

When recorded mail to:
Sierra/Nevada PCA
P.O. Box 420
Alturas, CA 96101

76402

5/5 (Rev. 4-75)

K-39676
MORTGAGE

Vol. M87 Page 11532

THIS MORTGAGE, made this 12TH day of JUNE, 1987 by W. C. DALTON and JULIANNE M. DALTON, initial Trustees of the WILLIAM C. DALTON 1982 TRUST, as to an undivided 1/2 interest; JULIANNE M. DALTON and W. C. DALTON, initial trustees of the JULIANNE M. DALTON 1982 TRUST, as to an undivided 1/2 interest

residing (or having its principal place of business) within the County (or Counties) of MODOC, State of CALIFORNIA, Mortgagee, hereby mortgages to SIERRA/NEVADA, County of MODOC, State of CALIFORNIA, a corporation existing and operating under the provisions of The Farm Credit Act of 1971, Mortgagee, for the sum of *ONE MILLION FOUR HUNDRED SIXTY-SEVEN THOUSAND THREE HUNDRED SEVENTY-NINE AND NO/100* the following described real property in the County of KLAMATH, State of OREGON, to-wit:

Beginning at the Southwest corner of Government Lot 1 in Section 21, Township 41 South, Range 12 East of the Willamette Meridian; thence East 730 feet along the South line of said Government Lot 1 to the true point of beginning; thence East along the South line of Government Lot 1, 100 feet to a point; thence North 200 feet to a point; thence West parallel to the South line of said Government Lot 1, 100 feet to a point; thence South 200 feet to the true point of beginning.

Saving and excepting any portion thereof within the boundaries of Stateline Road.

32 JUN 1 1987

TOGETHER with appurtenances and all rights of every kind and nature to the use of water, ditches and canals for the irrigation of said premises to which the mortgagor or said premises are now or may hereafter become entitled, all of said rights being hereby made appurtenant to above described premises; and together with all range and grazing rights (including rights under the Taylor Grazing Act and Federal Forest Grazing privileges), nor or hereafter issued in connection with or appurtenant to said real property.

This mortgage is intended to secure, and does hereby secure, the payment to the said Mortgagee, at its office hereinabove set forth, of certain indebtedness according to the terms and conditions of a certain promissory note or notes executed by the Mortgagor in favor of the Mortgagee, payable at said office of the Mortgagee, with interest thereon, which notes are further described as follows:

Dated	Amount	Interest rate	Maturity date
June 12, 1987	\$ 727,544.00	10.50% per annum	April 10, 1988
June 12, 1987	\$ 350,945.00	10.50% per annum	April 10, 1988
June 12, 1987	\$ 388,890.00	-0- % per annum	April 10, 1988

and in addition also secures the payment of (1) all sums which may be or become due to the Mortgagee from the Mortgagor, whether resulting from advances to or in behalf of the Mortgagor or otherwise, with interest on all such sums; (2) substitution notes and/or extensions of all notes from Mortgagor in favor of, or assigned to, the Mortgagee.

Also as security for the discharge and performance of all obligations and promises of said mortgagor herein contained, together with interest thereon, and also as security for the payment by said mortgagor to said mortgagee of all sums hereafter paid, lent out, expended or advanced by the said mortgagee under the terms of this mortgage, together with interest thereon, and also as security for the payment of all sums which may be hereafter loaned, paid out, expended or advanced by said mortgagee to said mortgagor, or which may hereafter become due to said mortgagee from said mortgagor, with interest thereon, and also as security for all extensions or renewals of above described notes and/or of notes evidencing sums hereafter loaned, paid out, expended or advanced.

Advances made by the mortgagee after assignment of this mortgage shall be secured hereby, but shall be subject to prior payment of the indebtedness discounted or assigned with this mortgage.

The mortgagor promises and agrees to pay all taxes, assessments and liens now subsisting or which may hereafter be imposed by national, state, county, city or other authority upon the property hereby mortgaged, and said mortgagor agrees that said mortgagee may pay such taxes, assessments or liens without notice and that said mortgagor will repay the mortgagee on demand all sums so paid with interest at the same rate per annum as set forth in the note herein described and this mortgage shall be security for all sums so paid by the mortgagee, together with interest thereon, and the mortgagee shall be the sole judge of the legality or validity of such taxes, assessments or liens.

The mortgagor guarantees the payment to the mortgagee of the full proceeds of all checks and/or drafts transmitted in connection with any indebtedness hereby secured.

The mortgagor covenants and agrees:

- (1) That the mortgagee or its duly authorized agents shall at all times have the right to enter upon and inspect said premises.
- (2) That mortgagor will forever warrant and defend the title to said premises and the water rights thereto to the said mortgagee, its successors and assigns against all lawful claims and demands of all persons whomsoever.
- (3) That mortgagor will place and maintain fire insurance acceptable to the mortgagee on all buildings upon said property in such amounts as may be required by the mortgagee from time to time, the policies for such insurance to be delivered to the mortgagee and to contain a standard form of mortgage clause making loss if any payable to the mortgagee. Any funds so received by the mortgagee may be applied, at the option of the mortgagee, upon the indebtedness hereby secured or for the reconstruction of the buildings damaged or destroyed.

(4) That in case of the failure of the mortgagor to carry out and perform any of the conditions, agreements or covenants of this mortgage or of the note or notes secured hereby, then the whole indebtedness hereby secured shall without notice to the mortgagor at the option of the mortgagee become due and payable forthwith and the mortgagee may thereupon enforce payment thereof in a suit at law or by foreclosure of this mortgage.

(5) 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.

(6) That in case of institution of suit to foreclose this mortgage, the mortgagor shall pay as a part of the debt hereby secured all costs and legal expenses, including abstract or search of title, and a reasonable attorney's fee to be fixed by the court and that said attorney's fee is and shall be a lien upon said premises and secured by this mortgage and the plaintiff in said suit shall be entitled in said suit to the appointment of a receiver of said mortgaged property to take possession of same and collect the rents and profits thereof pending foreclosure proceedings and up to the time of redemption or issuance of sheriff's deed.

(7) That in case of foreclosure of this mortgage, any water stock or water right held by said mortgagee as security for said loan, whether said water stock or water right be appurtenant to said land or otherwise, shall be sold with said land at the same time and in the same manner that said land is sold; that at such sale said land may be sold as a whole and said mortgagee may become the purchaser.

(8) That if any act of the mortgagor makes it necessary, in the opinion of the mortgagee, for the mortgagee to defend its interests as mortgagee in any court or before any board, commissioner or other official, then the mortgagee shall be entitled to reasonable attorney's fees and other expenses actually incurred in such defense, which fees and expenses shall be a lien upon said premises and secured by this mortgage.

(9) That upon full payment of this loan as herein provided, the mortgagor shall be entitled to a properly executed release or satisfaction of this mortgage and a delivery of such release or satisfaction to the mortgagor shall release the mortgagee of any further liability to the mortgagor. The mortgagee may at any time without notice release portions of said mortgaged premises from the lien of this mortgage without affecting the personal liability of any persons for the payment of the said indebtedness or the lien of this mortgage upon the remainder of the mortgaged premises for the full amount of said indebtedness then remaining unpaid.

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 Mortgagor has executed these presents the day and year first hereinabove written.

WILLIAM C. DALTON 1982 TRUST

JULIANNE M. DALTON 1982 TRUST

BY: *W.C. Dalton*
W. C. DALTON, TRUSTEE

BY: *Julianne M. Dalton*
JULIANNE M. DALTON, TRUSTEE

BY: *Julianne M. Dalton*
JULIANNE M. DALTON, TRUSTEE

BY: *W.C. Dalton*
W. C. DALTON, TRUSTEE

STATE OF California
County of Modoc
On this 12th day of June

ACKNOWLEDGMENT - INDIVIDUAL FORM

19 87 before me, _____, a Notary Public in and for said County and State, personally appeared W. C. Dalton, Trustee and Julianne M. Dalton, Trustee of the William C. Dalton 1982 Trust and W.C. Dalton Trustee and Julianne M. Dalton Trustee of the Julianne M. Dalton 1982 Trust known to me to be the person S. described in and whose name S. are subscribed to the within instrument, and acknowledged to me that they executed the same.

SEAL My commission expires: June 30, 1987

J. Tufts
Notary Public in and for said County and State.

MORTGAGE

WILLIAM C. DALTON 1982 TRUST

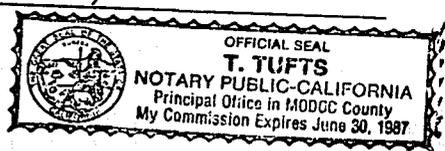
JULIANNE M. DALTON 1982 TRUST

TO

SIERRA/NEVADA

PRODUCTION CREDIT ASSOCIATION

Address P.O. BOX 420, ALTURAS, CA 96101



STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Klamath County Title Company
on this 1st day of July A.D. 19 87
at 11:32 o'clock A.M. and duly recorded
in Vol. M87 of Mrges. Page 11532.
Evelyn Biehn, County Clerk
By *[Signature]*

Deputy.

Fee. \$9.00