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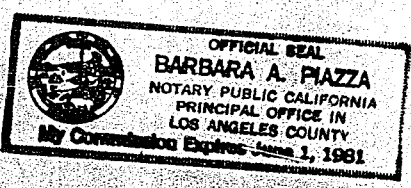
before me, the undersigned, a Notary Public in and for said

within instru-
cord on the
....., 19.....,
and recorded
.....on
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ounty.
and seal of
.....
TITLE
.....Deputy

to be the person whose name is known to me
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

Signature Barbara A. Piazza
Barbara A. Piazza



State of OREGON: COUNTY OF KLAMATH: ss.
I hereby certify that the within instrument was received and filed for record on the
20th day of January A.D., 1981 at 10:15 o'clock A.M., and duly recorded in
Vol. M81 of Deeds on page 890.
Fee \$ 3.50.

EVELYN BIEHN
COUNTY CLERK
By Bernetha H. Hulse Deputy

94883

USDA-FmHA Form FmHA-427-1 OR (Rev. 1-19-79) Position 5 Vol. M81 of Deeds 891
REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by ERNEST W. TOSTI and TAMA TOSTI,
husband and wife

residing in Klamath County, Oregon, whose post office
address is 3138 Miller Island Rd., Klamath Falls, Oregon 97601

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
January 15, 1981	\$350,000.00	11.5%	January 15, 1988

TO HAVE AND TO HOLD the above property unto the Government and its assigns forever.
(If the interest rate is less than 12% for farm ownership or operating loan(s) secured by this instrument; then the
rate may be changed as provided in the note.)
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, 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) 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 supple-
mentary 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

That portion of the NW1/4 of Section 29, Township 39 South, Range 9 East of the
Willamette Meridian, described as follows:

Beginning at a point 40 feet South and 521 feet East of the Northwest corner of the
Northwest quarter of the Northwest quarter, Section 29, Township 39 South, Range 9
East of the Willamette Meridian; thence East 799 feet; thence South 1280 feet to the
South line of the Northwest quarter of the Northwest quarter of Section 29, Township
39 South, Range 9 East of the Willamette Meridian; thence West 799 feet along said
line; thence North 1280 feet to the point of beginning.

(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 husbandlike 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 (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 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 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 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.

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, at Portland, Oregon 97205; and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown 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.

(24) Borrower agrees that the Government will not be bound by any breach of this law.

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Ernest W. Tosti
ERNEST W. TOSTI

Tama Tosti
TAMA TOSTI

ACKNOWLEDGMENT FOR OREGON

STATE OF OREGON, County of Klamath, ss: I, the undersigned, a Notary Public for and in and to the State of Oregon, do hereby certify that the foregoing instrument was received and filed for record on the 20th day of January, A.D., 1981 at 10:26 o'clock A.M., and duly recorded in Vol. M81 of Mortgages on page 891.

Fee \$14.00

My Commission expires February 20, 1983

By *Susan E. Doig* deputy

SUSAN E. DOIG, Notary Public

NOTARIAL SEAL

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