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Form FmHA 427-7 OR

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**REAL ESTATE DEED OF TRUST FOR OREGON
(Rural Housing)**

(2) **THIS DEED OF TRUST is made and entered into by and between the undersigned**

(1) **JOHN E. CONNER and REBECCA L. CONNER**
Husband and wife

residing in **Klamath** County, Oregon, as grantor(s), herein called "Borrower," and the Farmers Home Administration, United States Department of Agriculture, acting through the State Director of the Farmers Home Administration for the State of Oregon whose post office address is **Room 1590 Federal Building 1220 SW 3rd Ave Portland, Oregon 97204**, as trustee, herein called "Trustee," and the United States of America acting through the Farmers Home Administration, United States Department of Agriculture as beneficiary, herein called the "Government," and:

WHEREAS Borrower is indebted to 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
January 1, 1981	50,000.00	12%	1/7/2014

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 Title V of the Housing Act of 1949 or any other statutes administered by the Farmers Home Administration;

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;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a.

NOW, THEREFORE, in consideration of the loan(s) Borrower hereby grants bargains, sell, conveys, warrants and mortgages to Trustee the following described property situated in the State of Oregon, County(ies) of

Klamath

which said described real property is not currently used for agricultural, timber or grazing purposes:

All the following described real property situated in Klamath County, Oregon:

A parcel of land in the NE 1/4 of Section 10, Township 39 South, Range 11, E.W.M. described as follows:

Beginning at a point on the East line of said NE 1/4 which bears S. 0°15'09" E. a distance of 117.0 feet from the Northeast corner of said NE 1/4; thence E. 89°57'55" W. a distance of 117.54 feet to a point; thence N. 0°15'09" W. a distance of 77.0 feet to a point; thence S. 89°57'55" E. a distance of 117.54 feet to a 1/2 inch iron pin on the East line of said NE 1/4, said iron pin being S. 0°15'09" E. 40.0 feet from the Northeast corner of said NE 1/4; thence S. 0°15'09" E. along said East line a distance of 77.0 feet to the point of beginning.

ΕΠΙΣΗΜΑΝΣΕΙΣ

DOM' THEREFORE' in consideration of the sum(s) hereunto paid by the undersigned to the said DOM' THE FIRST OF OCTOBER' COMING(ing) of

and the undersigned have agreed that the said DOM' shall have and hold unto him his heirs and assigns forever all that certain parcel or parcels of land situate lying and being in the County of _____ State of _____ containing _____ acres more or less according to the survey made by _____ and recorded in the office of the Clerk of the County of _____ State of _____ Book _____ Page _____

and the witnesses who testify are sworn to tell the truth and to answer all questions asked them by the court or the jury.

[illegible]

together with all rights, interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, and carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining hereto, 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";

TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees and assigns forever;
IN TRUST, NEVERTHELESS, (a) at all times when the note is held by the Grantor, the Grantor should assign this instrument to the Trustee.

IN TRUST, NEVERTHELESS, (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 renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of an agreement herein to indemnify and save harmless the Government against loss under its insurance endorsement by reason of 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 supplementary agreement, the provisions of which are hereby incorporated herein and made a part hereof.

BORROWER for **Borrower's** self, **Borrower's** heirs, executors, administrators, successors and assigns **WARRANTS** the property and the title thereto unto **Trustee** for the benefit of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and **COVENANTS** and **AGREES** as follows:

- (1) To pay promptly when due any indebtedness

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harm-
times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Gov-
ment, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be

(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 Borrower when due, as well as any costs and expenses for the protection, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall be repaid by the note, which has the highest interest rate, at the rate borne by the note, which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured by the lien created by this instrument. No such advance by the Government shall relieve Borrower from his obligation to the Government to pay the interest thereon.

No such advance by the Government without demand at the place designated in the latest note and shall be secured here-
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
may determine. (6)

(6) To use the loan evidenced by the note solely for purposes authorized by the Government

- (7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.
- (8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to 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 leased, 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 beneficiary 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 (a) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (b) release any party who is liable under the note or for the debt from liability to the Government, (c) release portions of the property and subordinate its lien, and (d) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government, whether once or often, in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
- (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 under any personal property or other secured 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 the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared 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, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.
- (18) At the request of the Government, Trustee may foreclose this instrument by advertisement and sale, of the property as provided by law, for cash or secured credit at the option of the Government; such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale and correction made on the posted notices; and at such sale the Government and its agents may bid and purchase as a stranger. Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.
- (19) 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. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its 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.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(21) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) 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 laws.

(22) 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 Borrower 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.

(23) 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.

(24) 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, Portland, Oregon 97205, and in the case of Borrower at the post office address stated above.

(25) Upon the final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, the Government shall request trustee to execute and deliver to Borrower at Borrower's above post office address a deed of reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such deed of reconveyance.

(26) 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.

(27) It is the intent of the parties to this instrument that the Government shall not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) 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 laws.

WITNESS the hand(s) of Borrower this 7th day of January, 19 81.

John E. Conner
Rebecca L. Conner

(13) I, the undersigned, being a duly qualified Notary Public for the State of Oregon, do hereby certify that the foregoing instrument was duly executed and acknowledged before me on the day and date hereinafter expressed.

STATE OF OREGON: COUNTY OF KLAMATH ss. **ACKNOWLEDGMENT FOR OREGON**

On this 7th day of January, 19 81, personally appeared the above named John E. Conner and Rebecca L. Conner, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed before me:

Gildred L. Lewis
Notary Public.

My Commission expires 7/19/82

I hereby certify that the within instrument was received and filed for record on the 7th day of January A.D., 19 81 at 1:45 o'clock P.M., and duly recorded in Vol M81 of Mortgages on page 246.

Fee \$14.00

EVELYN DIEHN
ACTING COUNTY CLERK
By Samuel A. Helch deputy