

K-3209

78 SEP 28 PM 4 14

OREGON REAL ESTATE MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE made this 20 day of September, 1979, between GORDON A. WEBB and JUDITH K. WEBB, his wife, the mortgagor, and THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, a New York corporation, having its Home Office at 1740 Broadway, New York, N.Y., 10019, the mortgagee.

WITNESSETH that to secure the payment of an indebtedness in the sum of Two Hundred Sixty Thousand Dollars (\$260,000.00), lawful money of the United States, to be paid with interest thereon, according to a note, bearing even date herewith, payable in installments, the last of which matures on September 1, 1999, to which note reference is hereby made, mortgagor hereby grants, bargains, sells, conveys and warrants to the mortgagee, the property described on Exhibit A attached hereto and made a part hereof.

TOGETHER WITH all buildings, improvements, and fixtures, located therein or thereon or appurtenant thereto, and all additions, replacements, and improvements hereafter made thereto or placed therein or thereon; all other equipment now or hereafter attached to and used in connection therewith; all rights-of-way, easements, rents, issues, profits, income, tenements, hereditaments, remainders, reversions, privileges, and appurtenances thereunto belonging, however evidenced, which are used or enjoyed with said real property or belonging to the same or which hereafter may be acquired and so used or enjoyed.

TOGETHER with all water and water rights, whether riparian, appropriative or otherwise and whether or not appurtenant, all ditch and ditch rights and any shares of stock, licenses or permits evidencing such water or ditch rights, and all wells, reservoirs, dams, embankments or fixtures, including without limiting the generality of the foregoing, the right set forth on Exhibit B attached hereto and made a part hereof.

TOGETHER WITH a security interest in and to all of the sprinklers, sprinkler systems and pipelines, water storage tanks and towers, pumps and pumping plants, motors, engines, turbines, generators, transformers and other irrigation equipment owned by Mortgagor, including, but not limited to the irrigation equipment described in Exhibit C attached hereto and by this reference made a part hereof, together with all substitutions, replacements, additions and accessions thereto. Mortgagor hereby (a) warrants that said irrigation equipment shall be used only on the above described real property and solely for purposes of irrigation; (b) covenants that no other security interests in said irrigation equipment have been given; (c) agrees not to sell, lease, encumber, or otherwise dispose of said irrigation equipment, or remove the same from the County in which the same is now situated, without the Mortgagee's prior written consent; and (d) agrees to defend against all adverse claims and demands which may be made against said irrigation equipment.

TOGETHER WITH all judgments, awards of damages, settlements and payments or security (i) hereinafter made as a result of or in lieu of any taking of the property, or any part thereof, under the power of eminent domain, or for any damages to the property or the improvements thereon or any part thereof, and (ii) hereafter made for any damage to the property or the improvements thereon, or any part thereof, resulting from exercise of or attempted exercise of mining rights or claims, however reserved or asserted, and resulting from the disturbance of any of the surface of said property. Mortgagor does hereby expressly and irrevocably grant to Mortgagee the sole right to give such consent as may be required of the owner for mining or other surface disturbance by the terms of any patent, deed, statute, law or otherwise, all of which real property, together with the rights and interests in this Paragraph and the preceding Paragraphs described (hereinafter collectively referred to as the "Property"), shall be deemed to constitute a portion of the security hereby given for the payment of the indebtedness and the performance of the obligations evidenced and secured hereby.

To have and to hold the same unto the Mortgagee, its successors and assigns, forever. If the Mortgagor shall pay said indebtedness according to the tenor and effect of said Note or any extension, renewal or modification thereof, and shall keep and perform all and singular the covenants and agreements herein contained, then this conveyance shall be null and void; otherwise, it shall remain in full force and effect.

THE MORTGAGOR HEREBY COVENANTS AND AGREES WITH THE MORTGAGEE THAT:

1. Warranties of Title and Authority: Mortgagor hereby represents and warrants that it is lawfully seized or entitled to be seized of indefeasible fee title to the Property, that it has the authority and right to execute and deliver this Mortgage, that it shall defend the title to the Property against all claims and demands whatsoever, that the Property is free and clear of any and all prior liens, claims, encumbrances, restrictions, encroachments, and interests whatsoever in favor of any third party, and that any and all obligations it may have incurred in connection with the Property are current and without default. Mortgagor hereby releases, waives, and relinquishes all exemptions and homestead rights which may exist with respect to the Property. If the Mortgagor is a partnership or a corporation, each person executing this instrument on behalf of Mortgagor individually and personally represents and warrants that this Mortgage and each other instrument signed in the name of such entity and delivered to evidence or further secure the obligations secured hereby is in all respects binding upon such entity as an act and obligation of said partnership or corporation.

2. Obligations Mandatory: Mortgagor shall promptly pay or cause to be paid to Mortgagee, or order, and shall promptly perform or cause to be performed, each and every payment and obligation on the part of the Mortgagor provided to be paid or performed hereunder or in connection with the obligations evidenced and secured hereby when due. All of such payments and obligations are mandatory, and Mortgagor's failure to accomplish any of the same shall constitute a default under this Mortgage.

3. Mortgagor's Option to Require Early Payment: Mortgagor agrees that the holder of the Note secured by this Mortgage shall have, and is hereby given, the option to require payment in full of all sums due and owing on the Note to be made to the holder thereof during the fifteenth (15th) "loan year" upon said holder's giving at least six (6) months' prior written notice by ordinary mail addressed to the last person(s) liable thereon, according to the holder's records, and at the address(es), also as shown by the holder's records. As used herein, the term "loan year" is defined as any period of one year commencing with the date of the Note, or any anniversary of such date. Failure to comply with the terms and provisions of said notice shall be deemed a default hereunder.

4. Maintenance of Property: Mortgagor agrees: (a) not to commit or suffer waste of said premises or impairment in any manner of the agricultural value of the land and, without limiting that generality, will cultivate, irrigate, fertilize, spray, prune, keep non-timber land free from foul and noxious weed, brush and other undesirable growth, provide for stock selection, crop rotation, drainage, prevention of erosion and pasture maintenance in accordance with good husbandry and approved methods of agricultural developments; (b) to maintain the Property at all times in good condition and repair; (c) not to remove, damage, or demolish any building, fixture, or improvement thereon; not to cause or permit any building, fixture, or improvement thereon to be removed, damaged, or demolished; to complete promptly and in a good and workmanlike manner any building, fixture, or improvement on the Property which may for any reason be constructed; (d) to restore promptly and in a good and workmanlike manner any building, fixture, or improvement on the Property which may for any reason be damaged or destroyed; (e) to comply at all times with all laws, ordinances, regulations, covenants, and restrictions in any manner affecting the Property; not to commit or permit any act upon the Property in violation of law; to do all acts which by reason of the character or use of the Property may be reasonably necessary to maintain and care for the same, the specific enumeration herein not excluding the general; (f) and to allow Mortgagee to inspect the Property at all reasonable times during the term hereof.

5. Hazard Insurance Coverage: Mortgagor shall secure and at all times maintain an insurance policy or policies in a form and with companies reasonably satisfactory to Mortgagee providing coverage in an amount satisfactory to the Mortgagee, in its sole judgment, upon the buildings, fixtures, and improvements now existing or hereafter erected or placed upon the Property, and insuring against the perils of fire, extended coverage, vandalism, and malicious mischief, and deliver such policies to the Mortgagee. Each such policy shall provide for losses to be payable to the Mortgagee to the extent of its interest. In the event of loss, Mortgagor shall give immediate notice to Mortgagee which may, but without any obligation to do so, make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly. Mortgagee is hereby given full power to settle or to compromise any claims and the insurance proceeds or any part thereof may be applied by Mortgagee, at its option, to reduce the indebtedness secured hereby (whether or not then due) or to restore or repair the Property damaged. In the event Mortgagor fails to secure and maintain any of the insurance coverage as provided in this Paragraph, Mortgagee may procure such insurance on Mortgagor's behalf, and at Mortgagor's sole cost and expense, in favor of Mortgagee alone. It is hereby acknowledged by Mortgagee that the coverages and amounts of the insurance policies herein provided to be secured and maintained by Mortgagor are for the protection of Mortgagee's interest and that Mortgagor is free to secure, such additional insurance coverage relating to the Property as Mortgagor may in its sole discretion determine to be advisable.

6. Payments Protecting Against Liens: Mortgagor shall pay before delinquent, all taxes, water charges, assessments, or other charges or impositions levied against or affecting the Property; or which might become a lien thereon, and shall promptly deliver all receipts for such payments to Mortgagee upon request. Mortgagor shall also pay, when due, any and all sums constituting an encumbrance, charge, or lien upon the Property, or any part thereof, which may at any time appear to Mortgagee hereunder. In the event of the superior to the interest of Mortgagee hereunder. In the event of the subdivision after this date of any law of Nebraska or any political subdivision thereof in which the Property is located deducting from the value of the Property for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages as this or the Mortgagee's interest in the Property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder thereof, then, and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it might be unlawful to require Mortgagor to make such payment, or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty days from the giving of such notice.

7. Mortgagee's Performance in Mortgagor's Stead: Should Mortgagor fail to make any payment, to do any act or thing, or to perform any obligation herein provided to be paid, done, or performed, at the time and in the manner herein provided, Mortgagee may, but without any obligation to do so, and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereunder: (a) make, do, pay, or perform the same in such manner and to such extent as Mortgagee may deem reasonably necessary or desirable to protect the security hereof or to protect any other legitimate interest of Mortgagee, Mortgagee for such purposes being authorized to enter upon the Property at all reasonable times and to commence, appear in, or defend any action or proceeding purporting to affect the security hereof; or (b) pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the sole judgment of Mortgagee appears to be prior or superior to the interest of Mortgagee hereunder. In exercising any of such powers Mortgagee, in its absolute discretion, shall be entitled to incur any liability and expend whatever amounts it may deem

necessary or desirable, including costs of evidence of title, court costs, and reasonable attorneys' fees. Mortgagor hereby waives and releases all claims or causes of action which may hereafter arise in its favor against Mortgagee, and covenants and agrees not to make any claim or demand upon Mortgagee, and agrees not to initiate any proceeding against Mortgagee, by reason of any action taken by Mortgagee pursuant to the authority granted in this Paragraph. Mortgagee shall be subrogated to the claims and liens of those whose claims and liens are discharged or paid with the loan proceeds hereof.

8. Repayment of Advances: Mortgagor shall immediately repay to Mortgagee all sums, with interest thereon as hereafter provided, which at any time may be paid or advanced by Mortgagee for the payment of insurance, taxes, other assessments, governmental, municipal, or other charges or impositions, title searches title reports or abstracts, any obligation secured by a prior lien upon or prior interest in the Property, and any other advances made by Mortgagee which are or appear to be reasonably necessary or desirable, in Mortgagee's sole discretion, to maintain this Mortgage as a prior, valid, and subsisting lien upon the Property, to preserve and protect Mortgagee's or Mortgagor's interest therein or hereunder, or to preserve, repair, or maintain the Property. All such advances shall be wholly optional on the part of Mortgagee, and Mortgagor's obligation to repay the same, with interest, to Mortgagee shall be secured by the lien of this Mortgage. The amount of each such advance shall, for the period during which it remains unpaid and both before and after judgment, bear interest at the rate of twelve percent (12%) per annum.

9. Improvement District Levies: If the Property or any part thereof becomes embraced within the boundaries of any irrigation, levee, drainage or other improvement district (except school or road), and such district shall have power to issue bonds or other evidence of indebtedness requiring a levy and collection of taxes in payment thereof, the Note shall at the option of the holder thereof, without notice become due and payable, notwithstanding anything contained in said Note, or this Mortgage, or any law hereafter enacted.

10. Appearance in Proceedings Affecting Security: Mortgagor shall appear in and defend any action or proceeding purporting to or which might in any way affect the title to the Property or the security hereof (the phrase "the security hereof" when used in this Mortgage shall mean the interest of Mortgagor and Mortgagee in the Property, the rights, powers, duties, covenants, representations, warranties, and authority of Mortgagor and Mortgagee hereunder and under any instrument evidencing or further securing the obligations secured hereby, and the validity, enforceability, and binding effect hereof and of any instrument evidencing or further securing the obligations secured hereby). Should Mortgagee elect to appear in or defend any such action or proceeding, Mortgagor shall pay all costs and expenses (regardless of the particular nature thereof) incurred by Mortgagee in connection therewith, including costs of evidence of title, court costs, and reasonable attorneys' fees.

11. Transfer of Ownership: During the term of the loan secured hereby, title to the real estate described herein shall be vested solely in Mortgagor, and if at any time during said term, all or any part of said real estate shall, without the prior written consent of Mortgagee, not be so vested (whether voluntarily or by operation of law or otherwise), the indebtedness secured hereby shall, at the option of Mortgagee, become immediately due and payable without notice. Provided, however, that Mortgagee will not withhold its consent to a change in ownership if the new owner or owners have a satisfactory credit standing and qualified management ability to operate the property described in this mortgage, in Mortgagee's sole judgment as a prudent lender, and the loan is not in default. In addition, if the new ownership is of only part of the real estate, there shall be such a principal paydown on the loan as Mortgagee in its sole judgment as a prudent lender may require. A transfer in excess of 25% of the capital stock, measured cumulatively, of the corporate mortgagor or of any corporate successor in interest of the Mortgagor, shall be deemed a change of ownership requiring the Mortgagee's consent pursuant hereto.

12. Compliance With Applicable Laws, Regulations and Rules:

Mortgagor represents that he is not in violation of any Federal Reclamation Law or of any rules or regulation imposed by the Bureau of Reclamation or other governmental authority or by any Irrigation District, and further warrants that the ownership by Mortgagor of the premises is in compliance with all applicable laws, rules and regulations governing ownership of land lying within any Irrigation District. If any of the property which is now or hereafter designated as "irrigable" by any Irrigation District is later denied Reclamation project irrigation water, the whole indebtedness secured hereby shall immediately become due and payable, without notice or demand, at the option of the Mortgagee.

13. Non-Excess Land: If the Mortgagor is or becomes the owner of irrigable lands subject to and in excess of the land limitation provision of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess land, Mortgagor agrees to designate any irrigable lands on the premises encumbered hereby, or so much thereof as may be so designated with said limitation provision, as non-excess land.

14. Application of Awards and Proceeds: Should the Property or any part thereof be taken or damaged by reason of (a) any public improvement or condemnation proceeding, or be damaged in any other manner, or (b) the exercise or attempted exercise of mining rights or claims, however reserved or asserted, and resulting from the disturbance of any of the surface of the Property, Mortgagee shall be entitled to all compensation, awards, insurance proceeds, and other payments or relief therefor, and shall be entitled at its option to commence, appear in, and prosecute in its own name any action or proceeding, and to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action, proceeds, or other payments are hereby assigned to Mortgagee which may, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorneys' fees, incurred by it in connection with such compensation, awards, damages, rights of action, proceeds, or other payments, release any and all moneys so received by it or apply the same, or any portion thereof, on any indebtedness (whether or not then due) secured hereby. Mortgagor agrees to execute and deliver to Mortgagee such further assignments of such compensation, awards, damages, rights of action, proceeds, or other payments as Mortgagee may from time to time require.

15. Assignment of Rents and Income: As additional security for the obligations secured hereby, Mortgagor hereby assigns to Mortgagee, during the term of this Mortgage, any and all rents, issues, royalties, income, and profits of and from the Property. Until Mortgagor defaults in the payment of any agreement hereunder, or in performance under any other instrument given to evidence or further secure the obligations secured hereby, Mortgagor shall have the right to collect and use all such rents, issues, royalties, income, and profits earned prior to default. Upon any such default Mortgagor's right to collect or use any of such proceeds shall cease and Mortgagee shall have the right, with or without taking possession of the Property, and either in person, by agent, or through a court-appointed receiver (Mortgagor hereby consenting to the appointment of Mortgagee as such receiver), to sue for or otherwise collect all such rents, issues, royalties, income, and profits, including those past due and unpaid. Any sums so collected shall, after the deduction of all costs and expenses of operation and collection (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorneys' fees, be applied toward the payment of the obligations secured hereby in such order as Mortgagee, at its sole election decides. Such right of collection and use of such proceeds by Mortgagee shall obtain both before and after foreclosure of this Mortgage and throughout any period of redemption. The rights granted under this Paragraph shall in no way be dependent upon, and shall apply without regard to, whether the Property is in danger of being lost, removed, or materially injured, or whether the Property or any other security is adequate to discharge the obligations secured by this Mortgage. Mortgagee's failure or discontinuance at any time to collect any of such proceeds shall not in any manner affect the right, power, and authority of Mortgagee thereafter to collect the same. Nothing contained herein, nor

Mortgagee's exercise of its right to collect such proceeds, shall be, or be construed to be, an affirmation by Mortgagee of any tenancy, lease, option, or other interest in the Property, or an assumption of liability under, or a subordination of the lien or charge of this Mortgage to, any tenancy, lease, option, or other interest in the Property. All tenants, lessees, and other persons having any obligation to make any payment in connection with the Property or any portion thereof are hereby authorized and directed to pay the rents, issues, royalties, income, and profits payable by them with respect to the Property, or any part thereof, directly to Mortgagee upon the demand of Mortgagee. No act or acts referred to in this paragraph shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice or any cause of action to foreclose this Mortgage.

16. Security Agreement: When and if Mortgagor and Mortgagee shall respectively become the Debtor and Secured Party in any Uniform Commercial Code Financing Statement affecting the Property either referred to or described herein, or in any way connected with the use and enjoyment of the Property, this Mortgage shall be deemed the security agreement as defined in said covenants, terms and conditions of the agreements herein contained shall be (a) as prescribed herein, or (b) by general law, or (c) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Mortgagee's sole election. Mortgagor and Mortgagee agree that the filing of such a Financing Statement in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Property (furniture only excepted) and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (a) any such item is physically attached to the improvements, (b) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with the Mortgagee, (c) any such item is referred to or reflected in any such Financing Statement so filed at any time. Similarly, the mention in any such Financing Statement of (a) the rights in or the proceeds of any fire and/or hazard insurance policy, or (b) any award in eminent domain proceedings for a taking or for loss of value, or (c) the Debtor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Property mortgaged hereby, whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of Mortgagee as determined by this instrument or impugning the priority of the Mortgagee's lien granted hereby or by any other recorded document, but such mention in the Financing Statement is declared to be for the protection of the Mortgagee in the event any Court or judge shall at any time hold with respect to (a), (b) and (c) that notice of Mortgagee's priority of interest to be effective against a particular class of persons, including but not limited to the Federal government and any subdivisions or entity of the Federal government, must be filed in the Commercial Code records.

17. No Waiver of Rights by Collection of Proceeds: The entering upon and taking possession of the Property or the collection of rents, issues, royalties, income, profits, proceeds of fire and other insurance policies, or compensation or awards for any taking or damaging of the Property, or the application or release thereof as aforesaid, shall not cure or waive any default pursuant to such notice of default, and shall not operate to postpone or suspend the obligation to make, or have the effect of altering the size of, the regularly scheduled installments provided for in the Promissory Note secured hereby.

18. Liability of Mortgagor Not Affected by Acts of Mortgagee: Without affecting (i) the liability of any person for payment of the indebtedness secured hereby or (ii) the lien hereof upon any of the Property not released pursuant hereto, the Mortgagee may, from time to time, without notice (a) renew the indebtedness, or extend the time, or agree to alter the terms, of payment of any of the indebtedness; (b) accept

additional security of any kind; and (c) release any property securing the indebtedness.

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19. Application of Payments: If at time during the term hereof Mortgagee receives or obtains a payment, installment, or sum which is less than the entire amount then due under the Promissory Note secured hereby, under this Mortgage, under all other instruments further evidencing or securing the obligations secured hereby, and under all other instruments and transaction to which Mortgagor and Mortgagee are parties, Mortgagee shall, notwithstanding any instructions which may be given by Mortgagor, have the right to apply such payment, installment, or sum, or any part thereof, to such of the items or obligations then due as Mortgagee may in its sole discretion determine.

20. The Mortgagor and Mortgagee Agree: That in the event the interest herein provided for, if fully collected by the Mortgagee hereof, shall result, because of the installment reduction of principal or increase in sums payable or any combination of those two or any other cause at any time during the life of the loan, in an effective rate of interest which, for any such installment period transcends the limit of the usury law applicable to this loan, all sums in excess of those lawfully collectible as interest for the time in question shall, without further agreement of the parties hereto or notice by Mortgagor to Mortgagee or vice-versa, be applied upon principal immediately upon receipt by Mortgagee, with the same force and effect as though the Mortgagor had specifically designated such extra sums to be so applied to principal and the Mortgagee had agreed to accept such extra payment(s) as a bonus-free prepayment. Notwithstanding the foregoing, however, Mortgagee may at any time and from time to time elect by notice in writing to the owner of the property affected by this Mortgage, to limit the collection of additional interest on each interest payment date to such sums which, when added to the said minimum interest, shall not cause the effective rate of return on the diminishing balance of principal owing hereunder to transcend the said limits permitted by law under the circumstances.

21. Appointment of Receiver: In the event of the filing of any complaint or other proceedings wherein it is alleged that a default has occurred under this mortgage, the mortgagee may apply for and shall be entitled, as a matter of right, without consideration of the value of the premises or the solvency of any person or persons bound, to the appointment of a receiver to take possession of the premises and/or to collect the rents, issues and profits therefrom, with full power to lease the said premises, or any part thereof, and with such other powers as may be necessary; and the mortgagor waives notice of the appointment of any such receiver.

22. Acceleration and Foreclosure: Time is the essence hereof. Upon the occurrence of any default hereunder, or upon the discovery that any representation or warranty contained herein or in any instrument further evidencing or securing the obligations secured hereby was untrue when made, Mortgagee shall have the option, without notice or demand, to declare all sums secured hereby immediately due and payable and to proceed to foreclose this Mortgage. In the event of foreclosure, Mortgagee shall be entitled (without notice and without regard to the adequacy of any security of the mortgage debt) to the appointment of a receiver of said premises and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such a receiver, all the rights and powers granted to the Mortgagee by the covenants contained in paragraph 15 hereof. In any such proceeding Mortgagee shall be entitled to recover all costs and expenses (regardless of the particular nature thereof and whether incurred prior to or during such proceeding) incident to the realization of its rights hereunder, including court costs and reasonable attorneys' fees. Mortgagee shall be entitled to possession of the Property during any period of redemption. Mortgagor hereby waives any right it or its successors in interest may have in the event of acceleration or foreclosure to obtain a partial release of the Property from the lien of this Mortgage by paying less than the entire amount then secured hereby, or to partially redeem the Property by paying less than the amount necessary to effect redemption in toto. If a deficiency remains after proper application of the proceeds of sale of the Property, Mortgagor shall pay the same immediately after

determination of the amount thereof. Such deficiency shall, both before and after judgment therefor is entered, bear interest at the rate of twelve percent (12%) per annum.

23. Rights Cumulative and Not Waived: The rights and remedies accorded by this Mortgage shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising applicable law. All rights and remedies provided for in this Mortgage or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently, or successively. The failure on the part of Mortgagee to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any default shall not constitute a waiver of any subsequent or other default. Mortgagee shall be subrogated to the claims and liens of those whose claims or liens are discharged or paid with the loan proceeds hereof.

24. Binding on Successors: This Mortgage shall be binding upon and shall inure to the benefit of the respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns of the parties hereto. The term "Mortgagee" as used herein shall mean the owner and holder, including any pledgee, of the obligations secured hereby.

25. Interpretation: The captions which precede the Paragraphs of this Mortgage are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include all other genders. In the event there is more than one Mortgagor hereunder, the liability of each shall be joint and several. The invalidity or unenforceability of any portion or provision of this Mortgage shall in no affect the validity or enforceability of the remainder hereof. This Mortgage shall be governed by and construed in accordance with the laws of the State of Oregon.

DATED the day and year first above written.

Gordon A. Webb
Gordon A. Webb

Judith K. Webb
Judith K. Webb

STATE OF OREGON

COUNTY OF Klamath

On this day personally appeared before me known to be the individual or individuals described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned. Given under my hand and official seal this 17 day of

Sept. 19 79

Seamus P.
Notary Public for Oregon
My Commission Expires 8-5-83

Return to
K T T O

STATE OF OREGON, California } ss.
County of Los Angeles }
BE IT REMEMBERED, That on this 18th day of September, 1979,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named Judy K. Webb
known to me to be the identical individual described in and who executed the within instrument and
acknowledged to me that she = executed the same freely and voluntarily.
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year last above written.
Maria Game
Notary Public for Oregon, California
My Commission expires 11-17-81

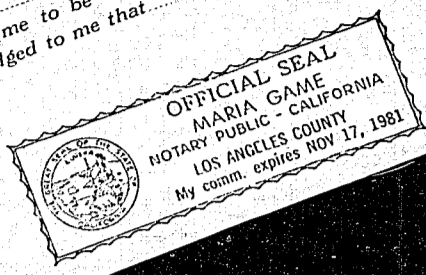


EXHIBIT "A"

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All that real property located in Klamath County, Oregon, described as follows:
TOWNSHIP 38 SOUTH, RANGE 11½ EAST, Willamette Meridian

- Section 9: The South half of the Northeast quarter; the Northeast quarter of the Southeast quarter.
- Section 10: The South half of the Northwest quarter; the Northwest quarter of the Southwest quarter; the East half of the Southwest quarter; the Southeast quarter.

EXHIBIT "B"

Water rights as a tributary of Buck Creek for the irrigation of 307 acres as evidenced by Permit No. G5135,

EXHIBIT "C"

Including, but not limited to the following:

- Morerain Wheel line
33 joints 4" x 40' pipe/joint
Morerain Mover w/5 H.P. Briggs & Stratton motor #E655250
- Morerain Wheel line
32 joint 4" x 40' pipe/joint
Morerain Mover w/5 H.P. Briggs & Stratton motor #E655251
- Morerain Wheel line
32 joint 4" x 40' pipe/joint
Morerain Mover w/5 H.P. Briggs & Stratton motor model #80302 S/N # N/A
- Western Wheel line
32 joint 4" x 40' pipe/joint
Western Mover w/7 H.P. Briggs & Stratton motor code #7205300 S/N # N/A
- Western Wheel line
32 joints 4" x 40' pipe/joint
Western Mover w/7 H.P. Briggs & Stratton motor code #73030810 S/N # N/A
- Western Wheel line
31 joints 4" x 40' pipes/joint
Western Mover w7 H.P. Briggs & Stratton motor code #7205310 S/N # N/A
- Well - located on or near the SW corner of the NE¼ of the SW¼ Sec 10 T38S, R11½E.
Motor - Neuman 150 H.P. # X450301
Pump - Western #21147

STATE OF OREGON; COUNTY OF KLAMATH; ss.
filed for record at request of Klamath County Title Co.
this 20th day of September A. D. 1979 at 4:14 o'clock P. M., on
being recorded in Vol. 479, of Mortgages on Page 22474
Wm D. MILNE, County Clerk
By *Ernest A. Zisch*

Fee \$31.50