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FLB 697A (Rev. 2-83)

K-37234

FLB Loan No.

F-198599-9

FEDERAL LAND BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on August 14, 1984

Wells Farms, Inc., an Oregon corporation; Emil Dean Wells and Geraldine C. Wells,
husband and wife;

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

The description of real property covered by this mortgage is attached below.

FLB #F-198599-9

A tract of land situated in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ and Government Lot 13 of Section 35 Township 39 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, more particularly described as follows: BBeginning at the Southeast corner of that tract of land described in Deed Volume M78, page 5069, Parcel 1, of the Klamath County Deed Records, marked with a P.K. Nail on the South line of said Section 35, from which the Southeast corner of said Section 35, as marked by an iron pin with plastic cap in a monument case, bears South 89°53'00" East 803.40 feet; thence along the lines of said deed volume, North 33°29'00" West 36.02 feet to a 5/8 inch iron pin with plastic cap; thence continuing North 33°29'00" West 832.98 feet to a 5/8 inch iron pin with plastic cap and North 59°19'00" West 383.16 feet to a 5/8 inch iron pin with plastic cap set in a fence corner; thence South 02°47'57" East, generally along an existing fence, 889.81 feet to a 5/8 inch iron pin with plastic cap; thence continuing South 02°47'57" East 30.04 feet to a P.K. Nail on the South line of said Section 35; thence South 89°53'00" East 764.02 feet to the point of beginning, containing 9.72 acres, more or less, including that portion contained in South Poe Valley Road (0.52 acres), with bearings based on said deed Volume M78, page 5069.

Hereby granting and mortgaging to mortgagee a 20 foot easement across lands owned by mortgagor for ingress and egress between lands herein mortgaged and pump site, for the purpose of placement, replacements, repair, maintenance and use of pipeline, pump, and related facilities, said easement centerline described as follows:

Beginning at a point which is 40 feet North of the southwest corner of the above described land, thence running Westerly along and parallel to the right of way of South Poe Valley road to a point where a culvert passes underneath South Poe Valley road, thence South across said road with said culvert being the centerline to a point 10 feet South of the Southern right of way line of South Poe Valley road, and thence West parallel to South Poe Valley road to an existing pump site located on the Klamath Irrigation District ditch, together with an adequate working area around the pump site, which easement is to be appurtenant to the lands herein mortgaged.

Also, all equipment, machinery, appliances, and tools which are a part of the potato storage facility plant, together with all additions, replacements, or accessions, now or hereafter acquired and placed, located, installed in, or used on, the above described property as a part of the plant, are hereby declared to be real property fixtures and shall be a part of the real estate above described, including but not limited to, the following:

A Storage Sentinel S100 control panel with a 1 $\frac{1}{2}$ HP motor and a centrifugal humidifier. ✓

Initials: EDW, GCH, EDW

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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 **\$70,000.00**, 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 **January, 2000.**

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 the terms, conditions and provisions thereof applicable to Federal Land Bank loans.

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.

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It is agreed that this Mortgage, without affecting its validity as a real estate Mortgage, is also executed and shall be construed as a Security Agreement and as a Fixtures and/or Equipment Financing Statement under the Oregon Uniform Commercial Code, granting to Mortgagee a security interest in the personal property collateral described herein and in the goods described herein which are equipment and/or fixtures or are to become fixtures. In addition to the rights and remedies provided herein, Mortgagee shall have all the rights and remedies granted by such code; and reasonable notice, when notice is requested, shall be five (5) days.

For the purpose of a Fixtures and/or Equipment Financing Statement, the debtor(s) are the Mortgagor(s), the secured party is the Mortgagee, the address of the secured party from which information concerning the security interest may be obtained is 900 Klamath Avenue, P.O. Box 148 Klamath Falls, OR 97601 and the mailing address of the debtor(s) is Route 2 Box 771 P, Klamath Falls, OR 97603.

This Mortgage secures an obligation incurred in whole or in part for the construction of an improvement on said land.

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

WELLS FARMS, INC.

BY: Emil Dean Wells
Emil Dean Wells, President

ATTEST: Geraldine C. Wells, Sec.
Geraldine C. Wells, Secretary

Emil Dean Wells
Emil Dean Wells

Geraldine C. Wells
Geraldine C. Wells

STATE OF Oregon)
County of Klamath) : ss.

On this 22nd day of August, 1984, before me personally appeared Emil Dean Wells and Geraldine C. Wells to me known to be the President and Secretary respectively, of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he was authorized to execute said instrument.

Albert M. Sharp
Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 10-30-88

STATE OF Oregon)
County of Klamath) : ss.

On this 22nd day of August, 1984, before me personally appeared Emil Dean Wells and Geraldine C. Wells to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

Federal Land Bank
6350 South 6th
Klamath Falls, Oregon
97603

Albert M. Sharp
Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 10-30-88

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for record on the 1st day of November A.D., 19 84 at 9:14 o'clock A M, and duly recorded in Vol M84, of Mortgages on page 18651.

Fee: \$ 12.00 Index: \$1.00

EVELYN BIEHN, COUNTY CLERK

by: Edm Smith, Deputy