

25. SHOULD DEFAULT occur in the performance or discharge of any obligation secured by this instrument, or should the Borrower be declared a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, may: (a) declare the entire amount unpaid under the notes 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.

26. 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 notes 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.

27. As against the debt evidenced by the notes and any indebtedness to the Government hereby secured, with respect to the property, and to the extent permitted by law, Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, curtesy, homestead, validation, appraisal, redemption, and exemption to which Borrower is or becomes entitled under the laws and constitution of the jurisdiction where the property lies.

28. 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.

29. 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 Topeka, Kansas, and in the case of Borrower to it at its post office address stated above.

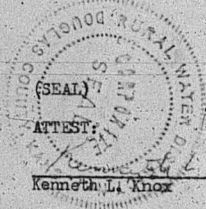
30. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions shall not affect the remaining portions of this mortgage.

31. Borrower will record this mortgage at its expense in the office of the Register of Deeds in the county in which the real estate covered by this mortgage is situated.

IN WITNESS WHEREOF, the Borrower has caused its corporate name to be hereunto subscribed by its Chairman and its seal to be affixed and attested by its Secretary on the day and year first hereinabove written.

RURAL WATER DISTRICT No. 1 DOUGLAS COUNTY Kansas

By William Brink
William Brink Chairman



Kenneth L. Knox
Kenneth L. Knox Secretary