

John M. Mosby and Marilyn J. Mosby

FmHA 427-1 OR (Rev. 10-90)

SEE ATTACHED LEGAL DESCRIPTION

Wherever "Farmers Home Administration," "FHA," "Rural Development Administration," "RDA" may appear the term "United States of America," is substituted.

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; milking, milk handling, and milk storage systems, and other accessories pertaining thereto; manure handling systems; live-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." See Attached Hereto

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.

(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 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 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 the Government shall require the Borrower to provide security for the loan, the Borrower shall be obligated to provide such security within the time specified by the Government. If the Borrower fails to provide such security within the time specified by the Government, the Government may declare the loan in default and may foreclose on the property. The Borrower shall be liable for the costs and expenses of the Government in enforcing its rights under this instrument.~~

(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 ~~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, national origin, age, handicap or familial status, 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, national origin, age, handicap or familial status.

(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. See Attached Hereto

(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.

EXECUTED this

date of

August

1996

29797

Partnership or Corporation

Individual(s)

(Name of Borrower)

By:

By:

By:

Attest:

[Corporate Seal]

### ACKNOWLEDGMENT FOR INDIVIDUALS

STATE OF OREGON

COUNTY OF \_\_\_\_\_

ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by \_\_\_\_\_

(Names of persons acknowledging)

[Notary Seal]

Notary Public of and for the State of Oregon

My Commission expires \_\_\_\_\_

### ACKNOWLEDGMENT FOR A PARTNERSHIP

STATE OF OREGON

COUNTY OF \_\_\_\_\_

ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by \_\_\_\_\_ on behalf of \_\_\_\_\_, a partnership.

(Names of acknowledging partners)

(Name of partnership)

[Notary Seal]

Notary Public of and for the State of Oregon

My Commission expires \_\_\_\_\_

### ACKNOWLEDGMENT FOR A CORPORATION

STATE OF OREGON

COUNTY OF \_\_\_\_\_

ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by \_\_\_\_\_

(Name of Corporate Officer)

(Title of Corporate Officer)

of \_\_\_\_\_, a \_\_\_\_\_ corporation, on behalf of the corporation.

(Name of Corporation)

(State of Incorporation)

[Notary Seal]

Notary Public of and for the State of Oregon

My Commission expires \_\_\_\_\_

The land referred to in this policy is situated in the State of Oregon, County of Klamath and is described as follows:

Township 31 South, Range 8 East of the Willamette Meridian

- Section 5: SW $\frac{1}{4}$
- Section 7: NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , Lots 1 and 2, But Excepting from said Lots 1 and 2 the portion thereof lying West of a line parallel to and 50 feet Easterly from the located center line of the Southern Pacific Company right of way.
- Section 15: SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 17: N $\frac{1}{2}$ , SW $\frac{1}{4}$
- Section 20: All
- Section 21: S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$
- Section 28: W $\frac{1}{2}$
- Section 29: All
- Section 30: E $\frac{1}{2}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 31: E $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$  of Lot 1, E $\frac{1}{2}$ E $\frac{1}{2}$  of Lot 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 32: All
- Section 33: S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , S $\frac{1}{2}$
- Section 34: S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$

Township 32 South, Range 8 East of the Willamette Meridian

- Section 4: Lots 3 and 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$
- Section 5: Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , those portions of Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$  which lies Southerly and Easterly from the center line or thread of Williamson River; W $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 6: Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , Lot 3, Lot 4 (But Excepting from said Lot 4 a parcel 417.42 feet by 208.71 feet described as Parcel 2 in Deed Book 331, page 173), S $\frac{1}{2}$ NW $\frac{1}{4}$ , Lots 6 and 7, that part of the E $\frac{1}{2}$ SE $\frac{1}{4}$  lying Southerly and Easterly of the center line or thread of Williamson River.
- Section 8: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$

PARCEL 1

The North half of the Northwest quarter, the Southeast quarter of the Northwest quarter and the West half of the West half of the Southwest quarter of the Northeast quarter of Section 8, Township 40 South, Range 3 East of the Willamette Meridian, Jackson County, Oregon.

## EXCEPTING THEREFROM THE FOLLOWING:

The East half of the Southwest quarter of the Northeast quarter and The East half of the West half of the Southwest quarter of the Northeast quarter of Section 8, Township 40 South, Range 3 East, Willamette Meridian, Jackson County, Oregon.

PARCEL II

## EXCEPTING THEREFROM THE FOLLOWING:

Tract A: The East half of the Southwest quarter, the West half of the Southeast quarter, and the Southeast quarter of the Southeast quarter of Section 21; the West half of the West half of Section 22; the West half of the West half of Section 27; and the East half of the Southeast quarter of Section 28; all in Township 40 South, Range 4 East of the Willamette Meridian, Jackson County, Oregon.

ALSO, beginning at a point on the East line of Section 28, Township 40 South, Range 4 East of the Willamette Meridian, Jackson County, Oregon, which point is South 141.5 feet from the Northeast corner of said Section 28; thence North 141.5 feet to said Northeast corner; thence West 61.0 feet; thence Southeasterly in a straight line 154.0 feet, more or less, to the true point of beginning.

## EXCEPTING THEREFROM THE FOLLOWING:

TRACT B: The North half; the Southwest quarter; and the West half of the Southeast quarter of Section 28, Township 40 South, Range 4 East of the Willamette Meridian, Jackson County, Oregon. EXCEPTING THEREFROM the following: Beginning at a point on the East line of Section 28, Township 40 South, Range 4 East of the Willamette Meridian, Jackson County, Oregon, which point is South 141.5 feet from the Northeast corner of said Section 28; thence North 141.5 feet to said Northeast corner; thence East 61.0 feet; thence Southeasterly in a straight line 154.0 feet, more or less to the true point of beginning.

ALSO, the Northeast quarter of the Northwest quarter of Section 33, Township 40 South, Range 4 East of the Willamette Meridian, Jackson County, Oregon.



DESCRIPTION (continued)PARCEL III

The following described parcels in Township 40 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon:

TRACT A: The North half of the North half; the Southeast quarter of the Northeast quarter; the Southwest quarter of the Northwest quarter; the West half of the Southwest quarter; and the Southeast quarter of Section 1.

TRACT B: All of Section 2.

EXCEPTING THEREFROM the following: Beginning at a point which bears South  $24^{\circ} 48' 40''$  East a distance of 1897.15 feet from the North quarter corner of said Section 2; thence South  $48^{\circ} 02' 20''$  East a distance of 552.55 feet; thence on a curve to the right, having a radius of 430.0 feet a distance of 323.98 feet; thence South  $04^{\circ} 52' 10''$  East a distance of 210.75 feet; thence on a curve to the left, having a radius of 220.0 feet, a distance of 162.85 feet; thence South  $42^{\circ} 43' 04''$  West a distance of 60.0 feet; (continued)

PARCEL III/TRACT B (continued)

thence North  $38^{\circ} 10' 26''$  West a distance of 189.6 feet; thence South  $89^{\circ} 13' 34''$  West a distance of 275.5 feet; thence North  $40^{\circ} 41' 11''$  West a distance of 575.90 feet; thence North  $01^{\circ} 09' 34''$  East a distance of 465.67 feet; thence North  $89^{\circ} 10' 25''$  East a distance of 160.60 feet to the true point of beginning.

TRACT C: The West half of the Northeast quarter of Section 3.

TRACT D: The North half of the Northeast quarter of Section 11.

TRACT E: The North half of the Northwest quarter; the Northwest quarter of the Northeast quarter; the Southeast quarter of the Northwest quarter; and the East half of the Southwest quarter of Section 12.

TRACT F: The Northwest quarter; and the Northwest quarter of the Northeast quarter lying West of Immigrant Creek, of Section 13.

TRACT G: The Southeast quarter of the Northeast quarter of Section 14.

DESCRIPTION (continued)PARCEL IV

The following described parcels in Township 40 South, Range 3 East of the Willamette Meridian, Jackson County, Oregon:

TRACT A: The West half of the Northwest quarter of Section 6.

TRACT B: The Southwest quarter of the Northwest quarter, and all of the Southwest quarter of Section 8.

TRACT C: The Northeast quarter of the Northwest quarter; and the Southeast quarter of the Northeast quarter of Section 17.

TRACT D: The North half of the Northeast quarter; the Southwest quarter of the Northeast quarter; and the Northwest quarter of the Southeast quarter of Section 20.

PARCEL V

The following described parcels in Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon:

TRACT A: Beginning at the Southeast corner of Section 34, Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon; thence North along the line between Sections 34 and 35, said Township and Range, a distance of 14.00 chains to the center of Emigrant Creek; thence North  $64^{\circ} 00' 00''$  West along the center of said Creek a distance of 8.00 chains; thence North  $68^{\circ} 00' 00''$  West along the center of said Creek, a distance of 1.60 chains; thence South  $50^{\circ} 00' 00''$  West 7.50 chains; thence South  $40^{\circ} 00' 00''$  West, 4.86 chains; thence South  $89^{\circ} 00' 00''$  West, 3.72 chains;  
(continued)



PARCEL V/TRACT A (continued)

thence South  $16^{\circ} 00' 00''$  West, 2.87 chains; thence South  $20^{\circ} 00' 00''$  West, 3.45 chains; thence South, 2.60 chains to the South line of said Section 34; thence East along said South line, a distance of 23.19 chains to the true point of beginning.

TRACT B: The Southwest quarter of Section 35, in Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon.

EXCEPTING THEREFROM, the following: Beginning at a  $\frac{3}{4}$  inch by 18 inch iron bolt on the existing Northwesterly right of way line of the Greensprings Highway as now located, said bolt bears 1244.60 feet East and 875.40 feet South of the quarter corner common to Sections 34 and 35, Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon, for the true point of beginning; thence along said right of way line South  $42^{\circ} 54' 30''$  West, 125.64 feet; thence North  $52^{\circ} 51' 30''$  West, 200.0 feet to a bolt; thence North  $37^{\circ} 08' 30''$  East, 125.0 feet to a  $\frac{3}{4}$  inch by 18 inch bolt; thence South  $52^{\circ} 51' 30''$  East, 212.62 feet to the true point of beginning.

TRACT C: The Southwest quarter of the Southeast quarter of Section 35.

TRACT D: All that portion of the Southeast quarter of the Southeast quarter of Section 35, and the South half of the North half, and the South half of Section 36, Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon, lying and being Southerly of a line generally described as follows: Beginning at the point where the new Ashland-Klamath Falls Road (as of 1920) intersects the West line of the Southeast quarter of the Southeast quarter of said Section 35; thence following the center line of said road, Easterly to a point where said road intersects the gulch known as "Soda Gulch", said point being about 10 rods South of the center of said Section 36; thence in a Northeasterly direction following the meanderings of said Gulch, to where said Gulch intersects the East line of said Section 36, and which point is 2100.0 feet South, more or less, from the Northeast corner of said Section 36. EXCEPTING THEREFROM, a living spring on the Southerly side of said Ashland-Klamath Falls Road, between Stations 283+61.2 and 280+99.5, and in the North half of the Southwest quarter of said Section 36, together with a strip of land 100.0 feet in width extending South from said road to a point 10.0 feet South of the said living spring, the West side of said strip being about 300.0 feet long and the East side being about 525 feet long.

ALSO EXCEPTING THEREFROM land conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded in Volume 224, page 159, Deed Records of Jackson County, Oregon.

ALSO EXCEPTING THEREFROM, the following: A parcel of land conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded in Volume 197, page 287, Deed Records of Jackson County, Oregon, and more particularly described as follows: Beginning at a point on the Northerly right of way line of the Green Springs Highway, said point being 30 feet distance from (when measured at right angles to) the centerline of said Highway at Engineer's Station 234+40.0, said point being 985.6 feet West and 917.4 feet North of the South quarter corner of Section 36, Township 39 South, Range 2 East of the Willamette Meridian, Jackson County, Oregon; thence North  $61^{\circ} 58' 00''$  West, 230.0 feet; thence North  $20^{\circ} 51' 00''$  East, 205.6 feet; thence South  $80^{\circ} 00' 00''$  East, 100.0 feet; thence South  $22^{\circ} 24' 00''$  East, 262.4 feet to the Northerly right of way line of the above mentioned highway; thence following the said Northerly right of way line on a 234.6 foot radius curve to the left (the long chord of which bears South  $59^{\circ} 37' 00''$  West) 80.0 feet to the true point of beginning.

**ATTACHMENT TO  
REAL ESTATE MORTGAGE FOR OREGON  
(Renewed, Extended and Modified)  
[John M. Mosby, June 1, 1996]**

Borrower executed two mortgages entitled "Real Estate Mortgage for Oregon" dated November 7, 1978 (the "1978 Mortgages"), to secure two promissory notes dated November 7, 1978 and any renewals and extensions thereof, which 1978 Mortgages are now of record in the office of the County Clerk, Klamath County, Oregon, in volume M78 of Mortgages on Page 25012, and in the Office of the County Clerk, Jackson County, Oregon, 78-25427. It is the purpose and intent of this Mortgage that, among other things, this instrument shall renew and extend the 1978 Mortgages. Therefore, for the consideration as discussed elsewhere within this instrument, Borrower hereby renews and extends the 1978 Mortgages.

This Mortgage, among other things, renews, extends and modifies but does not replace the 1978 Mortgages. The terms of the 1978 Mortgages remain in effect and force, except as modified by this Mortgage. The parties expressly disavow any intention to create a novation.

Whenever "Farmers Home Administration", "FmHA", "Rural Development Administration", or "RDA" may appear herein, the term "United States of America" is substituted.

Paragraph No. (22):

The Notes that are secured by this Mortgage are non-program loans, and Borrowers understand and agree that they have waived and are not entitled to any debt servicing rights or preservation rights provided for under Subpart S, Part 1951, Title 7 of the Code of Federal Regulations, or under any other FmHA regulation.

This Mortgage and the Notes that are secured by this Mortgage are subject to the terms of a Settlement Agreement between the Borrowers and the United States of America entered into in Case No. CIV-S-95-1879, United States District Court, Sacramento Division, Eastern District of California. In the event this Mortgage or the secured Notes conflict with the terms of the Settlement Agreement, the Settlement Agreement shall control.

# ACKNOWLEDGMENT

## 29804

State of California

County of Santa Barbara

ss.

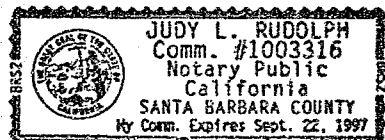
On August 12, 1996 before me, Judy L. Rudolph (here insert name)

Notary Public, personally appeared John M. Mosby and Marilyn J. Mosby

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me all that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Judy L. Rudolph



(affix seal)

**ATTENTION NOTARY:** Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED  
TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document \_\_\_\_\_  
Number of Pages \_\_\_\_\_ Date of Document \_\_\_\_\_  
Signer(s) Other Than Named Above \_\_\_\_\_



**Continental Lawyers Title Company**

Subsidiary of  
**Lawyers Title Insurance Corporation**

### OFFICES IN:

**LOS ANGELES COUNTY**  
800 E. Colorado Blvd.  
Pasadena, CA 91101  
(818) 304-2700

**ORANGE COUNTY**  
1015 N. Main St.  
Santa Ana, CA 92701  
(714) 835-5575

**INLAND EMPIRE**  
1845 Business Center Dr.  
Suite 200  
San Bernardino  
CA 92408  
(800) 676-2582

**SAN DIEGO COUNTY**  
4542 Ruffner St.  
San Diego, CA 92111  
(619) 278-4171

**SANTA BARBARA COUNTY**  
200 E. Camillo St.  
Santa Barbara, CA 93101  
(805) 965-7091

**VENTURA COUNTY**  
751 Daily Dr., Suite 100  
Camarillo, CA 93010  
(818) 889-6631  
(805) 484-2701

TT-1100 (Rev. 7/94) 12

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mosby Ranches the 20th day  
of Sept. A.D., 19 96 at 10:49 o'clock A.M., and duly recorded in Vol. M96  
of Mortgages on Page 29794.

FEE \$60.00

Bernetha G. Letsch

By Kathleen Rose County Clerk