property and premises or any part thereof, and further hereby expressly assign to the Mortgagee all rents and revenues from the said real property and premises or any part thereof; and the Mortgagors hereby expressly and irrevocably authorize and empower the Mortgagee, its agents or attorneys, in the event of default in the performance of any of the provisions, covenants, agreements and/or conditions of this mortgage, and during the continuance of such default or while the said premises are used for unlawful purposes, at its election and without notice to the Mortgagors or their successors in interest, and as the appointed agent of the Mortgagors and their successors in interest, to take immediate possession of and maintain full control and management over the lands and premises and improvements thereon and every part thereof, to oust tenants for nonpayment of rent, to lease all or any portion of the premises in the name of the Mortgagors or their successors in interest on such terms as the Mortgagee may deem advisable to make alterations and/or repairs which the Mortgagee may deem advisable and to deduct the cost thereof from the rents, to receive all rents and income from the lands and premises and issue receipts therefor, and out of the amount or amounts so received pay the necessary operating expenses and retain or pay the customary charges for thus managing the property, and may then apply the net remaining income in such manner as it may in its sole discretion deem advisable upon taxes, assessments, insurance premiums, or upon any sums or advances or any portion of the indebtedness secured hereby, and then render any overplus so collected to the Mortgagors or their successors in interest; and the Mortgagee, its agents and attorneys, shall be accountable only to the extent that such moneys or income are actually collected and applied, and it is further expressly understood and agreed that the exercise of the above right, authority and appointment shall in no manner affect, impair or restrict the right of the Mortgagee to foreclose this mortgage in case of default and shall not in any manner whatsoever delay or retard such foreclosure proceedings if the Mortgagee elects to commence such foreclosure proceedings.
14. Mortgagors hereby assign to Mortgagee all sums paid or damages awarded for or by reason of any taking, condemnation or acquisition during the existence of this mortgage, whether or not by litigation, by any competent authority, person or corporation, of title to or any interest in all or any part of the above described real property, Mortgagee to apply such amounts as it chooses to the indebtedness hereby secured and to pay any amount not so applied to Mortgagors, but such application or payment shall not cure or waive any default hereunder or invalidate any acts of Mortgagee taken upon any default.

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Federal Range Lands and Improvements Thereon

In addition to the lands described above and -- acres of State Lands leased from the State of --, which leases are separately assigned to the Company as additional security for the note secured hereby, mortgagor holds (indicate Class I, II, etc.) Class Sec. 15 permit from the United States under the Taylor Grazing Act on 1,960.58 acres of Federal range.

It is the intent of the mortgagor and the Company that said ranch unit shall constitute the security for the note described above and in order to include said Federal range and the improvements thereon as a part of the security, mortgagor hereby agrees with the Company, with respect to said Federal range and the improvements thereon, as follows:

- (a) The mortgagor shall keep all such permits in full force and effect by paying all sums due thereunder, complying with all the terms and conditions thereof and laws, rules and regulations applicable thereto, and apply for all renewals and extensions thereof until the note secured hereby is paid. In default thereof, the Company may, at its option, declare the entire balance of the mortgage debt immediately due and payable and foreclose this mortgage and any collateral assignments of leases or may remedy any such default and pay any sums due on account of said permits and all such sums shall immediately be due and payable and shall, with interest at the rate of Twelve (12%) percentum per annum from date of payment until repaid by mortgagor, be secured hereby.
- (b) Upon default in the payment of any part of the indebtedness secured hereby, whether principal or interest, or if default be made in any conditions, stipulation or covenant in this mortgage, then the Company shall have the same rights with respect to such Federal range and the authorized improvements thereon as are provided herein with respect to the land described above. Upon foreclosure and sale of the lands described above, title to the improvements on the Federal range, together with mortgagor's right to be paid the reasonable value thereof shall pass free of all encumbrances to the purchaser at such sale, and the Company is hereby authorized to then execute, in behalf of mortgagor, a bill of sale for such improvements and a waiver of mortgagor's right to be paid the reasonable value thereof.

PLEASE  
INITIAL

PLEASE  
INITIAL

15. Time is material and of the essence hereof and if default be made in the payment of the debt hereby secured or any installment thereof, or interest, or in the performance of any of the other covenants herein contained, or if a proceeding under any bankruptcy, receivership or insolvency law be instituted by or against any of the Mortgagors, or if any of the Mortgagors make any assignment for the benefit of creditors, then and in such or any of said cases, the balance of unpaid principal with accrued interest and all other indebtedness hereby secured shall, at Mortgagee's election, become immediately due without notice and this mortgage may be foreclosed; and in addition, Mortgagee may apply such sums or any part thereof held by it in trust to pay taxes or assessments or insurance to reduce the indebtedness secured.

16. Mortgagee's failure to exercise, or its waiver of any right or option or of any default, shall not be deemed a waiver of any future right, option or default.

17. In any suit to foreclose this mortgage, or in any suit or proceeding in which Mortgagee is obliged to defend or protect the lien hereof, or in which Mortgagee is a party and the above described real property or any part thereof is the subject matter thereof, including but not limited to suits to quiet title or for condemnation or partition of the whole or part of said property, or any interest therein, Mortgagors agree to pay to Mortgagee all costs and a reasonable sum as attorneys' fees, including all such costs and reasonable attorneys' fees incurred in any appeal to any appellate court, and further agree to pay such reasonable costs of searching records and abstracting the same as may necessarily be incurred in foreclosing this mortgage or defending the same, or participating in any suit or proceeding above referred to, which sum shall be secured hereby and included in any decree of foreclosure. In the absence of any such suit or proceeding and in case of default, Mortgagors agree to pay such necessary expenses, including reasonable attorneys' fees, incurred by Mortgagee in making collection of delinquent payments or curing any other default.

18. Mortgagors further agree that a receiver may be appointed in any suit or proceeding to foreclose this mortgage without notice to Mortgagors and without regard to the adequacy of the security for the indebtedness or the solvency of Mortgagors or the presence of waste or danger of loss or destruction of the property, to possess, manage and control the real property above described and all buildings thereon and to collect the rents, issues and profits thereof.

19. Mortgagee may at any time without notice release all or any part of the above described real property from the lien hereof without affecting the personal liability of any person for the payment of the indebtedness hereby secured, or the lien hereof upon the remainder of the premises for the full amount of the indebtedness then remaining.

20. They hereby expressly consent to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of said property.

21. If Mortgagor is or becomes the owner of irrigable lands subject to and in excess of the land limitation provisions of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess lands, Mortgagors agree to designate the irrigable lands on the premises, or so much thereof as may be so designated within said limitation provisions, as non-excess lands.

22. All of the covenants and agreements herein contained shall run with the land and shall bind the heirs, executors, administrators, successors and assigns of the Mortgagors and shall inure to the benefit of the Mortgagee's successors and assigns.

**23. Waiver by Non-Obligated Persons.**

Notwithstanding any other provision of this Mortgage, any person who executes this Mortgage, but not the note secured hereby, or who executes the note with a disclaimer of personal liability, shall have no personal liability on the note or for any deficiency judgment which may be obtained upon foreclosure. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Mortgagee, without notice to them or their consent, and upon such terms as Mortgagee may deem advisable, and without affecting in any way Mortgagee's rights hereunder, may:

a. Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Mortgage or any other instrument securing this loan, or

b. Take any other action which Mortgagee may deem reasonably appropriate to protect its security interest in the Property.

If this mortgage is executed by only one person or by a corporation, the plural reference to the Mortgagors shall be held to include and apply to the singular.

In Testimony Whereof, the said Mortgagor has hereunto set their hand and seal this 10th day of April, 1979.

Signed, Sealed and Delivered in the presence of

HAMMOND and DOKE, INC.,  
a California corporation (SEAL)

By: Larry M. Doke (SEAL)  
Larry M. Doke, President

By: Elaine Doke (SEAL)  
Elaine Doke, Secretary/Treasurer

(SEAL)

STATE OF OREGON

(Individual Acknowledgment)

COUNTY OF \

} ss:

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This certifies that on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public for said State, personally appeared the within named

known to me to be the identical person described in and who executed the within instrument, and acknowledged to me that he executed the same freely and voluntarily for the purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and official seal the day and year last above written.

\_\_\_\_\_  
Notary Public for Oregon

My commission expires:

STATE OF OREGON

(Corporate Acknowledgment)

COUNTY OF Klamath

} ss:

On this 25 day of April, 1979, before me appeared Larry M. Doke and Elaine Doke both to me personally known, who being duly sworn, did say that he, the said Larry M. Doke is the President, and he, the said Elaine Doke is the Treasurer/Secretary of

HAMMOND and DOKE, INC., a California corporation

the within named corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and

and acknowledged said instrument to be the free act and deed of said corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public for Oregon

My commission expires:

Loan No. 173707 1

HAMMOND and DOKE, INC.,  
a California corporation

TO  
THE TRAVELERS INSURANCE CO.

OREGON  
MORTGAGE

Farm

Record and return to:

The Travelers Insurance Company  
Real Estate Investment Dept.  
707 S. W. Washington Street  
Portland, Oregon 97205

L-849 REV. 11-65 PRINTED IN U.S.A.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 10th day of April A. D. 1979 at 12:50 clock P M., an

duly recorded in Vol. M79, of Mortgages on Page 9731

By Wm D. MILNE, County Clk  
[Signature]

Fee \$15.00