

Member No. 30705-221-01

REAL ESTATE MORTGAGE

On this 26th day of JANUARY, 1990,

LLOYD L. NELSON AND PATRICIA A. NELSON

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

INTERSTATE

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, OREGON,

State of OREGON, hereinafter called the MORTGAGEE, the following described real estate in the

County of KLAMATH, State of OREGON, to-wit:

-SEE ATTACHED -

1990 FEB 1 AM 10 05

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 waters 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 issued 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

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(S)	DATE OF NOTE(S)	AMOUNT OF NOTE(S)
JANUARY 1, 1995	JANUARY 26, 1990	\$138,225.00

Also this mortgage is intended to secure all future loans or advances made or contracted within a period of FIVE (5) YEARS from and after the date of recording of this mortgage, provided, however, that the maximum amount of all indebtedness to be secured by this mortgage shall not exceed in the aggregate at any time the sum of \$ 140,000.00 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 note(s) 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.

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 demolition 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 manner 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 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; 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 the 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.

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

Lloyd L. Nelson
Lloyd L. Nelson

Patricia A. Nelson
Patricia A. Nelson

ACKNOWLEDGMENT

witnessed by: Matthew W. Faulkner

STATE OF Oregon
County of Klamath
On this 29th day of January, 1990

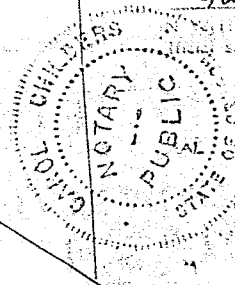
ACKNOWLEDGMENT

the above named Matthew W. Faulkner
(as witness to signature of Lloyd L. Nelson and Patricia A. Nelson)
his _____

Carol Chuders
Notary Public, State of Oregon

My Commission Expires 10-18-90

Return:
Farm Credit Services
P.O. Box 148
Klamath Falls, Or. 97601



PARCEL 1:

2267

Lots 19 and 20, and N $\frac{1}{2}$ SW $\frac{1}{4}$ in Section 2, Township 40 South, Range 11 E.W.M., less portions deeded to United States of America in Deed 37 page 628, and in Deed 38 page 512, and further excepting that portion deeded to Wood River Investment Co., in Deed Volume 84 page 219, records of Klamath County, Oregon.

Lots 14 and the S $\frac{1}{2}$ of Lot 11, in Section 2, Township 40 South, Range 11 E.W.M.

ALSO, a parcel of land situated in Government Lots 5, 12, and 13 in Section 2, and Government Lots 8 and 9, in Section 3, Township 40 South, Range 11 E.W.M., more particularly described as follows:

Beginning at the N $\frac{1}{16}$ corner common to said Sections 2 and 3; thence North 1365.49 feet to a $\frac{1}{2}$ inch pipe described in Volume 2 page 183 of the Klamath County Road records; thence North 1350.00 feet to the True Point of Beginning of this description; thence West 1367 feet, more or less, to the West line of said Government Lot 8; thence Southerly, along the Westerly lines of said Government Lots 8 and 9, 1359.01 feet to a point in the centerline of Schaupp Road; thence N. $89^{\circ}37'20''$ E. 1360.07 feet to said $\frac{1}{2}$ inch pipe; thence South 1365.49 feet to said N $\frac{1}{16}$ corner; thence S. $89^{\circ}04'32''$ E. along the centerline of Bedford Road as constructed, 1297.4 feet, more or less, to the East line of Government Lot 13; thence Northerly, along the East line of said Government Lots 13, 12, and 5, 2736.50 feet to a point; thence West 1279.40 feet to the true point of beginning.

SAVING AND EXCEPTING any portion in Volume M77 page 3655, Deed records of Klamath County, Oregon.

ALSO, Beginning at the Northwest corner of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 2, Township 40 South, Range 11 E.W.M.; thence Southwesterly along the West line of an old farm road to the County Road or Highway, 2027 feet to an iron pin; thence Northwesterly along the North line of said highway 2300 feet, more or less, to the Southwest corner of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 2; thence Easterly along the Southline of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 2, to the point of beginning.

SAVING AND EXCEPTING the following: Beginning at a point which lies 767 feet Southwesterly along an Old Farm Road from the Northwest corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 2; thence continuing Southwesterly along the old farm road 1260 feet, more or less, to the Northerly right of way line of the County Road, known as Schaupp Road; thence Northwesterly along the Northwest right of way line of Schaupp Road, 1400 feet; thence Easterly 1610 feet to the point of beginning.

PARCEL 2:

A portion of the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 2 and the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, Township 40 South, Range 11 E.W.M., Klamath County, State of Oregon, more particularly described as follows:

Beginning at a point which lies 767 feet Southwesterly along an old farm Road from the Northwest corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 2; thence continuing Southwesterly along the old farm road 1260 feet, more or less, to the Northerly right of way line of the County Road, known as Schaupp Road; thence Northwesterly along the Northwest right of way line of Schaupp Road, 1400 feet, thence Easterly 1610 feet to the point of beginning.

Together with a 40 HP Century electric motor, with a Berkley centrifugal pump; a 30 HP Marathon electric motor, with a Berkley centrifugal pump; a 40 HP Century electric motor, with a Berkley centrifugal pump; a 30 HP Century electric motor, with a Berkley centrifugal pump; 1,300 feet of size 6 inch aluminum mainline with valves; inclusive of all elbows, end plugs, hoses, valve openers, and other related parts; approximately 7,800 feet of sizes 6 inch through 10 inch buried PVC mainline; 150 - 3 inch by 40 feet aluminum handline with risers and sprinklers; 1 - 5 inch by 1680 feet of Western Wheeline with mover; 5 - 4 inch by 1320 feet of Wade Rain Wheeline with mover; 3 - 4 inch by 1320 feet of Trunnell Wheeline with mover; and any replacements thereof, all of which are hereby declared to be appurtenant thereto.

Also, together with 1982 Marlette 28 X 66 double wide mobile home or any replacements thereof, including but not limited to all parts, accessories, and accessions thereto at any time made or acquired, which mobile is hereby declared appurtenant to the herein mortgaged property.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Farm Credit Services the 1st day of Feb. A.D., 19 90 at 10:05 o'clock AM., and duly recorded in Vol. M90 on Page 2265 of Mortgages by Evelyn Biehn County Clerk

FEE \$18.00