

BEGINNING at an iron pin on the north side of Sierra Court at the joint corner of Lots 57 and 58 and runs thence along the line of Lot 57 N. 5-15 W. 145.3 feet to an iron pin; thence along the line of Lots 37 and 26 N. 64-53 W. 190.55 feet to an iron pin; thence along the line of Lot 78 N. 64-56 W. 132.3 feet to an iron pin; thence along the line of Lots 76 and 75 S. 17-01 E. 190.8 feet to an iron pin; thence along the line of Lot 59 S. 62-27 E. 227.5 feet to an iron pin on the north side of Sierra Court; thence with the curve of Sierra Court (the chord being N. 68-28 E. 25 feet) to an iron pin; thence continuing with the curve of Sierra Court (the chord being S. 82-48 E. 25 feet) to an iron pin, the point of beginning.

The mortgagor and mortgagee agree that any ranges, refrigerators, or carpeting purchased or financed in whole or in part, with loan funds will be considered and construed as a part of the property covered by the mortgage.

*[Signature]*

RECORDED IN THE OFFICE OF THE CLERK OF THE COUNTY OF SISKIYOU, CALIFORNIA, ON DECEMBER 6, 2002.

TOGETHER WITH ALL RIGHTS, 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, 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 the Government and its assigns forever.

BORROWER for himself, his heirs, executors, administrators, successors and assigns WARRENTS 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 lender, 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 Farmers Home Administration.

(3) At all times when the note is held by an insured lender, any amount due and unpaid under the terms of the note, less the amount of any annual charge, may be paid by the Government to the holder of the note as provided in the insurance endorsement for the account of Borrower. Any amount due and unpaid under the terms of the note, whether it is held by the Government or by an insured lender, may be credited by the Government on the note, and thereupon shall constitute an advance by the Government for the account of Borrower. Any advance by the Government as described in this paragraph shall bear interest at the note rate from the date on which the amount of the advance was due to the date of payment to the Government.