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BOOK 132

Form FHA-KS 442-7
(Rev. 11-15-61)

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

REAL ESTATE MORTGAGE
(Insured Loan)

KNOW ALL MEN BY THESE PRESENTS, Dated September 20, 1962

WHEREAS, the undersigned Rural Water District No. 1, Douglas County, Kansas, a Rural Water District duly created and existing by virtue of the laws of Kansas and having its principal place of business at RFD # 4, Lawrence, Douglas County, Kansas, being herein called the "Borrower," is justly indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by four certain promissory notes, herein called "the notes" each dated September 20, 1962 for the principal sums of \$50,000., \$50,000., \$50,000., and \$75,000. respectively for a total of Two Hundred Twenty-eight Thousand dollars (\$228,000. with interest at the rate of three and one-half per cent (3½) each as therein provided per annum, executed by Borrower and payable to the order of the Government in installments as specified therein, the final installments being due on September 20, 2002, which notes authorize acceleration of the entire indebtedness at the option of the Government upon any default by Borrower; and

WHEREAS, the notes evidence a loan to Borrower in the principal amount specified therein, made with the purpose and intention that the Government at any time, may assign the notes and insure the payment thereof pursuant to the Consolidated Farmers Home Administration Act of 1961; and

WHEREAS, when payment of the notes are insured by the Government, it may be assigned from time to time and each holder of the insured note, in turn, will be the insured lender; and

WHEREAS, when payment of the notes are insured by the Government, the Government will execute and deliver to the insured lender along with the notes an insurance endorsement insuring the payment of the notes fully as to principal and interest; and

WHEREAS, at all times when payment of the notes are insured by the Government, the Government by agreement with the insured lender set forth in the insurance endorsement will be entitled to a specified portion of the interest payments on the notes, to be designated the "annual charge"; and

WHEREAS, a condition of the insurance of payment of the notes will be that the holder will forego his rights and remedies against Borrower and any others in connection with said loan, as well as any benefit of this instrument, and will accept the benefits of such insurance in lieu thereof, and upon the Government's request will assign the notes to the Government should Borrower violate any covenant or agreement contained herein, in the notes, or in any supplementary agreement; and

WHEREAS, it is the purpose and intent of this instrument that, among other things, at all times when the notes are held by the Government, or in the event the Government should assign this instrument without insurance of the notes, this instrument shall secure payment of the notes; but when the notes are held by an insured lender, this instrument shall not secure payment of the notes or attach to the debt evidenced thereby; but as to the notes and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance endorsement by reason of any default by Borrower:

NOW, THEREFORE, in consideration of said loan and (a) at all times when the notes are held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the notes, to secure prompt payment of the notes and any renewals and extensions thereof