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NTC - 16 168-L

FIRST MORTGAGE
AND SECURITY AGREEMENT

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THIS MORTGAGE, made this 7th day of April, 1986, by and between SAM WONG & SON, INC., a corporation, GEO W. CHIN, aka GEORGE W. CHIN, and DANIEL G. CHIN of the County of Klamath and State of Oregon, party of the first part, and the METROPOLITAN LIFE INSURANCE COMPANY, New York, N. Y., party of the second part:

WITNESSETH, That the said party of the first part, in consideration of the sum of THREE HUNDRED THOUSAND Dollars, (\$300,000.00), to him in hand paid, the receipt whereof is hereby acknowledged does by these presents, grant, bargain, sell, convey, and confirm unto the said party of the second part, and to its successors and assigns, forever, all the hereinafter described real estate, situate in the County of Klamath and State of Oregon, described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with all crops grown thereon, and water, water rights, ditches, aqueducts, appropriations, and franchises upon, leading to, connected with, or usually had and enjoyed in connection with the said premises, and each and every part thereof whether represented by shares of capital stock in any ditch company or by actual individual ownership or otherwise, or which may hereafter be acquired by the said party of the first part during the existence of this Mortgage and used in connection with the said premises or any part thereof.

TO HAVE AND TO HOLD the same, with all and singular the hereditaments and appurtenances thereunto belonging or in any wise appertaining, and all rights of dower and homestead exemption and every contingent right or estate therein, unto the said party of the second part, and to its successors and assigns, forever. And the said party of the first part does hereby covenant and agree that at the delivery hereof he is the lawful owner of the premises hereinabove granted, and is seized of a good and indefeasible estate of inheritance therein, free and clear of all incumbrances, and that he will warrant and defend the same in the quiet and peaceful possession of said party of the second part, its successors and assigns, forever, against the claims of all persons whomsoever.

PROVIDED, always, and these presents are upon the following covenants and conditions to wit:

First. That the said party of the first part, has executed and delivered to the Metropolitan Life Insurance Company, his certain Promissory Note for THREE HUNDRED THOUSAND Dollars, (\$300,000.00), of even date herewith, maturing November 15, 2000, bearing interest at the rate and payable in the manner therein specified, which Note bears interest after maturity as per terms therein provided; both principal and interest and all other indebtedness accruing hereunder being payable in lawful money of the United States of America, with exchange on the City of New York, which shall be legal tender for the payment of all debts and dues, public and private, at the time of payment, at the office of Metropolitan Life Insurance Company, One Madison Avenue, New York, N. Y., or at such other place as the holder hereof may from time to time designate in writing.

Second. That the said first party shall pay all taxes and assessments now due, or which may become due, on the said premises, before the same become delinquent, and in case such taxes are not so paid, the holder of this mortgage may pay such taxes and assessments and recover the amounts so paid

with interest thereon at 18 percent per annum and this mortgage shall stand as security therefor.

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Third. And it is further mutually covenanted and agreed that in the event of the passage, after the date of this Mortgage, of any law deducting any lien thereon from the value of land for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured by mortgage or the manner of the collection of any such taxes, so as to affect this Mortgage, the whole of the principal sum secured by this Mortgage, together with the interest due thereon, shall, at the option of the said party of the second part, without notice, become immediately due and payable.

Fourth. That the said first party shall keep the buildings on the said premises continuously insured against loss by fire and tornado for at least their insurable value in such manner and in such companies as may be satisfactory to the Mortgagee, with loss, if any, payable to the said Mortgagee, as its interest may appear, and such contracts of insurance effected by the said party of the first part, his heirs, legal representatives, and assigns, shall primarily be subject to appropriation by the holder of this Mortgage for the payment of such indebtedness, and if the undersigned fail to keep the said buildings insured as hereinabove specified, then the Mortgagee may, at its option, insure the said property against loss by fire and tornado for its insurable value for its own benefit, the proceeds from such insurance, if collected, to be credited on the indebtedness secured by this Mortgage, less the cost of collecting the same, or, at the election of the Mortgagee, may be used in repairing or reconstructing the premises; all amounts so expended by the said Mortgagee for insurance shall become a debt due and at once payable, without demand upon or notice to any person, to the said Mortgagee, additional to the indebtedness hereby specially secured, and shall be secured by the lien of this Mortgage and shall bear interest at 18 percent per annum from date of payment by the said Mortgagee.

Fifth. That the said first party shall keep all fences, buildings, and other improvements on the said premises in as good condition and repair as they now are, and shall not suffer waste nor permit the value of the said premises to depreciate by neglect or want of care; and should the said first party neglect so to do, the said second party, its successors or assigns, shall be entitled to the appointment of a Receiver of the said premises.

Sixth. In case of default in any of the covenants herein contained, all the rents and profits of the said premises are pledged to the legal holder or holders hereof as additional and collateral security for the payment of all moneys mentioned herein, and the said legal holder shall be entitled to the immediate appointment of a Receiver of the said premises. It is also agreed that the appointment of a Receiver shall in no manner prevent or retard the second party in the collection of the said sums by foreclosure or otherwise.

It is expressly stipulated and agreed between the said party of the first part, his heirs, executors, administrators, or assigns, and the party of the second part, its successors or assigns, that, in case of the foreclosure of this Mortgage, the party of the second part, its successors or assigns, shall be entitled to have entered in such foreclosure suit a judgment for any deficiency remaining due upon account of the indebtedness secured hereby, including taxes, insurance, or other lawful assessments, after applying the proceeds of the sale of the premises herein described to the payment thereof and to the costs of such foreclosure suit.

Seventh. As additional and collateral security for the payment of the Note and indebtedness hereinbefore described, the said party of the first part hereby assigns to the said party of the second part, its successors or assigns, all the profits, revenues, royalties, rights, and benefits accruing to it under all oil, gas, or mineral leases on the said premises, this assignment to terminate and become null and void upon the release of this mortgage.

Eighth. It is further mutually covenanted and agreed that the party of the second part, its successors and assigns, shall, at their option, be subrogated to the lien, although released of record, of any prior encumbrance, mechanic's, vendor's, or other lien or liens on the said premises paid out of the proceeds of the loan secured hereby.

Ninth. If such payments be made as are herein provided, this conveyance shall be void and is to be released at the expense of the said party of the first part; but if the said principal or any part thereof, or any interest thereon, be not paid according to the terms of the said Note; or if the said taxes or assessments be not paid as provided herein; or if default be made in the agreement to insure, or in the covenant against incumbrances, or in any other covenant herein contained, then this conveyance shall become absolute, and the whole of the said principal and interest shall immediately become due and payable, at the option of the party of the second part, its successors or assigns, and this Mortgage may thereupon be foreclosed immediately for the whole of the said money, interest, and costs, including the cost of an abstract of title and attorney's fees, without further notice.

Tenth. If any action or proceeding be commenced by any person other than the party of the second part, to which action or proceeding the party of the second part is made a party, whether in law or in equity, and including condemnation and bankruptcy proceedings, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by the party of the second part for the expense of any such litigation to prosecute or defend the rights and liens created by this Mortgage, including reasonable counsel fees, shall be paid by the party of the first part, together with interest thereon at 18 percent per annum and any such sum and interest shall be a lien on said premises prior to any right, title or interest in or claim upon the premises attaching or accruing subsequent to the lien of this Mortgage, and shall be added to the principal amount intended to be secured hereby.

Eleventh. The taking of any additional security, execution of partial release of the security, or any extension of the time of payment of the indebtedness or renewal thereof shall not diminish the force, effect or lien of this instrument and shall not affect or impair the liability of any maker, surety or endorser for the payment of said indebtedness; that the party of the second part shall have the right to release with or without consideration or credit on the indebtedness hereby secured, any part of the property herein described by adequate legal instrument without regard to the existence of any junior encumbrance and without the consent of such junior encumbrancer, and such release shall have no further effect upon the rank, lien or estate conveyed hereby or against the party of the second part than is therein expressed.

Twelfth. And it is expressly understood that the terms, conditions, and provisions hereof, whether so expressed in each case or not, shall apply to and bind the respective parties, their heirs, executors, administrators, and assigns.

Thirteenth. If all or any part of the mortgaged property be condemned or

taken through eminent domain proceedings, all or such part of any award or proceeds thereof as the Mortgagee in its sole discretion may determine in writing, are hereby assigned and shall be paid to the Mortgagee and applied to the payment of the mortgage indebtedness.

In the event the mortgaged premises, or any portion thereof, or any interest therein, are sold, mortgaged or conveyed or become subject to an agreement to sell, mortgage or convey, prior to the time this loan shall have been paid in full, then the entire indebtedness shall become immediately due and payable at the option of the Mortgagee. A sale, assignment or transfer in any manner whatsoever of 10% or more of the capital stock of the mortgagor corporation shall be equivalent to a sale or conveyance of the security or an interest therein, and in that event mortgagee shall have the option to accelerate the debt, declare the entire loan balance due, and enforce collection of same, including foreclosure of the mortgage lien.

The undersigned hereby grant to Metropolitan Life Insurance Company, its successors and assigns, a security interest under the terms of this mortgage, in the following goods and chattels, whether affixed to the real estate or not and including but not limited to all potato storage building equipment, irrigation works, lines, pumps and equipment of every kind and nature utilized for irrigation purposes on the premises described herein and located thereon, in addition to any replacements, substitutions, and additions thereto, which said goods and chattels are more particularly set out in the Financing Statement No. _____ filed in the Klamath County Recorder's office and in the office of the Secretary of State of the State of Oregon, together with all water and watering rights of every kind and description shall be construed as affixed to and a part of the real estate herein described and subject to all of the provisions of this mortgage.

The Mortgagor hereby appoints the Mortgagee his true and lawful attorney in fact, so long as this mortgage shall remain in force and effect, for the purpose of selecting and designating the farm unit to be held in compliance with any Recordable Contract under the rules and regulations of the Bureau of Reclamation, U. S. Department of Interior.

Mortgagor assigns and transfers to the Metropolitan Life Insurance Company all sums payable to them under any and all oil, gas and mineral leases now negotiated or to be negotiated. However, these assigned payments shall continue to be paid to Mortgagor until written notice from Metropolitan Life Insurance Company that all such payments thereafter are to be paid to Metropolitan Life Insurance Company and will be applied to sums due and to become due on the note dated April 7, 1986.

The Mortgagor shall furnish evidence satisfactory to Mortgagee the issuance on terms and conditions satisfactory to Mortgagee, by the appropriate Federal, State, County, Regional or Local authorities, of all licenses, approvals, or permits necessary in connection with the operation of this security and lawful occupancy thereof for the purpose for which such project was created (including the issuance by any Federal, State, County, Regional, or local authorities where jurisdiction involves environmental protection of any such licenses, approvals, or permits), and continue to maintain compliance with all laws and regulations.

The note secured hereby expressly provides that the holder thereof may at its option change or adjust the interest rates set forth therein.

Plural or singular words used herein to designate the undersigned, the party of the first part, shall be construed to refer to the maker or makers

of this Mortgage, whether one or more persons, or a corporation; and all covenants and agreements herein made by the undersigned shall bind the heirs, personal representatives, successors, and assigns of the undersigned; and every option, right, and privilege herein reserved or secured to the Mortgagee shall inure to the benefit of its successors and assigns.

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IN WITNESS WHEREOF, The said party of the first part has hereunto subscribed his name and affixed his seal on the day and year hereinbefore first mentioned.

SAM WONG & SON, INC., a corporation

By George W. Chin
George W. Chin, aka Geo W. Chin,
President

By Janet J. Chin
Janet J. Chin, Secretary

Geo W. Chin
Geo W. Chin, aka George W. Chin, as
Individual

Daniel G. Chin
Daniel G. Chin, as Individual

STATE OF OREGON

COUNTY OF KLAMATH

)
) ss.
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On this 16th day of April, 1986, before me, the undersigned, a Notary Public for the State of Oregon, personally appeared George W. Chin, aka Geo W. Chin, and Janet J. Chin, known to me to be the President and Secretary respectively of Sam Wong & Son, Inc., a corporation, who executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my notarial seal the day and year hereinbefore first written.

James Steller
Notary Public in and for the State of
Oregon, residing at Agency Lake, Oregon
My commission expires 7-13-89

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

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On this 16th day of April, 1986, before me, the undersigned, a Notary Public for the State of Oregon, personally appeared Geo W. Chin, aka George W. Chin, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Linda Stettin
Notary Public in and for the State of Oregon, residing at Agency Lake, Oregon
My commission expires 7/13/89

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

On this 16th day of April, 1986, before me, the undersigned, a Notary Public for the State of Oregon, personally appeared Daniel G. Chin, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Linda Stettin
Notary Public in and for the State of Oregon, residing at Agency Lake, Oregon
My commission expires 7/13/89

All that portion of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and of Government Lot 11 of Section 11, Township 41 South, Range 11 East, Willamette Meridian, which lies Southwesterly of a line drawn parallel to and distant 200 feet Southwesterly of the center line of the railway of the Great Northern Railway Company as now located and constructed; said center line being more particularly described as follows:

Beginning at a point in the Westerly boundary of said Section 11 distant 977.00 feet Northerly from the Southwest corner thereof; thence Southeasterly along a straight line making a Southeasterly included angle of 61°46 $\frac{1}{2}$ ' with said Westerly boundary 531.9 feet; thence Southeasterly along the arc of a 1°0' curve to the left, 2830.00 feet; thence Easterly on tangent 2141.00 feet, more or less, to an intersection with the Easterly boundary of said Section 11 at a point distant 36.8 feet Northerly from the Southeast corner thereof. The said strip of land containing 12.35 acres, more or less, in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and 0.22 of an acre, more or less, in Government Lot 11 of said Section 11, Township 41 South, Range 11 East, Willamette Meridian, exclusive of right of way previously granted for highway and for a Government irrigation and drainage canal, SAVING AND EXCEPTING a piece or parcel of land situated in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11, Township 41 South, Range 11 East of the Willamette Meridian in Klamath County, Oregon, being more particularly described as follows: Beginning at a 5/8 inch iron pin in the East right of way boundary of the Adams Point County Road, as the same is presently located and constructed from which the monument marking the Southwest corner of Section 11, Township 41 South, Range 11 East of the Willamette Meridian, bears N. 89°57'10" W. 30.0 feet and S. 0°02'50" W. 251.75 feet distant; thence N. 0°02'50" E. along the Easterly right of way boundary of said County Road 475.20 feet to an iron pin at its intersection with the Southwesterly right of way boundary of the Burlington-Northern Railroad; thence along said Railroad; right of way S. 61°34'10" E. 389.7 feet to a point; thence along a circular curve to the left (which has a central angle of 0°40'40", a radius of 5929.65 feet, and a long chord which bears S. 61°54'34" E. 70.38 feet) a distance of 70.4 feet to a 5/8 inch iron pin; thence continuing along a circular curve to the left (which has a central angle of 5°55'50", a radius of 5929.65 feet, and a long chord which bears S. 65°13'00" E. 613.75 feet) a distance of 613.80 feet to a 5/8 inch iron pin; thence, leaving said Railroad right of way, N. 89°57'10" W. 962.4 feet, more or less, to the point of beginning.

Also, an easement 20.0 feet in width which has its Northeasterly boundary parallel to and contiguous with the Southwesterly right of way boundary of the Burlington-Northern Railroad from the most Northwesterly corner to the most Southeasterly corner of the above described parcel of land; for the purpose of construction, reconstruction, operation, and maintenance of an irrigation ditch.

Lots 3, 4 and N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ of Lot 5 and the N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ of Lot 6 of Section 14, Township 41 South, Range 11 East, Willamette Meridian, excepting right of way heretofore reserved by the United States for the "J" Canal.

A portion of Lot 5, Section 10, Township 41 South, Range 11 East of the Willamette Meridian, described as follows: Beginning at the one-quarter corner common to Section 9 and 10 of said Township and Range; thence South 89°58' East 3.51 chains, more or less, to the projection of the center line of the 9-E-2-Drain; thence south 34°26' East along the said center line 14.11 chains to its intersection with the North line of S $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 10; thence West along said North line to the West line of said Section 10; thence North along said West line to the point of beginning.

A portion of Section 10, Township 41 South, Range 11 East of the Willamette Meridian, described as follows: Beginning at the one-quarter corner common to Section 9 and 10 of said Township and Range thence South 89°58' East 3.51 chains, more or less, to the projection of the center line of the 9-E-2 drain; thence South 34°26' East along said center line 14.11 chains to its intersection with the North line of the $S\frac{1}{2}N\frac{1}{2}SW\frac{1}{2}$ of said Section 10; thence Easterly along said North line of the $S\frac{1}{2}N\frac{1}{2}SW\frac{1}{2}$, 30.80 chains, more or less, to the East line of the $SW\frac{1}{2}$ of said Section 10; thence Northerly along the East line of the $SW\frac{1}{2}$ of said Section 10, 10 chains, more or less, to the Northeast corner of the $NE\frac{1}{2}SW\frac{1}{2}$ of said Section 10; thence Westerly along the Northerly line of said $NE\frac{1}{2}SW\frac{1}{2}$ to the intersection of the said Northerly line with the Southwesterly right of way line of the Great Northern Railway Company Railroad right of way line; thence Northwesterly along said Southerly railroad right of way line to its intersection with the West line of said Section 10; thence Southerly along said West line of said Section 10 to the place of beginning. EXCEPTING THEREFROM that portion described as follows: A triangular parcel of land located in the Northeast corner of the Northeast corner of the $SW\frac{1}{2}$ of Section 10, Township 41 South, Range 11 East of the Willamette Meridian, described as follows: Commencing at the Northeast corner of the $SW\frac{1}{2}$ of Section 10, Township 41 South, Range 11 East of the Willamette Meridian, extending thence West along the Northerly line of said $SW\frac{1}{2}$ 366 feet, more or less, to the intersection of said line with the Northeasterly right of way line of the Great Northern Railway; thence Southeasterly along the Northeasterly right of way line of said Railway a distance of 399 feet, more or less, to the North-South center line of said Section 10; thence North along said center line a distance of 162 feet, more or less, to the point of beginning.

A tract of land situated in Sections 8 and 17, Township 40 South Range 10 East of the Willamette Meridian, Klamath County, Oregon being more particularly described as follows: Beginning at a point on the North line of said Section 17 from which the Northwest corner of said Section 17 bears N. 89°49'21" W., 30.00 feet; thence S. 00°05'09" E. parallel to the West line of said Section 17, 256.00 feet; thence S. 89°49'21" E. parallel to the North Line of said Section 17, 2379 feet more or less to the Mean High Water Line of Lost River; thence Northerly on said Mean High Water Line the following courses and distances: N. 15°12'02" E., 324.30 feet; N. 09°32'48" E., 223.70 feet; N. 16°32'48" W., 370.44 feet; and N. 25°02'09" W., 424.66 feet; thence leaving said Mean High Water Line, N. 89°49'21" W., 2211.42 feet to a point lying 30.00 feet East of the West line of said Section 8; thence S. 00°16'30" W., parallel to the West Line of said Section 8, 1016.92 feet to the point of beginning.

The $SW\frac{1}{2}SE\frac{1}{2}$ and that portion of Lot 7 ($NW\frac{1}{2}SE\frac{1}{2}$), Section 10, Township 41 South, Range 11 East of the Willamette Meridian lying southerly of the Great Northern Railway Right of Way.

All that portion of Government Lot 1 in Section 15, Township 41 South, Range 11 East of the Willamette Meridian, lying West of the East line of the $SW\frac{1}{2}$ of the $SE\frac{1}{2}$ of Section 10, Township 41 South, Range 11 East of the Willamette Meridian, extended South to the South line of said Lot 1.

Also, conveying with the herein described land any and all water rights belonging or in anywise appertaining thereto.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 28th day
of April A.D., 19 86 at 2:58 o'clock P.M., and duly recorded in Vol. M86
of Mortgages on Page 7243

FEE \$33.00

Evelyn Biehn, County Clerk
By [Signature]