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FLB 697A (Rev. 2-83)

MTC 14626-K  
K-37283

FLB Loan No. F-198785-3

Vol. M85 Page 3428

## FEDERAL LAND BANK MORTGAGE

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

Loyd Walker Reed, Grantor Trustee, David Walker Reed, Trustee, Michael Montgomery  
 Reed, Trustee, and Virginia Mae Reed, Trustee, all acting on behalf of the Loyd  
 Walker Reed Trust dated November 21, 1984; Virginia Mae Reed, Grantor Trustee, David  
 Walker Reed, Trustee, Michael Montgomery Reed, Trustee, and Loyd Walker Reed, Trustee,  
 all acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984; Loyd  
 Walker Reed and Virginia Mae Reed, 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 the real property covered by this mortgage is attached below.

FLB #F-198785-3

PARCEL 1:

Lots 1 and 2 of Section 20, Township 40 South, Range 10 East of the Willamette  
 Meridian, Klamath County, Oregon.

SAVING AND EXCEPTING THEREFROM the following described tract:

Beginning at the Northwest corner of Lot 1, Section 20, Township 40 South,  
 Range 10 East of the Willamette Meridian; thence Easterly along the Northerly  
 line of said Lot 1, 325 feet to a point; thence Southerly parallel with the  
 Westerly line of said Lot 1, 400 feet to a point; thence Westerly parallel with  
 the Northerly line of said Lot 1, 325 feet to a point on the Westerly line of  
 said Lot 1; thence Northerly along the Westerly line of said Lot 1, 400 feet to  
 the point of beginning.

ALSO EXCEPTING THEREFROM that portion of Government Lot 2 of Section 20,  
 Township 40 South, Range 10 East of the Willamette Meridian, lying Southerly of  
 existing transmission line.

ALSO EXCEPTING THEREFROM the following:

A parcel of land situated in Government Lot 1, Section 20, Township 40 South,  
 Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more  
 particularly described as follows:

Beginning at a 5/8" rebar on the North line of Government Lot 1, from which a  
 5/8" rebar marking the Northwest corner of said Government Lot 1 bears South  
 89°45'24" West 325.00 feet; thence South 00°05'00" East 400.00 feet, parallel  
 to the West line of Government Lot 1, to a 1/2" rebar; thence North 89°45'24"  
 East 823.84 feet to a 1/2" rebar on the high right bank of Lost River; thence  
 North 50°18'13" West 623.07 feet, along the surveyed meander line of the right  
 bank of Lost River, to a 1/2" rebar on the North line of Government Lot 1;  
 thence South 89°45'24" West 345.00 feet, along the North line of Government Lot  
 1, to the point of beginning.

PARCEL 2:

That portion of Government Lots 2 and 3 of Section 20, Township 40 South, Range  
 10 East of the Willamette Meridian, lying Southerly of existing transmission  
 line, and a parcel of land being a portion of the North end of the SE 1/4 of  
 Section 20, more particularly described as follows:

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5/8" rebar marking the Northwest corner of said Government Lot 1 bears South 89°45'24" West 325.00 feet; thence South 00°05'00" East 400.00 feet, parallel to the West line of Government Lot 1, to a 1/2" rebar; thence North 89°45'24" East 823.84 feet to a 1/2" rebar on the high right bank of Lost River; thence North 50°18'13" West 623.07 feet, along the surveyed meander line of the right bank of Lost River, to a 1/2" rebar on the North line of Government Lot 1; thence South 89°45'24" West 345.00 feet, along the North line of Government Lot 1, to the point of beginning.

PARCEL 2:

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That portion of Government Lots 2 and 3 of Section 20, Township 40 South, Range 10 East of the Willamette Meridian, lying Southerly of existing transmission line, and a parcel of land being a portion of the North end of the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 20, more particularly described as follows:

Beginning at the Northwest corner of the said SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 20; thence East 1333 feet to line between Sections 20 and 21; thence South 400 feet to drainage ditch of the U. S. Reclamation Service; thence following said ditch North 85°30' West 1337 feet; thence North 295 feet to the place of beginning, all in Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Together with a 50 HP Century electric motor with a Berkeley centrifugal pump, and any replacements thereof, all of which are hereby declared to be appurtenant thereto.✓

Initials:

*J. R. L. W. R. . . . .*

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 \$139,000.00, 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 October, 1994

#### 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.

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 6350 S. Sixth Street, Klamath Falls, OR 97603 and the mailing address of the debtor(s) is 9630 Hill Road, Klamath Falls, OR 97603.

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

Loyd Walker Reed

Loyd Walker Reed, Grantor Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984

David Walker Reed

David Walker Reed, Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984

David Walker Reed

David Walker Reed, Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984

Michael Montgomery Reed  
Michael Montgomery Reed, Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984

Michael Montgomery Reed  
Michael Montgomery Reed, Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984

Loyd Walker Reed

Loyd Walker Reed, Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984

Virginia Mae Reed

Virginia Mae Reed, Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984

Loyd Walker Reed

Loyd Walker Reed

Virginia Mae Reed

Virginia Mae Reed, Grantor Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984

Virginia Mae Reed

Virginia Mae Reed

STATE OF Oregon ss.  
County of Klamath

On this 27 day of December, 19 84, before me personally appeared Loyd Walker Reed, known to me to be the person who executed the within instrument individually and as Grantor Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984, and as Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984, and acknowledged to me that he executed the same as his free act and deed.

Michael L. Bell  
Notary Public in and for the State of Oregon  
Residing at Klamath Falls  
My Commission expires 1-14-86

STATE OF Oregon ss.  
County of Klamath

On this 27 day of December, 19 84, before me personally appeared David Walker Reed, known to me to be the person who executed the within instrument as Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984, and acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984, and

acknowledged to me that he executed the same as his free act and deed.

Michael L. Bell  
Notary Public in and for the State of Oregon  
Residing at Klamath Falls  
My commission expires 1-14-86

STATE OF Oregon )  
County of Multnomah ) ss.

On this 3rd day of January, 1985, before me personally appeared Michael Montgomery, known to me to be the person who executed the within instrument as Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984, and acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984, and acknowledged to me that he executed the same as his free act and deed.

Danette A. Strang  
Notary Public in and for the State of Oregon  
Residing at 30413 NE Lynn, Clatskanie, OR  
My commission expires 2/15/87

STATE OF Oregon )  
County of Klamath ) ss.

On this 27 day of December, 1984, before me personally appeared Virginia Mae Reed, known to me to be the person who executed the within instrument individually and as Grantor Trustee, acting on behalf of the Virginia Mae Reed Trust dated November 21, 1984, and as Trustee, acting on behalf of the Loyd Walker Reed Trust dated November 21, 1984, and acknowledged to me that she executed the same as her free act and deed.

Michael L. Bell  
Notary Public in and for the State of Oregon  
Residing at Klamath Falls  
My commission expires 1-14-86

# Return

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

STATE OF OREGON, )  
County of Klamath )  
Filed for record at request of

on this 8th day of March A.D. 19 85  
at 9:40 o'clock A M, and duly  
recorded in Vol. M85 of Mortgages  
Page 3438

**EVELYN BIEHN, County Clerk**

By Pam Smith Deputy

Fee 21.00