

AIC 40474

REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by Michael K. McVay

residing in Klamath County, Oregon, whose post office address is PO Box 376, Malin, Oregon 97632, 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, Klamath Falls

Oregon 97603, herein called the "Government," and: WHEREAS Borrower is indebted to the Government, as evidenced by one or more promissory note(s) or assumption agreement(s) or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

Date of Instrument

9/14/93

Principal Amount

\$133,750.49

Due Date of Final Installment

9/14/2003

This instrument is a loan or accommodation only, examined and approved by the Government, and may have an effect on the Government's financial position.

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

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 deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/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 the 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 hereinafter 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 Klamath

The NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9 and the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon