

THE FEDERAL LAND BANK OF WICHITA

First Farm and Ranch Mortgage

THIS INDENTURE, Made this 1st day of APRIL, 1971, between

PATRICIA LEE ARCE and DAVID D. ARCE, her husband; and ELIZABETH E. SHEPARD and H.A. SHEPARD, her husband; and FRANK M. GARDNER, III, and MYRNA GARDNER, husband and wife,

hereinafter called mortgagor, whether one or more, and THE FEDERAL LAND BANK OF WICHITA, Wichita, Kansas, a corporation, organized and existing under the Federal Farm Loan Act approved July 17, 1916, hereinafter called mortgagee.

WITNESSETH: That said mortgagor, for and in consideration of the making of a loan as evidenced by a note described herein, receipt of which is hereby acknowledged, mortgages to said mortgagee, all of the following described real estate situate in the County of

DOUGLAS

and State of

KANSAS

-to-wit:

Beginning at an iron pipe 1320 feet west of the southeast corner of Section 4, Township 12 South, Range 19 East, thence north parallel to the East section line, 3620 feet more or less to the south bank of the Kansas River, thence in a southwesterly direction along the south bank of said Kansas River 1016.5 feet, more or less, to a point 2236 feet west of the east line of said Section 4, Township 12 South, Range 19 East, thence south parallel with the east line of said Section 4, 3182.75 feet more or less to the south line of said Section 4, thence east 916 feet to a point of beginning, and containing 71.53 acres, more or less, also the Northeast Quarter of Section 9, Township 12 South, Range 19 East, less the following described tract, beginning at the Northeast corner of said Section 9, thence west 1320 feet, thence south 543.5 feet, thence southeast 1333 feet to the east line of said Section 9, Township 12, Range 19 East; thence north 729 feet to the point of beginning, containing 19.25 acres, more or less; Also, the East Half of the Northwest Quarter of Section 9, Township 12 South, Range 19 East, less 3.58 acres in the Southwest corner to the Atchison, Topeka, and Santa Fe Railroad, and .69 acres lying south of said Atchison, Topeka, and Santa Fe Railroad, containing in all three tracts, 288.01 acres; subject to all easements and rights-of-way now of record.

Containing 288.01 acres, more or less.
Subject to existing easements and rights of way and except mineral interests owned by third persons under valid reservations or conveyances now of record.

Together with all privileges, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, including all water, irrigation and drainage rights of every kind and description, however evidenced or manifested, and all rights-of-way, apparatus and fixtures belonging to or used in connection therewith, whether owned by mortgagor at the date of this mortgage, or thereafter acquired; also abstracts or other evidence of title to the above described real estate.

This mortgage is given to secure the payment of a promissory note of even date herewith, executed by mortgagor to mortgagee, in the principal amount of \$ 42,600.00, with interest at rates provided in said note, principal and interest being due in installments, the last due July 1, 2004. The note provides for future changes in interest rates.

Mortgagor hereby covenants and agrees with mortgagee as follows:

1. To be now lawfully seized of the fee simple title to all of said above described real estate; to have good right to sell and convey the same; that the same is free from all encumbrances; and to warrant and defend the title thereto against the lawful claims or demands of all persons whomsoever.
2. To pay when due all payments provided for in the note secured hereby.
3. To pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed or levied against the property herein mortgaged.
4. To insure and keep insured buildings and other improvements now on, or which may hereafter be placed on, said premises, against loss or damage by fire and/or tornado, in companies and amounts satisfactory to mortgagee, any policy evidencing such insurance to be deposited with, and loss thereunder to be payable to, mortgagee as its interest may appear. At the option of mortgagor, and subject to general regulations of the Farm Credit Administration, sums so received by mortgagee may be used to pay for reconstruction of the destroyed improvement(s); or, if not so applied may, at the option of the mortgagee, be applied in payment of matured indebtedness, or as extra payments on unmatured indebtedness, in the manner provided in the note secured hereby.
5. To use the proceeds from the loan secured hereby solely for the purposes set forth in mortgagor's application for said loan.
6. Not to permit, either wilfully or by neglect, any unreasonable depreciation in the value of said premises or the buildings, and improvements situate thereon, but to keep the same in good repair at all times; not to remove or permit to be removed from said premises any buildings or improvements situate thereon; not to commit or suffer waste to be committed upon the premises; not to cut or remove any timber therefrom, or permit same, excepting such as may be necessary for ordinary domestic purposes; and not to permit said real estate to depreciate in value because of erosion, insufficient water supply or for inadequate or improper drainage or irrigation of said land.
7. The mortgagee may, at any time, without notice, release all or any part of the premises described herein, grant extensions and deferments, agree to and grant renewals and reamortizations of the indebtedness, or any part thereof, or release from personal liability any one or more parties who are or may become liable for the indebtedness or any part thereof, without affecting the priority of this mortgage or the personal liability of the mortgagor or any party liable or who may become liable for the payment of the lien hereof.
8. To reimburse mortgagee for all costs and expenses incurred by it in any suit to foreclose this mortgage, or in any suit in which mortgagee may be obliged to defend or protect its rights or lien acquired hereunder, including all abstract fees, court costs, a reasonable attorney fee where allowed by law, and other expenses; and such sums shall be secured hereby and included in any decree of foreclosure.

This mortgage is subject to the Federal Farm Loan Act and all acts amendatory thereof or supplementary thereto.

In the event mortgagor fails to pay when due any taxes, liens, judgments or assessments lawfully assessed against property herein mortgaged, or fails to maintain insurance as hereinbefore provided, mortgagee may make such payments or provide such insurance, and each amount advanced therefor shall become a part of the indebtedness secured hereby but shall be immediately due and shall bear interest from the date of advance to the date of payment as provided in the note secured hereby.

The said mortgagor hereby transfers, assigns, sets over and conveys to mortgagee all rents, royalties, bonuses and delay moneys that may from time to time become due and payable under any oil and gas or other mineral lease(s) of any kind now existing, or that may hereafter come into existence, covering the above described land, or any portion thereof, and any sums which are now payable, or which at any time in the future may become payable to mortgagor, or successors, in settlement and satisfaction of all claims, injuries, and damages of whatsoever kind, nature or character, growing out of, incident to, or in connection with the production, exploration, drilling, operating or mining for minerals (including, but not limited to oil and gas and related minerals) on the above described real estate, or any portion thereof, and said mortgagor agrees to execute, acknowledge and deliver to the mortgagee such instruments, as the mortgagee may now or hereafter require in order to facilitate the payment to it of said rents, royalties, bonuses, delay moneys, claims, injuries and damages. All such sums so received by the mortgagee shall be applied: first, to the payment of the matured portion of the indebtedness, including interest, and, second, the balance if any as extra payments upon the unmatured portion of the indebtedness, in the manner provided in the note secured hereby; or the mortgagee may, at its option, turn over and deliver to the then owner of said lands, either in whole or in part, any or all such sums, without prejudice to its rights to take and retain any future sum or sums, and without prejudice to any of its other rights under this mortgage. The transfer and conveyance hereunder to the mortgagee of the aforementioned payments shall be construed to be a provision for the payment or reduction of the mortgage debt, subject to the mortgagee's option as hereinbefore provided, independent of the mortgage lien on said real estate. Upon release of the mortgage of record, this conveyance shall become inoperative and of no further force and effect.