

MTC 45439
Mortgage
(Closed End)

THIS MORTGAGE IS ALSO INTENDED TO BE A FIXTURE FILING.

On August 26, 1998, Rodney R. Lyon, same person as Rod R. Lyon and Rodney Lyon, and Marie M. Lyon, same person as Marie Lyon, husband and wife; hereinafter called Mortgagors, whose address is 20302 Paygr Rd, Malin, OR 97632, grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, ACA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, a mortgage and security interest in property in Klamath County, State of Oregon, more particularly described in Exhibit "A" attached hereto and incorporated herein, including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, (including without limitation private roads, grazing privileges, water rights, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called "Property."

The following described Notes, Restructure Agreement, Membership Agreement, security documents and any other documents or instruments signed in connection with the Notes and security documents and any amendments thereto are collectively called the "Loan Documents." "Advances" shall include any amounts provided to Mortgagor under the terms of the Loan Documents and any amounts expended by Mortgagee to protect the Property or enforce its rights under the Loan Documents. This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any of the Loan Documents, and payment of indebtedness under the terms of the Notes made by Mortgagors to the order of Mortgagee, with interest and charges as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof.

LOAN NO.	DATE OF NOTE	OUTSTANDING PRINCIPAL AS OF AUGUST 1, 1998	FINAL INSTALLMENT DATE
7275-302	January 29, 1977	\$102,757.30	January 1, 2012
7275-303	July 23, 1979	\$168,192.53	April 1, 2014
7275-201	August 6, 1980	\$142,135.00	June 1, 2003

The terms of the Note and Loan Documents described above provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

Mortgagors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described in Exhibit "A"; they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers.
2. To keep all buildings and other improvements, now or hereafter existing, in good repair; not to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain and cultivate the Property in a good and husbandlike manner, using approved methods for preserving the fertility and productivity thereof; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property.
3. To maintain casualty insurance, naming Mortgagee as loss payee, on all buildings and improvements, against loss or damage by fire and other risks; to maintain liability insurance; to obtain flood insurance at any time it is determined that any building or improvement is located, in whole or in part, within a special flood hazard area; to pay all premiums and charges on all such insurance when due; and to provide Mortgagee satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Mortgagee.
4. Not to apply or enter into any federal, state or local program which limits or restricts the use of the Property, in any way, without prior written consent of Mortgagee.
5. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this mortgage, except as stated above.
6. To specifically assign and deliver to Mortgagee all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; Mortgagee may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and Mortgagee shall have the right to enter upon the Property to make full inspection of the Property.

7. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful, or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof, not to apply residue from wastewater treatment facilities to the Property without prior written notice to Mortgagee; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee to Mortgagees or to any other person); shell not be construed to create any responsibility or liability on the part of Mortgagee; to provide Mortgagee copies of any independent test or inspection reports on environmental status of the Property; and to indemnify and hold Mortgagee, its directors, employees, agents and its successors and assigns, harmless from and against any environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation, attorney's fees.
8. That neither Mortgagors nor, to the best of Mortgagors' knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Mortgagors' representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the note(s) and Loan Documents, foreclosure of this mortgage, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
9. To perform all terms and conditions of each water or other contract, described in Exhibit "A", if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real Property described in Exhibit "A"; any assignment of any such interest, during the term of this mortgage, naming Mortgagee as an assignee shall be for security purposes and shall not alter Mortgagors' obligations hereunder; and any failure of Mortgagors to perform any such obligation shall constitute an event of default.
10. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Mortgagors shall comply with the terms and provisions of said laws, regulations and contracts; Mortgagors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Mortgagee their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Mortgagors become subject to the excess land limitation; if Mortgagors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Mortgagors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Mortgagors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Mortgagors shall execute a supplemental mortgage on such lands in favor of the Mortgagee; and failure to execute such mortgage on demand, shall constitute an event of default.
11. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Mortgagee may, at its option perform the same, in whole or in part; any advances, including, without limitation, attorney fees or costs, paid or incurred by Mortgagee to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the indebtedness secured by this mortgage.
12. That the indebtedness and obligations secured by this mortgage are personal to the Mortgagors and are not assignable by Mortgagors; Mortgagee relied upon the credit of Mortgagors, the interest of Mortgagors in the Property and the financial market conditions then existing when making this loan; if Mortgagors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Mortgagee, or if Mortgagors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceeding under the bankruptcy or insolvency laws is commenced by or against Mortgagors, or if Mortgagors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Mortgagors shall be in default hereunder.
13. That time is of the essence and in the event of default, at Mortgagee's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Mortgagee shall have the right to foreclose the lien of this mortgage, to have a receiver appointed in any court proceeding, to collect any rents, issues and profits from the Property and apply them against the indebtedness hereby secured and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the Property is located; and reasonable notice if required by such Code shall be five (5) days.
14. That the failure of Mortgagee to exercise any right or option provided herein, at any time shall not preclude Mortgagee from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Mortgagee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not effect any other provision hereof and the mortgage shall be construed as though such provision had been omitted.
15. That Mortgagors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this mortgage.
16. This mortgage is supplemental to the following described mortgages as modified from time to time:

Mortgage dated January 28, 1977, recorded on February 1, 1977, in Volume M77, page 1909, of the records of Klamath County, Oregon;

Mortgage dated July 23, 1979, recorded on September 7, 1979, in Volume M79, page 21400, of the records of Klamath County, Oregon;

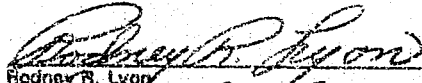
Mortgage dated August 8, 1980, recorded on October 14, 1980, in Volume M80, page 20072, of the records of Klamath County, Oregon;

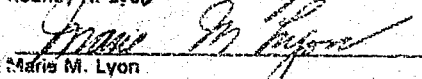
Mortgage dated September 17, 1993, recorded on October 28, 1993, in Volume M93, page 28431, of the records of Klamath County, Oregon; and

Mortgage dated September 17, 1993, recorded on October 28, 1993, in Volume M93, page 28437, of the records of Klamath County, Oregon.

This mortgage and the above-described instruments (Prior Encumbrances) are given to secure Notes and Loan Documents. Default in payment under any of the Notes or Loan Documents or default in performance of any of the terms or covenants of any Loan Document related thereto shall constitute a default under this mortgage and under all Prior Encumbrances. Mortgagee may, at its option, declare any and all of such notes and Loan Documents immediately due and payable. Payoff of any of such notes shall not entitle Mortgagors to a release of this or any Prior Encumbrances, until the entire indebtedness secured by this mortgage is paid in full.

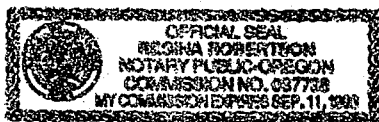
CERTIFICATE OF VERIFICATION: The undersigned Mortgagors state that they have had an opportunity to review Exhibit A hereto and confirm that said Exhibit is a true and accurate description of the real and personal property to secure this loan from Northwest Farm Credit Services, ACA under Loan No. 7275-201, -302 and -303.

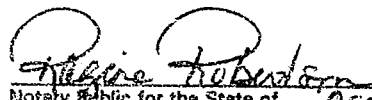

Rodney R. Lyon


Marie M. Lyon

STATE OF Oregon)
County of Klamath) ss.

On this 26 day of August, 1998, before me personally appeared Rodney R. Lyon and Marie M. Lyon, 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.




Notary Public for the State of Oregon
Residing at Klamath Falls
My commission expires 9-11-99

Mortgagee acknowledges that this mortgage is subject to a security interest in favor of the AgAmerica, FCB, (Bank) and by its acceptance hereof and pursuant to and in confirmation of certain agreements and assignments by and between Mortgagee and Bank, does assign, transfer and set over the same unto Bank, its successors and assigns, to secure all obligations of Mortgagee to Bank, provided that pursuant to such agreements and assignments Mortgagee has authority to perform all loan servicing and collection actions and activities hereunder, including without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this mortgage until the Bank, by instrument recorded in the office in which this mortgage is recorded, revokes such authority. Provided, however, if Bank is the Mortgagee in this transaction, this paragraph is without effect.

PARCEL 1

Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Section 4: The W1/2 NW1/4

Section 5: The E1/2 NE1/4; EXCEPTING THEREFROM that portion conveyed to Dennis V. Holl et ux by instrument recorded June 1, 1981 in Volume M81, page 9687, Microfilm Records of Klamath County, Oregon, more particularly described as follows:

A parcel of land situated in Section 4 and Section 5, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northwest corner of said Section 4, thence South 89 degrees 41'29" East along the North line of said Section 4 1330.22 feet to a 5/8" pin marking the Northeast corner of the Northwest one-quarter of the Northwest one-quarter of said Section 4, thence South along the East line of the said Northwest one-quarter of the Northwest one-quarter of said Section 4, 28.26 feet more or less to the centerline of an existing irrigation ditch thence West, Southerly and Northwesterly along the centerline of said irrigation ditch the following twenty-eight bearings and distances: North 79 degrees 10'00" West 21.14 feet, South 88 degrees 11'51" West 244.80 feet, South 70 degrees 31'56" West 41.05 feet, South 19 degrees 09'39" West 53.17 feet, South 03 degrees 57'19" West 157.00 feet, South 08 degrees 58'36" West 95.04 feet, South 12 degrees 02'46" West 184.67 feet, South 05 degrees 58'47" West 119.32 feet, South 09 degrees 59'59" West 200.35 feet, South 14 degrees 28'44" West 83.51 feet, South 25 degrees 40'23" West 30.85 feet, South 54 degrees 39'55" West 74.65 feet, South 87 degrees 33'14" West 72.87 feet, North 79 degrees 18'30" West 237.54 feet, South 83 degrees 18'50" West 212.75 feet, North 84 degrees 48'46" West 207.72 feet, South 86 degrees 13'29" West 75.78 feet, North 87 degrees 19'34" West 95.95 feet, North 68 degrees 10'07" West 123.78 feet, North 63 degrees 40'52" West 289.47 feet, North 21 degrees 20'05" West 70.45 feet, North 27 degrees 55'15" West 51.79 feet, North 37 degrees 30'35" West 117.87 feet, North 50 degrees 40'51" West 178.45 feet, North 40 degrees 01'42" West 218.59 feet, North 45 degrees 59'58" West 75.00 feet, North 60 degrees 31'46" West 86.28 feet, North 53 degrees 44'25" West 254.49 feet, North 47 degrees 08'25" West 44.43 feet to a point that is located 30' Southerly, measured at right angles, from the North line of said Section 5, thence South 89 degrees 53'10" West parallel to and 30' Southerly, measured at right angles, to the North line of said Section 5, 127.17 feet to the West line of the Northeast one-quarter of the Northeast one-quarter of said Section 5, thence North 00 degrees 01'10" West along the West line of the said Northeast one-quarter of the Northeast one-quarter of said Section 5, 30.00 feet to the North line of said Section 5, thence North 89 degrees 53'10" East along the North line of said Section 5, 1323.24 feet to the point of beginning.

ALSO EXCEPTING THEREFROM the West 30 feet being a portion of Dodds Hollow Road.

PARCEL 2

Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Section 4: That portion of the W1/2 SW1/4 lying Northerly of the Klamath Irrigation District "D" Canal.

Section 5: That portion of the E1/2 SE1/4 lying Northerly of the Klamath Irrigation District "D" Canal.

EXCEPTING THEREFROM that portion lying within Dodds Hollow Road.

PARCEL 3

A parcel of land situated in the SE1/4 NE1/4 of Section 3, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northeast corner of said SE1/4 NE1/4; thence South along the East line of said Section a distance of 1305.0 feet; thence West, parallel with the North line of said quarter section, a distance of 425.0 feet; thence North, parallel with the East line of said Section, a distance of 1305.0 feet; thence East along the North line of said SE1/4 NE1/4 a distance of 425.0 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within Adams Point Road.

PARCEL 4

Township 40 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon:

Section 34: The SE1/4 SE1/4; NE1/4 SE1/4

Section 35: The SW1/4 SW1/4

Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon:

Section 2: The W1/2 NW1/4

MORTGAGE (Closed-end) - 4
CIFNOTE NO. 7275-201, -302 and -303

PARCEL 5

Township 40 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon;

Section 35: All, except the NE1/4 NE1/4 and SW1/4 SW1/4

Section 36: All, except the SE1/4 NE1/4 and NE1/4 SW1/4

Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon;

Section 1: The SE1/4 NE1/4

Section 2: The NE1/4; the E1/2 NW1/4 and the N1/2 NE1/4 SW1/4

PARCEL 6

A parcel of land situate in the SW1/4 SE1/4 of Section 36, Township 40 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at an iron pipe located at the South and East right of way of the Old Linkville-Tulelake Road at the point said road leaves the North and South centerline of Section 36, Township 40 South, Range 11 East of the Willamette Meridian, and runs East; said iron pipe being also North 1218.0 feet and North 89 degrees 48' East 30.0 feet from the South quarter-section corner of Section 36; thence North 89 degrees 48' East along the South right of way of said Linkville-Tulelake Road, 477.4 feet to the Northwestern right of way of County Road #1113 known as Paygr Road; thence along Paygr Road South 43 degrees 06'20" West 154.25 feet to a beginning of curve; thence around a 10 degree 30'40" curve to the left (radius 548.05) a distance of 107.68 feet; thence South 31 degrees 47'20" West 581.5 feet to the intersection of the Westerly right of way of the Old Linkville-Tulelake Road; thence North 690.92 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM that portion lying within boundaries of the Old Linkville-Tulelake Road.

Tax Acct. No.: 4011-03600-00700 Key No.: 105157
 Tax Acct. No.: 4111-00300-00900 Key No.: 105415
 Tax Acct. No.: 4111-00300-01000 Key No.: 105424
 Tax Acct. No.: 4111-00400-00500 Key No.: 105718
 Tax Acct. No.: 4111-00400-00800 Key No.: 105790
 Tax Acct. No.: 4111-00400-01600 Key No.: 105745
 Tax Acct. No.: 4111-00500-00200 Key No.: 105772

Tax Acct. No.: 4111-00500-00300 Key No.: 801323
 Tax Acct. No.: 4111-00500-01000 Key No.: 105763
 Tax Acct. No.: 4012-00000-07100 Key No.: 601094
 Tax Acct. No.: 4012-00000-07200 Key No.: 626510
 Tax Acct. No.: 4012-03400-00600 Key No.: 626501
 Tax Acct. No.: 4112-00000-00300 Key No.: 595500
 Tax Acct. No.: 4112-00000-00700 Key No.: 108118

The following described irrigation wheelines and mainline, including, but not limited to all additions, replacements, substitutions and accessions thereof, and all accounts, general intangibles and proceeds arising from all such property and goods.

12 Wheelines size 5" x 1320'
 5000 feet of 10 inch Mainline
 1320 feet of 6 inch Mainline

6 Wheelines size 4" x 1320'
 3000 feet of 8 inch Mainline

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 9th day
 of October A.D., 19 98 at 11:23 o'clock A. M., and duly recorded in Vol. M98
 of Mortgages on Page 37153

FEE \$35.00

By Bernetha G. Letsch, County Clerk
Kathleen P. Ross