

USDA-FmHA
Form FmHA 427-1 OR
(Rev. 7-89)

REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by:

(1) To and for the benefit of the Government, as evidenced by one of the following: (a) the Government, as herein called the "Government," and;
CIRCLE FIVE RANCH, INC., AN Oregon Corporation, has heretofore

residing in _____ County, Oregon, whose post office address is _____ Oregon 97623 (b) as to the address is _____
Route 1, Box 69A, Bonanza, Oregon 97603

herein called "Borrower," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, whose mailing address is 2455 Patterson St., Suite 1, here called the "Government," and;

WHEREAS Borrower is indebted to the Government, as evidenced by one of the following: (a) the Government, as herein called the "Government," and;
Borrower, as herein called "Borrower," has heretofore been indebted to the Government, as herein called the "Government," and;
Borrower, as herein called "Borrower," has heretofore been indebted to the Government, as herein called the "Government," and;
Borrower, as herein called "Borrower," has heretofore been indebted to the Government, as herein called the "Government," and;

xxxxxx Date of Instrument: _____ Date of Maturity: _____

pa borrower to the Government, as evidenced by one of the following: (a) the Government, as herein called the "Government," and;
Borrower, as herein called "Borrower," has heretofore been indebted to the Government, as herein called the "Government," and;

(2) VII January 18, 1990; and (b) the Government, as herein called the "Government," and;
Borrower, as herein called "Borrower," has heretofore been indebted to the Government, as herein called the "Government," and;

(3) The interest rate for this loan shall be the rate in effect on the date of the making of this instrument, as provided in the Farmers Home Administration regulations and the note, and the note shall be secured by this instrument;

may be increased as provided in the Farmers Home Administration regulations and the note, and the note shall be secured by this instrument;

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statutes administered by the Farmers Home Administration;

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a and any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. 2001;

NOW THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as herein after described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Government the following property situated in the State of Oregon, County(ies) of _____

and heretofore heretofore owned or hereinafter acquired by Borrower, to the Government, as herein called the "Government," and;

ment the following property situated in the State of Oregon, County(ies) of _____

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and heretofore heretofore owned or hereinafter acquired by Borrower, to the Government, as herein called the "Government," and;

ment the following property situated in the State of Oregon, County(ies) of _____

together with all rights (including the right to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, (including any Government payments contingent on an agreement to restrict the use of the land), all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, irrigation systems, including pumps, motors, electrical panels, pipe, sprinklers, and other accessories pertaining thereto; stock feeding systems; ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, whether or not attached to the real estate; all water, water rights, water certificates, water permits, water allotments, and water stock pertaining thereto, no matter how evidenced; and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein all of which are herein called "the property."

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.
IN ADDITION to its other rights, the Government is hereby granted a security interest in the above-described property pursuant to ORS 79.1010-79.5070.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration to borrow and the Government at any time may require the use and price of

(3) If required by the Government to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts including advances for payment of prior and/or junior liens, required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for Borrower's account. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government, including advances for payment of prior and/or junior liens, in addition to any advances required by the terms of the note, as described by this instrument, with interest shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby; or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof, and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, or conveying the property.

(12) Except as otherwise provided in the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof. All rents, profits, and income, including any amounts arising out of an agreement by which the Borrower substantially reduces its use of the property in return for payments, are hereby assigned to the Government for the purpose of discharging the debt hereby secured. Permission is hereby given to the Borrower, so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the borrower's agreement with Farmers Home Administration and the applicable regulations.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government whether once or often in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate or crop or chattel security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws: (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, or national origin and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, or national origin.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, United States Department of Agriculture, at the mailing address mentioned above, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application hereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Partnership or Corporation

Individual(s)

3026

CIRCLE FIVE RANCH, INC. first and the borrower's interest are required to be satisfied

(3) If the borrower of the instrument of application interest to the lender of credit is not a resident of the State of Oregon, the borrower shall be deemed to have accepted the terms of the instrument of application interest to the lender of credit.

By: [Signature] (Name of Borrower) I hereby certify that the above is a true and correct copy of the instrument of application interest to the lender of credit.By: [Signature] (Name of Lender) I hereby certify that the above is a true and correct copy of the instrument of application interest to the lender of credit.Attest: [Signature] (Name of Notary Public) I hereby certify that the above is a true and correct copy of the instrument of application interest to the lender of credit.

(15) If the instrument is subject to the provisions of the Uniformed Gifts to Minors Act, the instrument shall be deemed to be a gift to the minor.

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(38) If the instrument is subject to the provisions of the Uniformed Gifts to Minors Act, the instrument shall be deemed to be a gift to the minor.

(39) If the instrument is subject to the provisions of the Uniformed Gifts to Minors Act, the instrument shall be deemed to be a gift to the minor.

PARCEL 8: All in Township 39 South, Range 15 East of the Willamette Meridian.

Section 3: Lots 3 and 4 (N $\frac{1}{2}$ NW $\frac{1}{4}$) and SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 4: Lots 1, 2, 3 & 4 (N $\frac{1}{2}$ N $\frac{1}{2}$), SW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

Section 5: W $\frac{1}{2}$, NE $\frac{1}{4}$

Section 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 9: NE $\frac{1}{4}$ NE $\frac{1}{4}$

EXCEPTING THEREFROM that portion of Sections 5 and 6, Township 41 South, Range 14 East of the Willamette Meridian, of the above described property, conveyed to Johnson Stock Company, an Oregon corporation, by deed recorded October 7, 1952 in Deed Vol. 257, page 167, records of Klamath County, Oregon;

ALSO FURTHER EXCEPTING that portion of said Sections 5 and 6, Township 41 South, Range 14 East of the Willamette Meridian, as set forth in deed to W. D. Campbell, et ux., by deed recorded December 10, 1945 in Deed Vol. 183, page 7, records of Klamath County, Oregon, as follows:

EXCEPTING a 3 acre tract described as follows:

Beginning at the Northwest corner of SE $\frac{1}{4}$ of Section 5, Township 41 South, Range 14 East of the Willamette Meridian; thence South 1 chain, more or less, to the center of County Road running Easterly; thence East and South 20 chains; thence North to a point due East of the point of beginning; thence West to the point of beginning;

FURTHER EXCEPTING from said Sections 5 and 6, Township 41 South, Range 14 East of the Willamette Meridian, that portion conveyed to Charles W. Kilgore, et al., by deed recorded June 8, 1953 in Deed Vol. 261, page 217, records of Klamath County, Oregon, as follows:

All of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 5, Township 41 South, Range 14 East of the Willamette Meridian, lying North of the centerline of the Old Grohs Ranch Road, but excluding all of that portion of said NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 5 lying North of the Road where it has been relocated in part, it being the intention of the parties that said Grohs Ranch Road as originally established and still apparent on the ground, including the disused portions thereof, shall be the South boundary of this parcel;

ALSO EXCEPTING THEREFROM that portion conveyed to Johnson Stock Co., an Oregon corporation, by deed recorded March 29, 1954 in Deed Vol. 266, page 186, records of Klamath County, Oregon, as follows:

That portion of the W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5, Township 41 South, Range 14 East of the Willamette Meridian, described as follows:

Starting at the Southwest corner of the E $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 5; thence North along the boundary line between the W $\frac{1}{2}$ and the E $\frac{1}{2}$ of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5 for a distance of 150 feet; thence West and parallel with the South boundary of Section 5 a distance of 50 feet; thence South 150 feet to said South boundary of Section 5; thence East 50 feet along said South boundary of Section 5 to the place of beginning;

All of the following described property situated in Klamath County, Oregon:

PARCEL 1: All in Township 39 South, Range 12 East of the Willamette Meridian.

- Section 11: SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 13: SE $\frac{1}{4}$
- Section 14: NE $\frac{1}{4}$, E $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 23: E $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$
- Section 24: All
- Section 25: All
- Section 26: NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 36: E $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$

PARCEL 2: All in Township 39 South, Range 13 East of the Willamette Meridian.

- Section 18: SW $\frac{1}{4}$ SW $\frac{1}{4}$ (Lot 4)
- Section 19: NE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, W $\frac{1}{2}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
- Section 30: W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 31: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Lots 2, 3, and 4

PARCEL 3: All in Township 40 South, Range 13 East of the Willamette Meridian.

- Section 1: E $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{4}$ NE $\frac{1}{4}$ less 3 acres formerly reserved for school and two town lots mentioned in deed recorded in Vol. 43 at page 325.
- Section 12: N $\frac{1}{2}$ NE $\frac{1}{4}$

PARCEL 4: All in Township 40 South, Range 14 East of the Willamette Meridian.

- Section 19: All of E $\frac{1}{2}$ W $\frac{1}{2}$ lying West and South of County Road
- Section 29: W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 30: E $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, Lots 3 and 4
- Section 31: All
- Section 32: W $\frac{1}{2}$

All in Township 41 South, Range 14 East of the Willamette Meridian.

- Section 5: W $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 6: SE $\frac{1}{4}$ SE $\frac{1}{4}$

PARCEL 6: All in Township 41 South, Range 13 East of the Willamette Meridian.

- Section 1: Lots 1, S $\frac{1}{2}$ NE $\frac{1}{4}$, North 678 feet of N $\frac{1}{2}$ SE $\frac{1}{4}$ and the portions of Lots 2 and 3 lying Southeasterly of the Langell Valley Irrigation District Canal.

PARCEL 7: All in Township 38 South, Range 15 East of the Willamette Meridian.

- Section 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 32: S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 34: W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

EXCEPTING THEREFROM that portion of the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 1, Township 39 South, Range 12 East of the Willamette Meridian conveyed to Eugene W. Wilkinson by deed recorded April 26, 1906, in Deed Vol. 20, page 62, records of Klamath County, Oregon;

EXCEPTING THEREFROM a certain tract set forth in deed recorded in Deed Vol. 7, page 30, records of Klamath County, Oregon, and being one acre tract conveyed to the Baptist Church in Section 36, Township 39 South, Range 12 East of W.M.

EXCEPTING THEREFROM those portions conveyed to Klamath County by instrument recorded October 3, 1952 in Deed Vol. 257, page 133, records of Klamath County Oregon, being in Sections 31 and 32, Township 40 South, Range 14 East of W.M.

PARCEL 9: All in Township 38 South, Range 15 East of the Willamette Meridian.

Section 32: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 33: SE $\frac{1}{4}$ SE $\frac{1}{4}$

PARCEL 10: All in Township 39 South, Range 15 East of the Willamette Meridian.

Section 3: W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 4: Lots 2 and 3, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$

Section 9: NW $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$

EXCEPTING AND RESERVING TO THE UNITED STATES from the lands so granted a right-of-way thereon for ditches or canals constructed by the authority of the United States. Act of August 20, 1890, 26 Stat. 391; 43 U.S.C. 945.

PARCEL 11: All in Township 39 South, Range 14 East of the Willamette Meridian.

Section 16: SE $\frac{1}{4}$ NW $\frac{1}{4}$

Section 12: SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 13: NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$

PARCEL 12: All in Township 38 South, Range 15 East of the Willamette Meridian.

Section 6: E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

Section 7: W $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

EXCLUDING THE FOLLOWING DESCRIBED PROPERTY:

A parcel of land situated in Lot 4 of Section 31, Township 39 South, Range 13, East of the Willamette Meridian, and being more particularly described as follows:

Beginning at the Southeast corner of Lot 4, in Section 31, thence West along the South line of said Section 31, 400 feet, thence North to the Southerly right of way line of Gerber Road, thence Northerly along said Southerly Right of Way to the East line of Lot 4, thence South along said East line to the point of beginning. 5 acres plus or minus.

FORM APPROVED
OMB NO. 0575-0133

FmHA Instruction 1951-S
Exhibit D to Subpart S

SHARED APPRECIATION AGREEMENT

This Agreement is entered into between UNITED STATES OF AMERICA acting through the FARMERS HOME ADMINISTRATION, U.S. Department of Agriculture, and Circle Five Ranch, Inc. and Louis E. and Marian A. Randall (called "Borrower") on January 18, 1990 and expires on January 18, 2000 (maximum term of ten (10) years).

Borrower is indebted to FmHA for loan(s) as evidenced by the note(s) described below:

Date	Principal Amount	Interest Rate	Due Date
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SEE CONTINUATION SHEET

This Agreement is attached to the note(s) described above. As of the date of this Agreement, before write-down, the unpaid principal balance on these notes was \$ 940,167.54 and the unpaid interest balance was \$ 360,447.22. These note(s) were modified by the following note(s) which are attached to note(s) described above:

Date	Principal Amount	Interest Rate	Due Date
1/02/90	\$345,458.97	8%	1/02/2000
1/02/90	\$ 12,182.17	3%	1/02/2000

The note(s) described above are secured by the following real estate security instruments:

Grantor	Date of Security Instrument	Records of County State	Book or Reel	Page
Circle Five Ranch, Inc.	8/2/77	Klamath Oregon	M77	13801
Louis E. Randall	ReRecorded 8/11/77	Klamath Oregon	M77	14602
Marian A. Randall				

As a condition to, and in consideration of, FmHA writing down the above amounts and restructuring the loan, Borrower agrees to pay FmHA an amount according to one of the following payment schedules:

1. Seventy-five (75) percent of any positive appreciation in the market value of the property securing the loan as described in the above security instrument(s) between the date of this Agreement and either the expiration date of this Agreement or the date the Borrower pays the loan in full, ceases farming or transfers title of the security, if such event occurs four (4) years or less from the date of this Agreement.
2. Fifty (50) percent of any positive appreciation in the market value of the property securing the loan above as described in the security instruments between the date of this Agreement and either the expiration date of this Agreement or the date Borrower pays the loan in full, ceases farming or transfers title of the security, if such event occurs after four (4) years but before the expiration date of this Agreement.

SHARED APPRECIATION AGREEMENT (CONTINUED)

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ITEM 1:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
8/2/77	\$ 68,000.00 (Reamortized)	3%	8/2/84
3/6/85	\$ 10,928.26	3%	3/6/1992
8/2/77	\$927,000.00 (Reamortized)	8%	8/2/2017
3/6/85	\$929,239.28	8%	3/6/2017

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Farmers Home Administration the 14th day
of Feb. A.D. 19 90 at 4:37 o'clock P.M., and duly recorded in Vol. M90
of Mortgages on Page 3023

FEE \$53.00

Evelyn Biehn

County Clerk

By

Autie Muelens

Return: Farmers Home Administration
2455 Patterson St. #1
Klamath Falls, Or. 97603