

2019-008447**Klamath County, Oregon****07/26/2019 09:04:02 AM****Fee: \$107.00**

Record and Return to:
Rural Development
1220 SW 3rd Avenue
Portland, OR 97204

Position 5

USDA-FmHA
Form FmHA 1927-7 OR
(Rev. 12-93)

REAL ESTATE DEED OF TRUST FOR OREGON
(Rural Housing)

THIS DEED OF TRUST is made and entered into by and between the undersigned **Klamath Housing Authority**, an Oregon public corporation residing in **Klamath County, Oregon**, whose address is **1445 Avalon Street Klamath Falls, OR 97603** as grantor(s), herein called "Borrower," and the Rural Housing Service or successor agency, United States Department of Agriculture, acting through the State Director of the Rural Housing Service for the State of Oregon whose post office address is **1220 SW 3rd Avenue, Suite 1801 Portland, Oregon 97204** as trustee, herein called "Trustee," and the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, or its successor agency, as beneficiary, 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), 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:

<i>Date of Instrument</i>	<i>Principal Amount</i>	<i>Annual Rate of Interest</i>	<i>Due Date of Final Installment</i>
July 26, 2019	\$924,309.00	3.250%	July 26, 2049
July 26, 2019	\$ 36,283.00	3.500%	July 26, 2049

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 Title V of the Housing Act of 1949 or any other statutes administered by the Rural Housing Service;

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 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.

NOW, THEREFORE, in consideration of the loan(s), Borrower hereby grants, bargains, sells, conveys, warrants and mortgages to Trustee the following described property situated in the State of Oregon, County of Klamath which said described real property is not currently used for agricultural, timber or grazing purposes:

see **Exhibit A, Property Legal Description** attached, which property is subject to the following recorded Instruments:

Title of Other Recorded Document i.e. RUC, Assignment of Rents, etc.	<u>Dated & Filed</u>	<u>Record Number</u>
Restrictive Use Covenant	<u>December 21, 2016</u>	<u>2016-013597</u>
Assignment of Rents		
Existing Deed of Trust	<u>December 21, 2016</u>	<u>2016-013600</u>

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 all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights,

and water stock pertaining thereto, 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 Trustee, Trustee's successors, grantees and assigns forever;

IN TRUST, NEVERTHELESS, (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, including any provision for the payment of insurance or other charge, (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 endorsement 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 hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in supplementary agreement, the provisions of which are hereby incorporated herein and made a part hereof.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns **WARRANTS** the property and the title thereto unto Trustee for the benefit of 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 the Government such fees and other charges as may now or hereafter be required by regulations of the Rural Housing Service.

(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; 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, and conveying the property.

(12) Except as otherwise provided by the Rural Housing Service 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 beneficiary 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.

(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) This instrument secures to the Government the repayment of the debt evidenced by the note, including all adjustments, renewals, extensions or modifications in the interest rate, payment terms or balance due on the loan; the payment of all other sums, with interest, advanced under paragraph 4; and the performance of Borrower's covenants and agreements under this instrument and the note. 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 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 an stock necessary to be purchased in a cooperative lending agency in connection with such loan.~~

Initial

Date

(16) Default hereunder shall constitute default under any other real estate, or under any personal property or other secured 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 the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared 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, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.

(18) **At the request of the Government, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit** at the option of the Government; such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale and correction made on the posted notices; and at such sale the Government and its agents may bid and purchase as a stranger; Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

(19) 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. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its 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.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(21) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) 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 laws.

(22) 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, handicap, familial status or age, 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, handicap, familial status or age.

(23) This instrument shall be subject to the present regulations of the Rural Housing Service, and to its future regulations not inconsistent with the express provisions hereof.

(24) 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 Rural Housing Service, United States Department of Agriculture, 1220 SW 3rd Avenue, Suite 1801, Portland, Oregon 97204 and in the case of Borrower at the address shown in the Rural Housing Service Finance Office records (which normally will be the same as the post office address stated above.)

(25) Upon the final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, the Government shall request trustee to execute and deliver to Borrower at Borrower's above post office address a deed of reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such deed of reconveyance.

(26) If any provision of this instrument or application thereof 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.

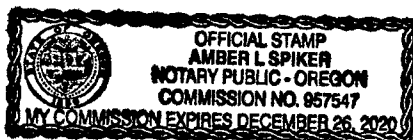
(27) The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the property continues to be used or the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer.

(28) This instrument also secures the obligations and covenants of Borrower set forth in borrower's Loan Resolution of July 26, 2019, which is hereby incorporated herein by reference.

(29) Wherever "Farmers Home Administration", "FmHA", "Rural Development Administration", or "RDA" may appear, the term "United States of America" is substituted:

Witness of hand(s) of the Borrower the 22 day of July, 2019

Klamath Housing Authority, an Oregon public corporation



By: _____

By: 
Diana Otero, Executive Director

STATE OF OREGON
COUNTY OF Oregon

SS:

Signed and sworn to before me on July 22, 2019, by Diana Otero as Executive Director of
Klamath Housing Authority
Amber Spiker
Notary Public - State of Oregon

EXHIBIT A

LEGAL DESCRIPTION: Real property in the County of Klamath, State of Oregon, described as follows:

A TRACT OF LAND SITUATED IN TRACT 18, MERRILL TRACTS, SITUATED IN THE SOUTHWEST 1/4 SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ONE-HALF INCH IRON PIN ON THE WESTERLY EXTENSION OF THE NORTH LINE OF THIRD STREET, HODGES ADDITION TO MERRILL, SAID POINT BEING WEST A DISTANCE OF 120.00 FEET FROM THE ONE-HALF INCH IRON PIN MARKING THE SOUTHEAST CORNER OF BLOCK 4, HODGES ADDITION TO MERRILL; THENCE WEST ALONG SAID WESTERLY EXTENSION A DISTANCE OF 120.00 FEET TO A ONE-HALF INCH IRON PIN; THENCE NORTH 00°25' WEST A DISTANCE OF 112.50 FEET TO A ONE-HALF INCH IRON PIN; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID TRACT 18, MERRILL TRACTS, A DISTANCE OF 120.00 FEET TO A ONE-HALF INCH IRON PIN; THENCE SOUTH 00°25' EAST A DISTANCE OF 112.50 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

A TRACT OF LAND SITUATED IN TRACT 18, MERRILL TRACTS, IN THE SOUTHWEST 1/4 SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ONE-HALF INCH IRON PIN ON THE WESTERLY EXTENSION OF THE NORTH LINE OF THIRD STREET, HODGES ADDITION TO MERRILL, SAID POINT BEING WEST A DISTANCE OF 240.00 FEET FROM THE ONE-HALF INCH IRON PIN MARKING THE SOUTHEAST CORNER OF BLOCK 4, HODGES ADDITION TO MERRILL; THENCE WEST ALONG SAID WESTERLY EXTENSION A DISTANCE OF 117.37 FEET TO A ONE-HALF INCH IRON PIN ON THE WEST LINE OF SAID TRACT 18, MERRILL TRACTS AND ON THE EAST LINE OF THE DRAIN DITCH EASEMENT AS DESCRIBED IN DEED VOLUME 43 AT PAGE 239, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE NORTH 00°01'10" WEST ALONG SAID LINE A DISTANCE OF 112.50 FEET TO A ONE-HALF INCH IRON PIN; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID TRACT 18 A DISTANCE OF 116.60 FEET TO A ONE HALF INCH IRON PIN; THENCE SOUTH 00°25' EAST A DISTANCE OF 112.50 FEET TO THE POINT OF BEGINNING.