

REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by JOHN L. MCPHERSON and

JANI K. MCPHERSON

residing in KLAMATH County, Oregon, whose post office

address is 13555 Tingley Land, Klamath Falls, Oregon 97603,
herein called "Borrower," and the United States of America, acting through the Farmers Home Administration, United
States Department of Agriculture, herein called the "Government," and:

WHEREAS Borrower is indebted to the Government, as evidenced by one or more promissory note(s) or assumption
agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the Government, au-
thorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is
described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
March 25, 1987	100,000.00	5%*	March 25, 2027
March 25, 1977	41,750.00 (reamortized)	5%	March 25, 2017
February 18, 1987	43,113.88	5%	February 18, 2017

(If the interest rate is less than *8.25 % for farm ownership or operating loan(s) secured by this instrument, then the
rate may be changed as provided in the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the
payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or
any other statutes administered by the Farmers Home Administration;

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the
Government, or in the event the Government should assign this instrument without insurance of the note, this instrument
shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment
of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage
to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower
by the Government pursuant to 42 U.S.C. §1490a.

NOW THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or
in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt
payment of the note and any renewals and extensions thereof and any agreements contained therein, (b) at all times when the
note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless
the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at
all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as herein-
after described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary
agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Govern-

ment the following property situated in the State of Oregon, County(ies) of Klamath

See attached descriptions

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, or conveying the property.

(12) Neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (b) release any party who is liable under the note or for the debt from liability to the Government, (c) release portions of the property and subordinate its lien, and (d) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate or crop or chattel security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, or descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, or national origin and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, or national origin.

(21) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(22) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, at Portland, Oregon 97204, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(23) If any provision of this instrument or application hereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

WITNESS the hand(s) of Borrower this 25th day of March, 1987.

John J. McPherson
Jani K. McPherson

ACKNOWLEDGMENT FOR OREGON

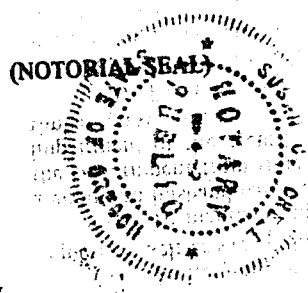
STATE OF OREGON

COUNTY OF Klamath ss:

On this 25th day of March, 1987, personally appeared the above-

named John J. McPherson and Jani K. McPherson, husband and wife

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:



Susan C. Cline
Notary Public.

My Commission expires 6-21-88

DESCRIPTION OF PROPERTY

4930

The following described real property situated in Klamath County, Oregon:

PARCEL 1:

The NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 5, Township 40 South, Range 9 East of the Willamette Meridian, EXCEPT a tract of land situated in the NE $\frac{1}{4}$ of Section 5, Township 40 South, Range 9 East of the Willamette Meridian, more particularly described as follows: Beginning at a 5/8 inch iron pin marking the North one-quarter corner of said Section 5, which point is on the centerline of the Old Midland County Road; thence South along an old existing fence line and fence line extended (said line being the one-quarter section line as described in Volume 326 page 411, Deed records of Klamath County, Oregon) a distance of 1363 feet to an old fence post; thence South 88°41'42" East (East by said Deed record) 465.00 feet to a one-half inch iron pipe; thence North 71°52'00" West 303.76 feet to a steel fence post; thence North 25°14'00" West 52°33'00" East 237.03 feet to a steel fence post; thence North 18°26'00" East 192.44 feet to a steel fence post; thence North 28°03'00" East 472.17 feet to a steel fence post; thence North 47°49'00" East 463.30 feet to a steel fence post; thence continuing North 47°49'00" East 151.09 feet to a 1/2 inch iron pin in the centerline of said County Road; thence South 89°36'55" West (West by said Deed record) a distance of 948.31 feet to the point of beginning. The bearing of the above described tract of land is based on the said one-quarter section line as being South. ALSO EXCEPTING the S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ and the N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5.

PARCEL 2:

The South 150 feet of the N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, Township 40 South, Range 9 East of the Willamette Meridian. SAVING AND EXCEPTING a parcel of land situate in the NE $\frac{1}{4}$ of Section 5 more particularly described as follows: Commencing at the Southeast corner of the N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 5; thence N. 00°22'00" W. along the East line of said Section 5, 150.00 feet to the point of beginning for this description; thence leaving said section line S. 89°48'00" W. 739.34 feet; thence S. 81°17'43" E. along a fence, 247.78 feet; thence N. 87°28'53" E. along a fence, 176.47 feet; thence S. 88°12'35" E. along a fence 168.39 feet; thence N. 82°51'26" E. along a fence and the Easterly extension thereof, 151.09 feet to a point on the Easterly line of said Section 5; thence N. 00°22'00" W. along said section line, 18.80 feet to the point of beginning.

PARCEL 3:

A parcel of land situate in the NE $\frac{1}{4}$ of Section 5, Township 40 South, Range 9 East of the Willamette Meridian, being more particularly described as follows: Commencing at the Southeast corner of the N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 5; thence N. 00°22'00" W. along the East line of said Section 5, 150.00 feet; thence leaving said section line S. 89°48'00" W. 739.34 feet to the point of beginning for this description; thence N. 81°17'43" W. along a fence, 25.39 feet; thence N. 79°48'21" W. along a fence, 172.97 feet to the end of fence; thence N. 78°54'42" W. 125.00 feet; thence North to a point on the North line of the S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 5; thence West along said North line to the Northwest corner of the S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$; thence South along the West line of the E $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 5 to a point which is 150.0 feet North of the Southwest corner of the N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$; thence S. 89°48'00" E. 580.66 feet to the point of beginning.

EXCEPTING therefrom any portion of the above described parcels lying within the limits of roads or highways.

PARCEL 4:

Lot 6 in Section 8, Township 40 South, Range 9 East of the Willamette Meridian.

The W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{2}$ NW $\frac{1}{4}$, Lots 7, 8, 9, 10, 11 and 12 in Section 17, Township 40 South, Range 9 East of the Willamette Meridian.

PARCEL 5:

The NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, AND

The N $\frac{1}{2}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 40 South, Range 9 East of the Willamette Meridian, ALSO

A parcel of land being a strip of land 40 feet in width lying along the full length of the East side of the NE $\frac{1}{4}$ of Section 8, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

DESCRIPTION OF EQUIPMENT

4931

Quantity	Kind	Manufacturer	Size and type	Condition	Year of manufacture	Serial or motor No.
1	Aluminum mainline	Cornell Berkeley	5" pipe X 1/4 mile			
1	Aluminum mainline		8" pipe X 1/4 mile			
1	Aluminum mainline		6" pipe X 1/4 mile			
10	Wheelines		1/4 mile			
2	Pump & Motor		60 HP			
2	Pump & Motor		40 HP			
160	Aluminum handline		3" X 40' with risers			
6	Hoses		4" X 20'			

The above is same property recorded in the Mortgage Records of Said County in Volume M77 on Page 5055, Record of Real Estate Mortgages of Klamath County, Oregon.

This Mortgage is also given to further secure the obligations secured by hereinbefore described mortgage to the Government, which mortgage shall remain in full force and effect.

Return to:
Farmers Home Administration
2455 Patterson St., Suite #1
Klamath Falls, Or 97603

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 25th day of March A.D., 19 87 at 4:35 o'clock P M., and duly recorded in Vol. M87 of Mortgages on Page 4926.

FEE \$25.00

Evelyn Biehn, County Clerk
By [Signature]