

K-34240

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THIS MORTGAGE Made this 7th day of April 1981  
by NOEL C. REULAND and REULAND ELECTRIC COMPANY, doing business as WILLOW VALLEY LAND & CATTLE CO., a general partnership,  
to D&L RANCH, a partnership, consisting of LARRY J. SULLIVAN and DANIEL L. SULLIVAN,  
WITNESSETH, That said mortgagor, in consideration of \_\_\_\_\_ Dollars, to him paid by said mortgagee, does hereby

grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to-wit:

Township 37 South, Range 11½ East of the Willamette Meridian:

Section 24: E½

Section 25: NE¼ and the East 60 feet of the W½ of Section 25 lying North of the County Road.

Township 37 South, Range 11 East of the Willamette Meridian:

Section 19: All of Lots 1 and 2; S½

Section 29: NW¼

Section 30: N½

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of \_\_\_\_\_ promissory note, of which the following is a substantial copy:

see attached

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, to-wit: April 7, 1981.

The mortgagor warrants that the proceeds of the loan represented by the above described note and this mortgage are:

(a)\* primarily for mortgagor's personal, family, household or agricultural purposes (see Important Notice below).

(b) for an organization, (even if mortgagor is a natural person) are for business or commercial purposes other than agricultural purposes.

This mortgage is interior, secondary and made subject to a prior mortgage on the above described real estate made by Larry J. Sullivan, Daniel L. Sullivan and D&L Ranch, a partnership, to State of Oregon, through Director, Dept. Water Resources dated May 30 1979, and recorded in the mortgage records of the above named county in book M-79, at page 12483 thereof, or as file number \_\_\_\_\_, reel number \_\_\_\_\_ (indicate which), reference to said mortgage records hereby being made; the said first mortgage was given to secure a note for the principal sum of \$195,000.00; the unpaid principal balance thereof on the date of the execution of this instrument is \$179,000.00 and no more; interest thereon is paid to May 1, 1981; said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "first mortgage". AND ALSO (see attached Exhibit A)

The mortgagor covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said premises; that the same are free from all encumbrances except said first mortgage and further except as hereinabove stated,

and that he will warrant and forever defend the same against all persons; further, that he will do and perform all things required of him and pay all obligations due or to become due under the terms of said first mortgage as well as the note secured hereby, principal and interest, according to the terms thereof; that while any part of the note secured hereby remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note secured hereby, when due and payable and before the same become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire

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and such other hazards as the mortgagee may from time to time require, in an amount not less than full/ in a company or companies acceptable to the mortgagee herein, with loss payable, first to the holder of the said first mortgage; second, to the mortgagee named herein and then to the mortgagor as their respective interests may appear; all policies of insurance shall be delivered to the holder of the said first mortgage as soon as insured, and a certificate of insurance executed by the company in which said insurance is written, showing the amount of said coverage, shall be delivered to the mortgagee named in this instrument. Now if the mortgagor shall fail for any reason to procure any such insurance and to deliver said policies as aforesaid at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagor's expense; that the mortgagor will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. In the event any personal property is part of the security for this mortgage, then at the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

Now, therefore, it said mortgagor shall keep and perform the covenants herein contained and shall pay all obligations secured by said first mortgage as well as the note secured hereby according to its terms; this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payments of the note secured hereby; it being agreed that a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or insurance premium as above provided for, or fail to do or perform anything required of him by said first mortgage, the mortgagee herein, at his option, shall have the right to make such payments and to do and perform the acts required of the mortgagor under said first mortgage; and any payment so made, together with the cost of such performance shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as the note secured hereby without waiver, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all reasonable costs incurred by the mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators and assigns of said mortgagor and of said mortgagee respectively.

In case suit or action is commenced to foreclose this mortgage, the Court may, upon motion of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.

In construing this mortgage, it is understood that the mortgagor or mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagor has hereunto set his hand the day and year first above written.

Willow Valley Land & Cattle Co.  
by Noel C. Reuland  
Partner

\*IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable. If warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1306 or similar.

~~REMOVED BY XXX~~  
XXX

STATE OF OREGON,

County of Klamath

BE IT REMEMBERED, That on this 7 day of April, 19 81, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Noel C. Reuland, partner

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he 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.

Noel C. Reuland  
Notary Public for Oregon

My Commission expires 8-5-83

## SECOND MORTGAGE

(FORM No. 973)

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

TO

AFTER RECORDING RETURN TO

KCTCo 3591

STATE OF OREGON,

County of Klamath

I certify that the within instrument was received for record on the 7 day of April, 19 81

at 7 o'clock M. and recorded in book 100 on page 100 or as file/real number 100

Record of Mortgages of said County. Witness my hand and seal of County affixed.

Title.

By Noel C. Reuland Deputy

## PROMISSORY NOTE

\$ 157,583.00

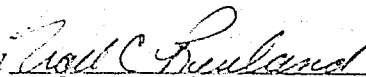
Klamath Falls, Oregon, April 7, 1981.

The undersigned promises to pay to the order of D&L RANCH, a partnership, consisting of LARRY J. SULLIVAN and DANIEL L. SULLIVAN, at Klamath Falls, Oregon, the sum of One Hundred Fifty Seven Thousand Five Hundred Eighty-Three dollars and no/100----- Dollars, with interest thereon at the rate of ten percent (10%) per annum from the 7 day of April, 1981, until paid; payable as follows: FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00) payable on January 5, 1982, to be applied to principal, and THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00) payable January 5, 1982, to be applied as partial payment of accrued interest; a second annual payment of TWENTY-FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$24,500.00), including interest, payable January 5, 1983, plus the balance of the then accrued interest payable January 5, 1983. The undersigned shall then commence making annual payments in the sum of TWENTY-FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$24,500.00) including interest thereon with the first said payment due on the 5th day of January, 1984, and a like payment due on the 5th day of January of each and every year thereafter until the full remaining balance of both principal and interest be paid in full. However, the entire remaining balance shall be due and payable in a balloon payment ten (10) years from the date of this note. The undersigned may pay the full remaining balance at any time without penalty thereon. If any of said installments are not paid, the whole sum of both principal and interest is to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, each of the undersigned promises and agrees to pay holder's reasonable collection costs, including reasonable attorney's fees, even though no suit or action is filed hereon. However, if such suit or action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including an appeal therein, is tried, heard or decided.

Dated this 7 day of April, 1981.

WILLOW VALLEY LAND &amp; CATTLE CO.

BY



Noel C. Reuland, General Partner

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EXHIBIT A TO SECOND MORTGAGE

inferior, secondary and made subject to a prior mortgage on the above described real estate executed by D&L Ranch, a partnership, to Klamath Production Credit Association, dated April 9, 1980, recorded April 28, 1980, in Volume M-80 on page 7839, Mortgage Records of Klamath County, Oregon, to secure the payment of \$40,716.00; the unpaid principal balance thereof on the date of the execution of this instrument is \$ 13,692.00 and no more; interest thereon is paid to 4/7/81.

THIS SECOND MORTGAGE, and all the terms and conditions hereto, is subject to that Agreement to Subordinate, made and entered into between the parties on the 7 day of April, 1981, and is also subject to those terms and conditions set out in this said Exhibit.

This Agreement is made as part of and in conjunction with that promissory note and second mortgage made and entered into between Larry J. Sullivan and Daniel L. Sullivan, doing business as D&L Ranch, a partnership, and Noel C. Reuland, General Partner, Willow Valley Land & Cattle Co., and dated the 7 day of April, 1981.

1. In the event a suit is instituted to foreclose this mortgage, Mortgagor consents to the appointment by the Court of a receiver to collect rents, royalties and other payments due with respect to said property, upon the giving of such receiver's bond and upon such terms and conditions as may be fixed by the Court.
2. That Willow Valley Land & Cattle Co. covenants and agrees as one of the terms and conditions of the attached promissory note and mortgage to keep current the obligations owed on that first mortgage to the Department of Water Resources and to that second mortgage owed to Klamath Production Credit Association, both of which said mortgages are referred to in that attached second mortgage which also covenant and agree to keep current any new first mortgage which may in the future be substituted for the above referred to Department of Water Resources mortgage and/or Klamath Production Credit Association mortgage. A default on said first mortgages shall constitute a default on this present second mortgage.
3. It is acknowledged between the parties that Noel C. Reuland, General Partner of Willow Valley Land & Cattle Co. is a purchaser of a separate and adjacent parcel of land, said purchase being from Larry J. Sullivan and Daniel L. Sullivan, as individuals, and which said purchase is secured by a promissory note and second mortgage dated the 7 day of April, 1981, and recorded the 8 day of April, 1981, in Book M-81, page 6322, Mortgage Records of Klamath County, Oregon. It is hereby covenanted and agreed that so long as Willow Valley Land & Cattle Co. shall remain the owner of the real property described in the attached second mortgage, and Noel C.

(20)

Reuland shall remain the owner of the real property referred to in that second mortgage referred to above, and recorded in M-81, page 6322, Klamath County Mortgage Records, then and in that event a default by Noel C. Reuland on that promissory note and second mortgage recorded M-81, page 6322, Klamath County Mortgage Records, shall constitute a default of the present mortgage. However, it is also covenanted and agreed that upon such time as Willow Valley Land & Cattle Co. shall sell or assign the real property set out in the attached second mortgage, or Noel C. Reuland shall sell or assign the real property as described in that second mortgage recorded M-81, page 6322, then and in that event this provision tying together the above two mortgages, shall terminate and shall at that time be null and void.

4. This mortgage and note secured hereby are personal to the mortgagor and in the event of any sale or transfer of said property, or any part thereof, without the consent of the mortgagee, the entire unpaid balance of the mortgage and the note secured thereby, shall become immediately due and payable. However, the consent of the mortgagee shall not be unreasonably withheld. In the event mortgagor shall wish to sell or transfer said property or any part thereof, notice of his intent to do so shall be given to mortgagee at mortgagee's last known address, and mortgagee shall respond within a period of ten (10) days from the date of said notice. In the event no response be made by mortgagee within said ten day period, then and in that event it is hereby agreed that mortgagee's consent shall be deemed to have been given herein.
5. It is hereby covenanted and agreed that in the event purchaser shall commence to sell or transfer the above described real property, or any part thereof, that sixty (60) days prior to placing said property on the open market, purchaser shall notify sellers in order to give sellers an opportunity to attempt to purchase said property themselves. This clause is not to be deemed as either an option to purchase or a right of first refusal.
6. It is hereby covenanted and agreed that mortgagor shall be entitled to take timber from the above described premises and may sell the same, provided that the land from which said timber is removed shall be developed for production and that said land shall be prepared for production within two (2) years from the cutting and removing of said timber. It is also hereby covenanted and agreed that purchaser may mine gravel located upon the above described premises so long as said gravel be used only upon lands owned by mortgagor in Klamath County, Oregon. It is specifically agreed herein that mortgagor shall not sell any such gravel commercially.

D&L RANCH

Larry J. Sullivan  
Larry J. Sullivan  
Daniel L. Sullivan  
Daniel L. Sullivan

WILLOW VALLEY LAND & CATTLE CO.

By Noel C. Reuland  
Noel C. Reuland, General Partner

ADDENDUM TO SECOND MORTGAGE

1  
2 THAT SECOND MORTGAGE entered into between D&L Ranch, a  
3 partnership, and Willow Valley Land & Cattle Co., which said second  
4 mortgage is attached hereto, is modified to include the following:  
5 That mortgagor, Willow Valley Land & Cattle Co. shall have a thirty  
6 (30) day grace period in making its annual payments to D&L Ranch  
7 under the terms of that promissory note secured by said second  
8 mortgage.

9 DATED this 7 day of April, 1981.

10 D&L RANCH

11 Larry J. Sullivan  
12 Larry J. Sullivan, Partner

13 Daniel L. Sullivan  
14 Daniel L. Sullivan, Partner

15  
16 WILLOW VALLEY LAND & CATTLE CO.

17 Noel C. Reuland  
18 Noel C. Reuland, General Partner

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ADDENDUM TO EXHIBIT "A" - SECOND MORTGAGE  
\*\*\*\*\*

WHEREAS, Paragraph 4 and 5 of Exhibit "A" to that certain Second Mortgage made and executed on the 7 day of April, 1981, wherein NOEL C. REULAND and REULAND ELECTRIC COMPANY, doing business as WILLOW VALLEY LAND & CATTLE CO., a general partnership, appears as the Mortgagor therein and LARRY J. SULLIVAN and DANIEL L. SULLIVAN, appear as the Mortgagees therein provides for notice to Mortgagees.

IT IS HEREBY AGREED that notice to the Mortgagees and Mortgagor shall be given as follows:

Any notice under this Second Mortgage shall be in writing and shall be effective when actually delivered or deposited in the mail, registered or certified mail, and addressed to the parties at the following addresses:

LARRY J. SULLIVAN  
DANIEL L. SULLIVAN  
c/o Mr. Daniel L. Sullivan  
Rt. 1 Box 323-M  
Bonanza, Oregon 97623

After recording return to  
No 3591 Klamath County Title

NOEL C. REULAND and REULAND ELECTRIC  
COMPANY, doing business as WILLOW VALLEY  
LAND & CATTLE CO., a general partnership

Noel C. Reuland  
P.O. Box 8190  
Rowland Heights, CA 91748

or such other addresses as either party may designate by written notice to the other.

ADDENDUM

State of OREGON: COUNTY OF KLAMATH: ss.  
I hereby certify that the within instrument was received and filed for record on the

8th day of April A.D., 1981 at 11:28 o'clock A M., and duly recorded in  
Vol M81 of Mtg. on page 6329.

Fee \$ 27.50

EVELYN DIEHN  
COUNTY CLERK

By Debra A. Jones deputy