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FLB 697A (8-77)

K-34018

Vol. 791 Page 3360

FEDERAL LAND BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on this 20th day
of February, 1981,

FLB
LOAN 186603-8

Recorded _____
at _____ o'clock _____
_____, Page _____

Auditor, Clerk or Recorder

Bitterbrush Cattle Co., a partnership consisting of

Stuart L. Brown, Warren L. Wolfson and Paul Diener;

Stuart L. Brown, Warren L. Wolfson and Paul Diener,

hereinafter called the Mortgagors, hereby grant, bargain, sell, convey and mortgage
to THE FEDERAL LAND BANK OF SPOKANE, a corporation in Spokane, Wash-
ington, hereinafter called the Mortgagee, the following described real estate in the
County of Klamath, State of Oregon.

Township 35 South, Range 14 East of the Willamette Meridian
Section 32: W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$

Township 36 South, Range 14 East of the Willamette Meridian
Section 5: All
Section 8: All

Together with a Fairbanks-Morse #447L 20,000 lb. scale, and any replacements thereof,
all of which are hereby declared to be appurtenant thereto.

981 FEB 26 AM 10 01

including all leases, permits, licenses or privileges, written or otherwise, appurtenant or nonappurtenant to said mortgaged premises, now held by mortgagors or hereafter issued, extended or renewed to them by the United States or the State or any department, bureau, or agency thereof, which have been or will be assigned or waived to mortgagee.

Together with the tenements, hereditaments, rights, privileges and appurtenances, including private roads, now or hereafter belonging to or used in connection with the above described premises; and all plumbing, lighting, heating, cooling, ventilating, elevating, watering and irrigating apparatus and other fixtures, now or hereafter belonging to or used in connection with the above described premises, all of which are hereby declared to be appurtenant to said land; and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits, rights therein and rights of way therefor, which now are or hereafter may be appurtenant to said premises or any part thereof, or used in connection therewith.

This conveyance is intended as a mortgage securing the performance of the covenants and agreements hereinafter contained, and the payment of the debt represented by one promissory note made by the mortgagors to the order of the mortgagee, of even date herewith, for the principal sum of \$350,000.00, with interest as provided for in said note, being payable in installments, the last of which being due and payable on the first day of February, 2006.

MORTGAGORS COVENANT AND AGREE:

That they are lawfully seized of said premises in fee simple, have good right and lawful authority to convey and mortgage the same, and that said premises are free from encumbrance; and each of the mortgagors will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever, and this covenant shall not be extinguished by any foreclosure hereof, but shall run with the land.

To pay all debts and money secured hereby when due.

To keep the buildings and other improvements now or hereafter existing on said premises in good repair; to complete without delay the construction on said premises of any building, structure or improvement in progress, any improvements to existing structures in progress, and any improvements or remodeling for which the loan hereby secured was granted in whole or in part; not to remove or demolish or permit the removal or demolition of any building thereon; to restore promptly in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property and its use; not to use or permit the use of said premises for any unlawful or objectionable purpose; not to cut or permit the cutting of timber from said premises except for domestic use; to maintain and cultivate the premises in good and husbandlike manner, using approved methods of preserving the fertility thereof; to keep the orchards on said lands properly irrigated, cultivated, sprayed, pruned and cared for; not to commit or suffer waste of any kind upon said premises; and to do all acts or things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises.

To pay before delinquency all taxes, assessments and other charges upon said premises, all assessments upon water company stock, and all rents, assessments and charges for water appurtenant to or used in connection with said property; and to suffer no other encumbrance, charge or lien against said premises which is superior to this mortgage.

To keep all buildings now existing or hereafter erected continuously insured against loss or damage by fire and such other risks in manner and form and in such company or companies and in such amounts as shall be satisfactory to the mortgagee; to pay all premiums and charges on all such insurance when due; to deposit with the mortgagee upon request all insurance policies affecting the premises, with receipts showing payment of all premiums and charges affecting said policies; and that all insurance whatsoever affecting the premises shall be made payable, in case of loss, to the mortgagee, with a loss payable clause in favor of and satisfactory to the mortgagee. The mortgagee shall be entitled to receive the proceeds of any loss under any such policy which may be applied by the mortgagee upon the indebtedness hereby secured in such manner as it may elect.

If any of the mortgaged property shall be taken under right of eminent domain, the mortgagee shall be entitled at its option to receive all compensation for the portion taken and damages to the remaining portion, to be applied by the mortgagee upon the indebtedness hereby secured in such manner as it shall elect.

Should the mortgagors be or become in default in any of the covenants or agreements herein contained, then the mortgagee (whether electing to declare the whole indebtedness hereby secured due and payable or not) may, at its option, perform the same in whole or in part and all expenditures made by the mortgagee in so doing, together with interest and costs, shall be immediately repayable by the mortgagors without demand, shall be secured by this mortgage, and shall draw interest until paid at the default rates provided for in the note hereby secured.

Time is material and of the essence hereof; and in case of breach of any of the covenants or agreements hereof, or if default be made in the payment of any of the sums hereby secured, or if the whole or any portion of said loan shall be expended for purposes other than those specified in the original application therefor except, by the written permission of said mortgagee, or if said land or any portion thereof shall be hereafter included in any special assessment district, then, in any such case, all indebtedness hereby secured, shall, at the election of the mortgagee, become immediately due without notice, and this mortgage may be foreclosed; but the failure of the mortgagee to exercise such option in any one or more instances shall not be considered as a waiver or relinquishment of the right to exercise such option upon or during the continuance of the same or any other default.

In case of any suit to foreclose this mortgage or to collect any charge growing out of the debt hereby secured, or any suit which the mortgagee may deem it necessary to prosecute or defend to effect or protect the lien hereof, the mortgagors agree to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agree to pay the reasonable costs of searching records and abstracting or insuring the title, and such sums shall be secured hereby and included in the decree of foreclosure.

Upon or during the continuance of any default hereunder, the mortgagee shall have the right forthwith to enter into and upon the mortgaged premises and take possession thereof, and collect the rents, issues and profits thereof, and apply the same, less reasonable costs of collection, upon the indebtedness hereby secured, and the mortgagee shall have the right to the appointment of a receiver to collect the rents, issues and profits of the mortgaged premises. The rents, issues and profits of said premises after default are hereby assigned and mortgaged to the mortgagee as additional security for the indebtedness herein described.

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Farm Credit Act of 1971 and any acts amendatory or supplementary thereto and the regulations of the Farm Credit Administration, and are subject to all the terms, conditions and provisions thereof, which are made a part hereof the same as if set out in full herein.

The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

Should the interest in said land, or the stock in any mortgagor corporation, owned by any of the mortgagors, their successors or assigns, be transferred voluntarily or by operation of law without the consent of the mortgagee, then the mortgagee, at its option, may declare the entire indebtedness secured hereby forthwith due and payable, provided that no consent be required after reduction of the principal balance of the indebtedness to \$325,000.00.

WHEREAS, mortgagors have assigned or waived, or will assign or waive to the mortgagee, as additional security for the indebtedness described herein, certain grazing leases, permits, licenses and/or privileges, to-wit:

Grazing privileges in Fremont National Forest for 240 head of cattle from 6-16 to 9-15 and for 120 head of cattle from 6-16 to 9-15, every other year.

mortgagors covenant and agree that they are the lawful owners and holders thereof and that they are free from encumbrance and have not been assigned; and mortgagors further covenant and agree to procure renewals thereof upon or prior to their expiration date, to execute any instrument deemed by the mortgagee necessary to effect an assignment or waiver of such renewals to the mortgagee, and to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing all of said leases, permits, licenses, and/or privileges, and all renewals thereof; and they will take no action which would adversely affect any of such rights or their preference status thereunder and that in the event of foreclosure of this mortgage they will waive all claims for preference in any of such rights upon demand from the purchaser of the mortgaged property at foreclosure sale, or any successor to such purchaser; and further agree that the lands covered by said leases, permits, licenses and/or privileges and renewals thereof, shall at all times be operated in conjunction with the lands hereby mortgaged, and that neither shall be transferred to any other person separately from the other. Any leases, permits, licenses and/or privileges which the mortgagor, with the consent of the mortgagee, shall substitute for those hereinabove mentioned, shall be subject to the provision hereof. For any breach by mortgagors of any covenant or agreement in this paragraph contained, the mortgagee shall have the same rights and/or remedies as are available to it for the breach of any other covenant or agreement of the mortgagors in this mortgage contained, including but not limited to the right to declare the entire mortgage debt due and payable.

This rider is attached to and made a part of mortgage to the Federal Land Bank of Spokane, a corporation, executed by the undersigned, dated February 20 1981.

Stuart L. Brown
Stuart L. Brown

Warren L. Wolfson
Warren L. Wolfson

Paul Diener
Paul Diener

BITTERBRUSH CATTLE CO.

BY: Stuart L. Brown
Stuart L. Brown, partner

BY: Warren L. Wolfson
Warren L. Wolfson, partner

BY: Paul Diener
Paul Diener, partner

Grazing Rider No. 1

FLB 559 (4-78)

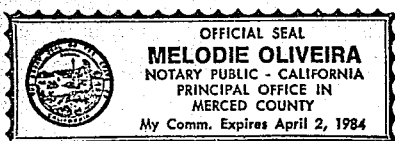
STATE OF California

County of Merced

ss.

On Feb. 24, 1981, before me personally appeared

Warren L. Wolfson,
to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her) (their) free act and deed.



Melodie Oliveira
NOTARY PUBLIC

My Commission Expires April 2, 1984

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IN WITNESS WHEREOF, The mortgagors have hereunto set their hands the day and year first above written.

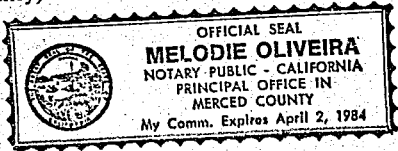
Stuart L. Brown
Stuart L. Brown
Warren L. Wolfson
Warren L. Wolfson
Paul Diener
Paul Diener

BITTERBRUSH CATTLE CO.
BY Stuart L. Brown
Stuart L. Brown, partner
BY Warren L. Wolfson
Warren L. Wolfson, partner
BY Paul Diener
Paul Diener, partner

STATE OF California
County of Merced

On Feb. 24, 1981, before me personally appeared

Stuart L. Brown,
to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her) (their) free act and deed.

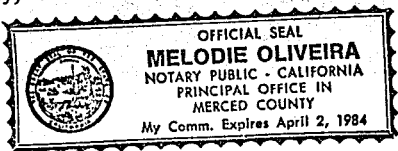


Melodie Oliveira
NOTARY PUBLIC
My Commission Expires April 2, 1984

STATE OF California
County of Merced

On Feb. 24, 1981, before me personally appeared

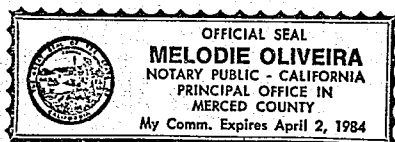
Warren L. Wolfson,
to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her) (their) free act and deed.



Melodie Oliveira
NOTARY PUBLIC
My Commission Expires April 2, 1984

STATE OF California)
County of Merced) : ss.

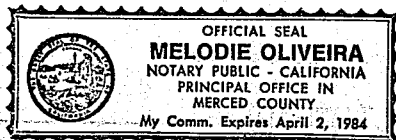
On this 24th day of February, 1981, before me personally appeared Paul Diener, to me known to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Melodie Oliveira
Notary Public for the State of California
Residing at Los Banos, Merced County
My commission expires April 2, 1984

STATE OF California)
County of Merced) : ss.

On this 24th day of February, 1981, before me personally appeared Stuart L. Brown, Warren L. Wolfson and Paul Diener, known to me to be the partners in the partnership which executed the within instrument, and acknowledged that they executed the same as such partners and in the partnership name freely and voluntarily.



Melodie Oliveira
Notary Public for the State of California
Residing at Los Banos, Merced County
My commission expires April 2, 1984

KCTC

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 26th day of February A.D. 1981 at 10:05 o'clock A.M., and
duly recorded in Vol. M81, of Mortgages on Page 3360.

EVELYN BIEHN, County Clerk
By Bernetha A. Litch

Fee \$17.50