Form PCA 405
Spokane (Rev. 12-74)

48048 MTC-14035

REAL ESTATE MORTGAGE Vol. m85 Page 5875

On this 15th day of April 19 85

GARRY FREITAG AND GERTRUDE FREITAG, Husband and wife

hereinafter called the MORTGAGORS, hereby grant, bargain, sell, convey and mortgage to KLAMATH PRODUCTION CREDIT ASSOCIATION, a corporation organized and existing under the Farm Credit Act of the Congress of the United States, as amended, with its principal place of business in the City of Klamath Falls

State of Oregon, hereinafter called the MORTGAGEE, the following described real estate in the County of Klamath, State of Oregon, to-wit:

PARCEL I: All that part of the SW¼SE¼ Section 5, Twp. 39South, Range 11 E.W.M., lying North of the Klamath Falls-Lakeview Highway, (Dairy-Bonanza Section), as now located over and across said quarter;

PARCEL 2: All that part of the SE¼SW¼ of Section 5, Twp. 39 South, Range 11 E.W.M., lying north of the Klamath Falls-Lakeview Highway, (Dairy-Bonanza Section)

PARCEL 3: That portion of the SE¼SE¼ of Section 5, Twp. 39 South, Range 11 E.W.M. which lies South and West of the Main Canal of the Horsefly Irrigation District, Less any portion thereof which may lie within the right of way of the Dairy-Bonanza Highway;

PARCEL 4: The SW¼NW¼, W½SW¼ Section 5, and SE¼SE¼ Section 6, Twp. 39 South, Range 11 E.W.M. Less that portion heretofore conveyed for highway purposes;

PARCEL 5: All that portion of the NE¼NE¼ Section 8, Twp. 39 South, Range 11 E.W.M. which lies Southerly of the Main Canal of Horsefly Irrigation District and Northerly of Klamath Falls-Lakeview Highway (Dairy-Bonanza Section).

PARCEL 6: The E½SE¼ Section 5, EXCEPTING 2.77 acres South and West of the Main Canal of the Horsefly Irrigation District; and that portion of the NE¼NE¼ of Section 8, lying North and East of the Main Canal of the Horsefly Irrigation District, all being in Twp. 39 South, Range 11 E.W.M. Klamath County, Oregon, EXCEPTING rights of way for ditches and roadways.

together with all the tenements, hereditaments, rights, privileges, appurtenances, and fixtures, including all irrigating and watering apparatus, now or hereafter belonging to, located on, or used in connection with the above described premises, and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits and rights of way thereof, appurtenant to said premises or used in connection therewith; and together with all range and grazing rights (including rights under the Taylor Grazing Act and Federal Forest Grazing privileges), now or hereafter issued in connection with or appurtenant to the said real property; and the mortgagors covenant that they will comply with all rules, regulations and laws pertaining thereto and will in good faith endeavor to keep the same in good standing and will execute all waivers and other documents required to give effect to these covenants, and that they will not sell, transfer, assign or otherwise dispose of said rights or privileges without the prior written consent of the mortgagee.

SUBJECT TO ANY MORTGAGE, DEED OF TRUST, CONTRACT OF SALE, LIEN, OR JUDGMENT, OF RECORD AS OF THE DATE OF RECORDATION OF THE MORTGAGE

This conveyance is intended as a mortgage to secure in whole or in part the performance of the covenants and agreements hereinafter contained and the payment of the following described promissory note(s) made by one or more of the Mortgagors (unless otherwise indicated) to the order of the Mortgagee, together with interest as hereinafter provided and together with all renewals or extensions thereof:

MATURITY DATE(S)	DATE OF NOTE(S)	AMOUNT OF NOTE(S)
April 5, 1986	April 15, 1985	112,155.00
April 5, 1990	April 18 1984	30,207.00

Also this mortgage is intended to secure all future loans or advances made or contracted within a period of FIVE (5) YEARS from and after the date of recording of this mortgage, *provided, however,* that the maximum amount of all indebtedness to be secured by this mortgage shall not exceed in the aggregate at any time the sum of $ 142,362.00 exclusive of accrued interest and of advances made in accordance with the covenants of this mortgage to protect collateral.

All present and future indebtedness secured by this mortgage shall bear interest at the rate specified in the note(s) evidencing such indebtedness, *provided, however,* that if such rate or rates are thereafter increased or decreased by Mortgagee, all of the indebtedness secured hereby shall bear such increased or decreased rate of interest from the effective date thereof.

The continuing validity and priority of this mortgage as security for future loans or advances shall not be impaired by the fact that at certain times hereafter there may exist no outstanding indebtedness from Mortgagor to Mortgagee or no commitment to make loans or advances.

5876

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 encumbrances except as stated above; and each of the Mortgagors will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever except as stated above, hereby relinquishing all dower and homestead rights in the premises; and these covenants shall not be extinguished by any foreclosure hereof, but shall run with the land:

To pay when due all debts and money secured hereby;

To keep the buildings and other improvements now or hereafter existing on said premises in good repair and not to remove or demolish or permit the removal or demolishment of any thereof; not to commit or suffer waste of any kind upon said premises; not to use or permit the use of said premises for any unlawful or objectionable purpose; and to do all acts and things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises;

To pay when due all taxes and assessments upon said premises; and to suffer no other lien or encumbrance prior to the lien of this mortgage to exist at any time against said premises, except as stated above;

To keep all buildings insured against loss or damage by fire in manner and form and in such company or companies and in such amount as shall be satisfactory to the Mortgagee; to pay when due all premiums and charges on all such insurance; to deposit with the Mortgagee, upon request, all insurance policies affecting the mortgaged premises, all of which said insurance shall be made payable, in case of loss, to the Mortgagee, with a mortgagee clause satisfactory to the Mortgagee;

To keep in good standing and free from delinquencies all obligations under any mortgage or other lien which is prior to this mortgage.

Should the Mortgagors be or become in default in any of the covenants or agreements herein contained, then the Mortgagee may, at its option, perform the same in whole or in part, and all expenditures made by the Mortgagee in so doing shall bear interest at the rate borne by the principal debt hereby secured, and shall be immediately repayable by the Mortgagors without demand, and, together with interest and costs accruing thereon, shall be secured by this mortgage.

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, 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 of 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 the records and abstracting or insuring the title, and such sums and costs and expenses shall be secured hereby and be 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, except under circumstances where such taking is expressly prohibited by law, 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 and/or to manage the property during the pendency of legal proceedings. The rents, issues and profits of said premises after default shall accrue to Mortgagee's benefit and are hereby assigned and mortgaged to Mortgagee as additional security for the indebtedness herein described.

All rights and remedies conferred on Mortgagee by this mortgage are cumulative and additional to any and all other rights and remedies conferred by law, and are not exclusive. If any provision of this mortgage be found invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof; and the mortgage shall be construed as though the invalid or unenforceable provision had been omitted.

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.

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

Ret: M.T.C.

x Garry M Freitag

x Gertrude Freitag

(Leave this space blank for filing data)

STATE OF OREGON,)
County of Klamath)

Filed for record at request of

on this 23rd day of April A.D. 19 85
at 3:26 o'clock P M, and duly
recorded in Vol. M85 of Mortgages
Page 5875

EVELYN BIEHN, County Clerk
By Pam Smith Deputy

Fee 9.00

ACKNOWLEDGMENT

STATE OF Oregon
County of Klamath } ss.

On this 22nd day of April, 19 85 before me, the undersigned officer, personally appeared the above named Garry M. Freitag & Gertrude M. Freitag and acknowledged the foregoing instrument to be their voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Carol Childers

Notary Public, State of Oregon

My Commission expires 10-18-86