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Vol. m87 Page [illegible]

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# REAL ESTATE MORTGAGE

On this 14th day of May 19 87

BRUCE E. [illegible] AND DAVID [illegible], M.D.

hereinafter called the MORTGAGORS, hereby grant, bargain, sell, convey and mortgage to

[illegible] 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:

SEE ATTACHED EXHIBIT "[illegible]"

Hereinafter called the Security Real

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 water 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 used 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: In addition to exception No. 9 above pertaining to the mortgage to The Federal Land Bank of Spokane dated [illegible], recorded [illegible], Vol. [illegible], Page [illegible], Mortgage Records of Klamath County, Oregon (FLB Loan), this mortgage is subject to the special covenants between Mortgagors and Mortgagee set forth in Exhibit "[illegible]" attached.

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 | DATE OF NOTE | AMOUNT OF NOTE |
|---|---|---|
| May 1, 2005 | MAY ~~April~~ 14, 1987 | $254,000.00 |

~~[illegible]~~ The maximum amount of all indebtedness to be secured by this mortgage shall not exceed in the aggregate at any time the sum of $ 254,000.00, 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 notes 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.

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## 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 amount 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 essential 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 this 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.

All insertions and deletions have been made prior to execution.

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

[illegible] B. [illegible] attorney in fact

[illegible] CHEN, M.D.

STATE OF CALIFORNIA }
} SS.
COUNTY OF __ SAN DIEGO __ }

OFFICIAL SEAL
[illegible]
NOTARY PUBLIC-CALIFORNIA
[illegible] COUNTY
My Comm. Expires [illegible]

On this __ 14th __ day of __ May __ 19 87 , before me, the undersigned Notary Public in and for said County and State, personally appeared __ [illegible] CHEN, M.D. __

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person __ whose name __ subscribed to this instrument and acknowledged that he __ executed it.

Becky [illegible]

Notary Public in and for said County and State

Becky [illegible]

Form 3044 — General Acknowledgment

EXHIBIT "1"

The following described real property situate in Klamath County, Oregon, to-wit:

Township 40 South, Range 13 East of the Willamette Meridian:

Section 23: SE¼
Section 26: E½NW¼, N½SW¼, NE¼, N½SE¼ and portion of the W½NW¼ described as follows: Beginning at a point 1020 feet East of the corner common to Sections 22, 23, 26 and 27 all in Township 40 South, Range 13 E.W.M., thence Southerly and Easterly 1500 feet, more or less, to a point where said course intersects the East line of the SW¼NW¼ of Section 26, thence North along said subdivision line to the Northeast corner of the NW¼NW¼ of said Section 26, thence West 300 feet to the point of beginning, containing 6 acres, more or less.

TOGETHER WITH: All tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or any wise appertaining, improvements thereon, reversions, remainders, rents, issues and profits thereof, together with all of the rights of the use of water for irrigating the above-described real property, however evidenced, to which Vendor is now entitled, or which are now used on said real property, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles the use of water for irrigating upon the real property within the metes and bounds of the above description, and together with irrigation equipment, including, but not limited to, all pumps, motors, wheellines, mainlines, and accessories, and replacement thereof.

SUBJECT TO:

1. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Grantee assumes and agrees to pay and perform.

2. Liens and assessments of Klamath Project and Langell Valley Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.

3. Any unpaid charges or assessments of Langell Valley Irrigation District.

4. Rights of the public in any portion of the herein described premises lying within the limits of any road or highway.

5. Right of way, including the terms and provisions thereof, executed by E. E. Ralston to Ivan E. Kilgore and Gladys M. Kilgore, recorded October 3, 1918, in Volume 50, Page 455, Deed Records of Klamath County, Oregon.

6. Perpetual Easement, including the terms and provisions thereof, given by Anton Suty, et al. to Robert Cahill and Helen Cahill, husband and wife, dated March 1, 1960, recorded March 17, 1960, in Volume 319, Page 501, Deed Records of Klamath County, Oregon.

7. Perpetual Easement, including the terms and provisions thereof, given by Anton Suty, et al. to Robert K. Thompson and Rosie J. Thompson, husband and wife, dated March 1, 1960, recorded March 17, 1960, in Volume 319, Page 503, Deed Records of Klamath County, Oregon.

8. Easements, including the terms and provisions thereof, as disclosed by conveyance from Anton Suty and Paulina Suty to Langell Valley Irrigation District, dated May 11, 1966, recorded June 16, 1967, in Vol. M-67, Page 4538, Deed Records of Klamath County, Oregon.

9. Mortgage, including the terms and provisions thereof, executed by Anton W. Suty, Jr. and Carol N. Suty, husband and wife, Stephen Suty, unmarried; Anton Suty III, unmarried, to The Federal Land Bank of Spokane, a corporation in Spokane, Washington, dated April 15, 1980, recorded April 18, 1980, in Vol. M-80, Page 7371, Mortgage Records of Klamath County, Oregon, to secure the payment of $175,000.00.

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## EXHIBIT "2"

## Special Covenants Between Mortgagor and Mortgagee

Mortgagee shall apply all payments received from Mortgagor under the Promissory Note secured by this Mortgage to payment of FLB Lien and pay it in full contemporaneously with payment in full of the Promissory Note secured by this Mortgage. In addition, Mortgagee will not increase the amount of the FLB Lien; will pay and/or discharge all claims, costs, attorney fees (both at trial and on appeal) or judgments arising out of or related to, the FLB Lien; and will defend Mortgagor from any claims brought, or suits or actions filed, against Mortgagor by reason of the FLB Lien unless the same derives out of failure of Mortgagor to pay the indebtedness secured by this Mortgage.

[illegible]

STATE OF CALIFORNIA
COUNTY OF EL DORADO } ss.

On MAY 14, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared [illegible] known to me to be the person whose name subscribed to the within instrument as the Attorney in fact of [illegible] and acknowledged to me that she subscribed the name of [illegible] thereto as principal, and her own name as Attorney in fact.

WITNESS my hand and official seal.

Signature

Name (Typed or Printed)

OFFICIAL SEAL
[illegible]
NOTARY PUBLIC - CALIFORNIA
EL DORADO COUNTY
My Comm. Expires [illegible]

after recording return to:
Interstate Production Credit Assn
940 Klamath Avenue
Klamath Falls, Ore 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 11th day of May A.D., 19 87 at 2:52 o'clock P M., and duly recorded in Vol. M87 of Mortgages on Page 8443.

Evelyn Biehn, County Clerk
By

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 11th day of May A.D., 19 87 at 2:50 o'clock P M., and duly recorded in Vol. M87 of Mortgages on Page 8555.

FEE $17.00

Evelyn Biehn, County Clerk
By