

Township 40 South, Range 10 East of the Willamette Meridian: 23356Section 30: S½NE¼ and the SE¼
Section 31: N½NE¼

EXCEPTING THEREFROM the following: A parcel of land containing 1.96 acres more or less, located in the SE½NE¼ of Section 30, Township 40 South, Range 10 East of the Willamette Meridian, more particularly described as follows:

Beginning at the Northeast corner of the SE½NE¼ of Section 30; thence South along the Section line common to Sections 29 and 30 a distance of 150 feet; thence West along a line parallel to the Northern boundary line of the SE½NE¼ of said Section 30, a distance of 570 feet; thence North along a line parallel to the Section line common to Sections 29 and 30, a distance of 150 feet; thence East along the North boundary line of the SE½NE¼ of Section 30, a distance of 570 feet to the point of beginning. Also known as Parcel 1 of Minor Partition 33-83 on file in the office of the Klamath County Clerk

AND FURTHER EXCEPTING any portion thereof lying in the road.

TOGETHER WITH an easement over the following described real property:

All that portion of the SW¼SW¼ of Section 20 and the NW¼NW¼ of Section 29, Township 40 South, Range 10 East of the Willamette Meridian described as follows:

A strip of land for irrigation ditch purposes 30 feet wide, 15 feet on each side of a line heretofore staked out across said lands and located as follows: Beginning at a point in the Westerly line of right of way for the government C Canal at the Cheyne Pump house as now constructed and bearing approximately North 48°30' East 1590 feet from the Southwest corner of Section 20, Township 40 South, Range 10 East of the Willamette Meridian; thence along the outfall pipe South 45° West 100 feet; thence along a meandering falling grade contour roughly delineated by the following courses: South 75° West 265 feet; thence North 65° West 285 feet; thence South 5° East 300 feet; thence South 10°30' West 650 feet; thence South 26°40' West 1000 feet; thence South 3°20' West 500 feet; thence South 60° West 43 feet, more or less, to the Southwest corner of the NW¼NW¼ of said Section 29, for the purpose of the construction and maintenance of a ditch on said strip of land, together with the right of ingress and egress for same purposes.

ALSO TOGETHER WITH the following described easement and right of way:

A perpetual easement and right of way for the construction, maintenance, building and repairing of a drain ditch over and across the N½ of the S½ of Section 29, Township 40 South, Range 10 East of the Willamette Meridian, in Klamath County, Oregon, the center line of which is more particularly described as follows, to-wit:

Beginning at a point in the Section line marking the Westerly boundary of Section 29, Township 40 South, Range 10 East of the Willamette Meridian, 10 feet Southerly from the quarter section corner on the Westerly side of the said Section 29, and running thence East, parallel with and 10 feet distant at right angles Southerly from the East and West center line of the said Section 29, 1978 feet; thence South 87°42' East 200 feet; thence North 87°42' East 200 feet; thence East, parallel with and 10 feet distant at right angles Southerly from the said East and West center line of the said Section 29, 1587 feet; thence South 87°42' East 400 feet; thence East 400 feet; thence North 87° East 300 feet, more or less, to its intersection with the Westerly boundary of the right of way of the "C" Canal of the U.S.R.S. being over and across the N½ of the S½ of said Section 29, Township 40 South, Range 10 East of the Willamette Meridian.

ALSO TOGETHER WITH a perpetual easement 30 feet in width along the Easterly boundary of the property contained in Bargain and Sale Deed dated November 16, 1988, recorded November 21, 1988 in Volume M88 page 19739, Deed records of Klamath County, Oregon, along and West of the Westerly right of way of Cheyne Road as the same now exists, for irrigation and related purposes including the right of ingress and egress thereon, for use, maintenance, repairs and upkeep; for the benefit of the following described real property situated in Klamath County, Oregon: S½NE¼; SE¼ of Section 30 and the N½NE¼ Section 31, all in Township 40 South, Range 10 East of the Willamette Meridian.

INITIALS: *W.O. AET ch.*

23357

Tax Account Nos: 4010-3300 & 4010-3400.

Together with a 40 HP Fairbanks Morse electric motor with an unknown make turbine pump; a 50 HP G.B. electric motor with a Cornell centrifugal pump; a 75 HP Marathon electric motor with a Cornell centrifugal pump; approximately 6,000 feet of sizes 4 inch through 8 inch PVC mainline; 1 portable Nelson Big Gun Sprinkler; 10 - 4 inch by 40 foot portable Hook Latch Aluminum mainline; 960 feet of size 5 inch by 74 inch portable Harvest King Wheelline; 1,120 feet of size 5 inch by 74 inch portable Harvest King Wheelline; 1,120 feet of size 5 inch by 74 inch portable Western Wheelline; 760 feet of size 4 inch by 60 inch portable Wheelline Mover; 1,240 feet of size 5 inch by 74 inch portable Western Wheelline; 800 feet of size 4 inch by 60 inch portable A&M Wheelline; 800 feet of size 4 inch by 60 inch portable Pierce Wheelline; 1,040 feet of size 4 inch by 60 inch portable Pierce Wheelline; 67 - 3 inch by 30 feet portable Aluminum droplatch handline/risers/heads; and any replacements thereof; all of which are hereby declared to be appurtenant thereto. ✓

INITIALS: *W. A. H. A. E. H. C. H.*

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 \$135,000.00, 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 June, 2009.

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.

23358

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.

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 the obligations secured by this Mortgage immediately due and payable.

It is agreed that this Mortgage, without affecting its validity as a real estate Mortgage, is also executed and shall be construed as a Security Agreement and Financing Statement under the Oregon Uniform Commercial Code, granting to Mortgagee a security interest in personal property collateral described herein, including but not limited to equipment, fixtures or goods which are or are to become fixtures, timber, and consumer goods. In addition to the rights and remedies provided herein, Mortgagee shall have all the rights and remedies granted by such Code; and reasonable notice, when notice is requested, shall be five (5) days.

For the purpose of a Financing Statement covering personal property collateral described herein, the debtor(s) are the Mortgagor(s), the secured party is the Mortgagee, the address of the secured party from which information concerning the security interest may be obtained is 900 Klamath Avenue, P.O. Box 148, Klamath Falls, OR 97601 and the mailing address of the debtor(s) is 2900 Cross Rd, Klamath Falls, OR 97603.

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

TRIPLE H FARMS

BY: Wilbur C. Harnsberger
Wilbur C. Harnsberger, Jr., Joint Venturer

BY: Carolyn L. Harnsberger
Carolyn Harnsberger, Joint Venturer

BY: Alan E. Harnsberger
Alan E. Harnsberger, Joint Venturer

Wilbur C. Harnsberger
Wilbur C. Harnsberger, Jr.

Carolyn L. Harnsberger
Carolyn Harnsberger

Alan E. Harnsberger
Alan E. Harnsberger

STATE OF Oregon
County of Klamath

23360

On this 18 day of October, 1989, before me personally appeared Wilbur C. Harnsberger, Jr. and Carolyn Harnsberger and Alan E. Harnsberger to me known to be the Joint Venturers in the Joint Venture which executed the within instrument, and acknowledged that they executed the same as such Joint Venturers and in the Joint Venture name freely and voluntarily.

Margaret John
Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 9-12-90

STATE OF Oregon
County of Klamath

On this 18 day of October, 1989, before me personally appeared Wilbur C. Harnsberger, Jr. and Carolyn Harnsberger to me known to be the persons described in and who executed the within instrument, and acknowledged that they executed the same as their free act and deed.

Margaret John
Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 9-12-90

STATE OF Oregon
County of Klamath

On this 18 day of October, 1989, before me personally appeared Alan E. Harnsberger to me known to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.

Margaret John
Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 9-12-90

BY THE CREDIT BANK INCORPORATED

FCB No. F-220885-4
006309 321 01

EXHIBIT I

VARIABLE RATE RIDER

THIS VARIABLE RATE RIDER ("Rider") is made this 13th day of October, 1989, and is incorporated into and amends and supplements that certain Mortgage dated October 13, 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 October 13, 1989 for the principal sum of One Hundred Thirty-five Thousand and no cents Dollars (\$ 135,000.00). The terms of the Note provide that the interest rate, payment terms or amounts due under the Note may be indexed, adjusted, renewed or renegotiated upon subsequent written agreement of the parties.

INTEREST RATE AND ANNUAL PAYMENT CHANGES

The Note provides for an initial interest rate and changes in the interest rate and the payments which are summarized below.

1. **Farm Credit Bank Variable Base Rate:** The Farm Credit Bank Variable Base Rate ("FCB Variable Base") is a per annum interest rate determined from time to time by Bank in its sole discretion.
2. **Variable Interest Rate Changes:** Borrower shall pay interest on the Adjusted Principal Balance on and after each change in the FCB Variable Base at the per annum interest rate equal to the sum of the FCB Variable Base in effect on such date plus a constant as described in the Note.

Return to:
 Farm Credit Services
 100 Klamath Ave
 PO Box 148
 Klamath Falls, OR
 97601

STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of Farm Credit Services the 1st day
 of December A.D., 1989 at 3:53 o'clock P. M., and duly recorded in Vol. M89,
 of Mortgages on Page 23355

FEE \$38.00

By Rosmetha A. Hetch County Clerk