

67668

HYPOTHECATION AGREEMENT

Vol. 1886 Page 19724

TO: SOUTH VALLEY STATE BANK

In consideration of your making, renewing or extending a loan or loans to

Dan W. Duncan and Connie Duncan

hereinafter referred to as the "Borrower", for which the following property belonging to me has been tendered to you as collateral security, to-wit:

Property described in attached Exhibit "A" by this reference made a part hereof.

and for the purpose of enabling said Borrower to obtain credit therefor, I hereby certify that the said property has been duly assigned, released, transferred and delivered by me to said Borrower, and by these presents, I do hereby assign, release and transfer unto said Borrower all of my right, title and interest in and to said property, and hereby expressly authorize said Borrower to pledge or hypothecate all or any part of said property as security for all or any obligations of Borrower to you, whether absolute or contingent, due or to become due, now existing or hereafter arising, and for the indebtedness aforesaid, all renewals and extensions thereof, and also for any and all other indebtedness of the same Borrower to you created at any time before this authorization shall have been revoked in writing, and all renewals and extensions thereof, and I waive notice of all or any such indebtedness, extension or renewal, and of any default.

Furthermore, I request that you give or continue to give said Borrower credit in the form of loans, renewals or extensions as aforesaid, and in consideration of all or any such credit so granted by you, I agree that all or any property pledged or hypothecated as aforesaid shall be subject, in your hands or those of your assignee, or pledgee or pledgees, to all powers which would apply thereto, by contract or otherwise, if said property so pledged or hypothecated stood in the name of said Borrower himself and not in my name. The proceeds of all loans shall be accounted for and paid over to the Borrower aforesaid, and said collateral securities may be disposed of and/or paid over, to or upon the direction of said Borrower.

In consideration of your extending credit as aforesaid, I warrant that I am the absolute owner of the property, free and clear of all liens and encumbrances and that, insofar as the property is corporate stock, that it has been issued to me as being fully paid and non-assessable.

This agreement shall be binding on my heirs, executors, administrators and assigns, and shall inure to the benefit of your successors and assigns.

DATE: August 8th, 19 86

Return to: South Valley
5215 So 6th St
City 97603

Charles L. Duncan
Leone M. Duncan

25 OCT 31 PM 2 36

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The following described real property in Klamath County, Oregon:

PARCEL 1

All that portion of the SE 1/4 SW 1/4 lying South of the Irrigation ditch which runs through the said forty in Section 33, Township 40 South, Range 12 East of the Willamette Meridian; SAVING AND EXCEPTING the potato cellar in the Southeast corner of said described tract, being a tract of land 36 feet North and South by 152 feet East and West; and EXCEPTING a right of way 16 feet wide to the Northwest corner of said potato cellar and along the North side of said cellar to the North and South road along the East side of said cellar for ingress and egress from other land as reserved by former owners; AND ALSO EXCEPTING part of the SE 1/4 SW 1/4 of Section 33, Township 40 South, Range 12 East of the Willamette Meridian, as follows: Beginning at a point on the East line of said SE 1/4 SW 1/4 of Section 33 and the center line of the irrigation ditch which runs through said SE 1/4 SW 1/4; thence South along said East line of said SE 1/4 SW 1/4 a distance of 193 feet; thence West a distance of 250 feet; thence North and parallel with the East line of said SE 1/4 SW 1/4 a distance of 239 feet to the center line of said irrigation ditch; thence Easterly along said center line to the point of beginning.

PARCEL 2

That part of the E 1/2 E 1/2 of Section 32 and part of the W 1/2 SW 1/4 of Section 33, Township 40 South, Range 12 East of the Willamette Meridian, described as beginning at the Southwest corner of the E 1/2 SE 1/4 of Section 32, Township 40 South, Range 12 East of the Willamette Meridian, and running thence North along the forty line a distance of 1300 feet, more or less, to a point where the center line of the East-West Canal of the Shasta View Irrigation District extended meets the forty line; thence East a distance of 65 feet, more or less, to a point on the West bank of said North-South canal of Shasta View Irrigation District; thence South along the West bank of said North-South Canal a

continued ...

description continued ... PAGE TWO OF EXHIBIT A

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distance of 10 feet to a point; thence Easterly following the South bank of said East-West Canal through the E 1/2 SE 1/4 of Section 32, and the W 1/2 SW 1/4 of Section 33, both in said Township 40 South, Range 12 East of the Willamette Meridian, to the Easterly line of the W 1/2 SW 1/4 of Section 33; thence South along the Easterly line of the W 1/2 SW 1/4 of Section 33 to the Township line; thence Westerly along the township line to the point of beginning, being in the E 1/2 SE 1/4 of Section 32, and the W 1/2 SW 1/4 of Section 33, Township 40 South, Range 12 East of the Willamette Meridian; SAVING AND EXCEPTING tract of land described as beginning at an iron pin on the South section line which lies West 781.5 feet from the Southeast corner of the SW 1/4 SW 1/4 of Section 33, Township 40 South, Range 12 East of the Willamette Meridian and running thence North a distance of 95 feet to an iron pin; thence North 56° 35' West a distance of 961 feet to an iron pin; thence South 33° 25' West a distance of 45 feet to an iron pin which lies on the East bank of the Shasta View Irrigation Canal; thence South 36° 25' East along the East bank of the above mentioned canal a distance of 200.00 feet to an iron pin; thence continuing along the East bank of the above mentioned canal South 30° 14' East a distance of 492.8 feet to an iron pin which lies on the Section line; thence East along the section line a distance of 460 feet, more or less, to the point of beginning, being in the SW 1/4 SW 1/4 of Section 33, and in the SE 1/4 SE 1/4 of Section 32, both sections in Township 40 South, Range 12 East of the Willamette Meridian, said exception being for the West Reservoir.

PARCEL 3

The NW 1/4 SE 1/4 of Section 33, Township 40 South, Range 12 East of the Willamette Meridian.

ALL SUBJECT TO: A mortgage to Federal Land Bank of Spokane in the original amount of \$35,000.00, dated April 2, 1973, recorded April 20, 1973, in Volume M-73 at page 4743, Mortgage Records of Klamath County, Oregon; easements and rights of way of record or apparent on the land; contracts, proceedings, assessments, liens, regulations and statutes for irrigation or drainage purposes; reservations and restrictions contained in deed from A. M. Kelsey, et ux, to C. M. Duncan, et ux, dated April 11, 1949, recorded April 13, 1949 in Book 230 at page 229; reservations and restrictions contained in deed from C. M. Duncan, et ux, to Charles C. Duncan, et ux, dated September 18, 1950, recorded September 18, 1950 in Book 242 at page 147, Deed Records of Klamath County, Oregon; and mortgage, including the terms and provisions thereof, dated August 4, 1972, recorded August 17, 1972 in Book M-72 at page 9216, Mortgage Records, given to secure the payment of \$45,000.00.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ of _____ October _____ A.D., 19 _____ 86 at _____ 2:36 o'clock P _____ the _____ 31st day _____ M., and duly recorded in Vol. _____ 19724 _____ on Page _____

FEE \$13.00

Evelyn Biehn, County Clerk
By _____