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Vol. m89 Page 2268

FCB 697A (Rev. 7-88)

Aspen 33078

FCB Loan No.

F-220334-1

## FARM CREDIT BANK MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That on February 01, 1989

—Bradley D. Bennett and Rhoda M. H. Bennett, husband and wife;—

hereinafter called the Mortgagors, hereby grant, bargain, sell, convey and mortgage to FARM CREDIT BANK OF SPOKANE, a corporation, whose address is West 601 First Avenue, TAF-C5, Spokane, Washington 99220-4005, hereinafter called the Mortgagee, the following described real estate in the County(ies) of Klamath  
State of Oregon

In Township 39 South, Range 11 East of the Willamette Meridian

Section 3: Lot 4; SW1/4NW1/4; NW1/4SW1/4

Section 4: Lot 1, SE1/4NE1/4; NE1/4SE1/4.

Tax Identification Nos: 36 & 37/3911/1100/603537; 36 & 37/3911/1300/  
603546; 36/3911-300/700/603528 & 36 & 37/3911-  
300/800/603519.

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including all leases, permits, licenses or privileges, written or otherwise, appurtenant or nonappurtenant to said mortgaged premises, now held by Mortgagors or hereafter issued, extended or renewed to them by the United States or the State or any department, bureau, or agency thereof, which have been or will be assigned or waived to Mortgagee.

Together with the tenements, hereditaments, rights, privileges and appurtenances, including private roads, now or hereafter belonging to or used in connection with the above described premises; and all plumbing, lighting, heating, cooling, ventilating, elevating, watering and irrigating apparatus and other fixtures, now or hereafter belonging to or used in connection with the above described premises, all of which are hereby declared to be appurtenant to said land; and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits, rights therein and rights of way therefor, which now are or hereafter may be appurtenant to said premises or any part thereof, or used in connection therewith.

This conveyance is intended as a mortgage securing the performance of the covenants and agreements hereinafter contained, and the payment of the debt represented by one promissory note made by the Mortgagors to the order of the Mortgagee, of even date herewith, for the principal sum of \$73,000.00, with interest as provided for in said note, being payable in installments, the last of which being due and payable on the first day of March, 2024.

#### 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 encumbrance; and each of the Mortgagors will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever, and this covenant shall not be extinguished by any foreclosure hereof, but shall run with the land.

To pay all debts and money secured hereby when due.

To keep the buildings and other improvements now or hereafter existing on said premises in good repair; to complete without delay the construction on said premises of any building, structure or improvement in progress, any improvements to existing structures in progress, and any improvements or remodeling for which the loan hereby secured was granted in whole or in part; not to remove or demolish or permit the removal or demolition of any building thereon; to restore promptly in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property and its use; not to use or permit the use of said premises for any unlawful or objectionable purpose; not to cut or permit the cutting of timber from said premises except for domestic use; to maintain and cultivate the premises in good and husbandlike manner, using approved methods of preserving the fertility thereof; to keep the orchards on said lands properly irrigated, cultivated, sprayed, pruned and cared for; not to commit or suffer waste of any kind upon said premises; and to do all acts or things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises.

To pay before delinquency all taxes, assessments and other charges upon said premises, all assessments upon water company stock, and all rents, assessments and charges for water appurtenant to or used in connection with said property; and to suffer no other encumbrance, charge or lien against said premises which is superior to this mortgage.

To keep all buildings now existing or hereafter erected continuously insured against loss or damage by fire and such other risks in manner and form and in such company or companies and in such amounts as shall be satisfactory to the Mortgagee; to pay all premiums and charges on all such insurance when due; to deposit with the Mortgagee upon request all insurance policies affecting the premises, with receipts showing payment of all premiums and charges affecting said policies; and that all insurance whatsoever affecting the premises shall be made payable, in case of loss, to the Mortgagee, with a loss payable clause in favor of and satisfactory to the Mortgagee. The Mortgagee shall be entitled to receive the proceeds of any loss under any such policy which may be applied by the Mortgagee upon the indebtedness hereby secured in such manner as it may elect.

If any of the mortgaged property shall be taken under right of eminent domain, the Mortgagee shall be entitled at its option to receive all compensation for the portion taken and damages to the remaining portion, to be applied by the Mortgagee upon the indebtedness hereby secured in such manner as it shall elect.

Should the Mortgagors be or become in default in any of the covenants or agreements herein contained, then the Mortgagee (whether electing to declare the whole indebtedness hereby secured due and payable or not) may, at its option, perform the same in whole or in part and all expenditures made by the Mortgagee in so doing, together with interest and costs, shall be immediately repayable by the Mortgagors without demand, shall be secured by this mortgage, and shall draw interest until paid at the default rates provided for in the note hereby secured.

Time is material 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, or if the whole or any portion of said loan shall be expended for purposes other than those specified in the original application therefor except, by the written permission of said Mortgagee, or if said land or any portion thereof shall be hereafter included in any special assessment district, 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 any suit or bankruptcy proceeding 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 or proceeding, and further agree to pay the reasonable costs of searching records and abstracting or insuring the title, and such sums shall be secured hereby and 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, 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. The rents, issues and profits of said premises after default are hereby assigned and mortgaged to the Mortgagee as additional security for the indebtedness herein described.

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Farm Credit Act of 1971 and any acts amendatory or supplementary thereto and the regulations of the Farm Credit Administration, and are subject to the terms, conditions and provisions thereof applicable to Farm Credit Bank loans.

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.

The promissory note described above, which is secured by this Mortgage, provides for indexing and adjustment of the interest rate, payment terms and balance due on the obligation. A Rider summarizing the terms and provisions of said note is attached hereto as Exhibit "1" and by reference at this place incorporates the terms thereof.

Each mortgagor agrees to provide to the mortgagee annually, within 90 days of the end of each mortgagor's fiscal year, in a form prescribed by or acceptable to the mortgagee, a current balance sheet and a current income and expense statement certified by mortgagor to be complete and accurate or, at mortgagee's option, audited by an independent accountant at mortgagor's expense.

The obligations secured by this Mortgage are personal to the Mortgagor(s) and are not assignable by the Mortgagor(s). When making the loan secured by this Mortgage, the Mortgagee relied upon the credit of the Mortgagor(s), the interest of the Mortgagor(s) in the premises, and the financial market conditions then existing. In the event of any transfer, sale or conveyance, or contract to transfer, sell or convey the title to all or any part of the premises, or of all or any part of the stock or ownership interest in any corporation, partnership, or other entity owning all or any part of the premises, whether voluntary, involuntary or by operation of law, without Mortgagee's prior written consent, Mortgagee may declare the entire balance then remaining unpaid on all of the obligations secured by this Mortgage immediately due and payable.

This Mortgage secures an obligation incurred in whole or in part for the construction of an improvement on said land.

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

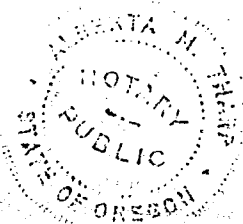
Bradley D. Bennett  
Bradley D. Bennett

Rhoda M. H. Bennett  
Rhoda M. H. Bennett

STATE OF Oregon )  
County of Klamath ) ss.

On this 3rd day of February, 19 89, before me personally appeared Bradley D. Bennett and Rhoda M. H. Bennett to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

Albert M. Sharp  
Notary Public for the State of Oregon  
Residing at Klamath Falls  
My commission expires 10-30-92



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## VARIABLE RATE RIDER

THIS VARIABLE RATE RIDER ("Rider") is made this 1st day of February, 1989 and is incorporated into and amends and supplements that certain Mortgage dated February 1, 1989 for the purpose of providing notice of the terms and provisions of the obligations evidenced by that certain Note (the "Note") given by the Borrower to Farm Credit Bank of Spokane ("Bank") or Bank's predecessor in merger, The Federal Land Bank of Spokane, dated February 1, 1989 for the principal sum of Seventy-three Thousand and no cents (\$ 73,000.00 ).

1. INTEREST RATE AND ANNUAL PAYMENT CHANGES

The Note provides for an Initial Interest Rate. The Note provides for changes in the interest rate and the payments, as summarized below and pursuant to the default provisions of the Note.

- (a) Real Estate Variable Base Agricultural Rate: The Real Estate Variable Base Agricultural Rate ("Variable BAR") is a per annum interest rate determined from time to time by Bank in its sole discretion.
- (b) Variable Interest Rate Changes: Borrower shall pay interest on the Adjusted Principal Balance on and after each change in the Variable BAR at the per annum interest rate equal to the sum of the Variable BAR in effect on such date plus or minus a constant as described in the Note.
- ☐ (c) Partially Fixed Interest Rate: If checked, the Initial Interest Rate of the Note shall remain in effect until the first day of \_\_\_\_\_, after which the interest shall be changed to a variable interest rate as described in Section 1(a) and (b) above. The Partially Fixed Interest Rate may increase in the event of default.

## 2. FIXED INTEREST RATE CONVERSION OPTION

The Note provides for the Borrower to convert from a variable interest rate to a fixed rate, as follows:

- (a) Option to Convert to Fixed Rate: If Bank is then offering a Fixed Interest Rate as determined under Section 2(b) below to new borrowers, Borrower may elect to change the interest rate to the Fixed Interest Rate on the first day of any month (the "Conversion Date") by payment of a fee of one percent of the Adjusted Principal Balance (the "Conversion Fee"). Borrower may not make such election if a default occurs and is uncured on or before the Conversion Date. Thereafter, the interest rate shall be changed on the Conversion Date as set forth in Section 2(b) below.
- (b) Fixed Interest Rate: The Fixed Interest Rate is the per annum interest rate which Bank in its sole discretion determines is appropriate for a new Fixed Interest Rate loan on the Conversion Date of an amount equal to the Adjusted Principal Balance with similar term and conditions to a borrower with the same credit characteristics as Borrower. Borrower shall pay interest on the Adjusted Principal Balance on and after the Conversion Date at the Fixed Interest Rate.

☒ If checked, the Note provides for a limit on the Variable and Fixed Interest Rate.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Co.  
of FEB. A.D., 19 89 at 1:52 o'clock P.M. and duly recorded in Vol. M89 day  
of Mortgages on Page 2268.  
FEE \$23.00  
Return: A.T.C.  
By Evelyn Biehn, County Clerk  
Pauline Mullins