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DEED THE MORTGAGOR,
and Wife

John A. Negrevski and Beverly M. Negrevski, Husband
and Wife

mortgages to the STATE OF OREGON, represented and acting by the Director of Veterans Affairs, pursuant to ORS 407.030, the following described real property located in the State of Oregon and County of Klamath

PARCEL 1
The S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 1, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the following described portions thereof:

The approximately one acre conveyed to Mt. Laki Presbyterian Church, by Deed recorded in Volume 35 at page 451 of Klamath County Deed Records;

The approximately one acre conveyed to J. S. McClellan by Deed recorded in Book 81, page 492, of Klamath County Deed Records;

The approximately 2 $\frac{1}{2}$ acres described as follows: Beginning at a point on the South line of said Section 1, 165 feet West of the Southeast corner of said Section; thence West along the South line of said Section a distance of 200 feet; thence North 544.5 feet; thence East 200 feet; thence South 544.5 feet to the place of beginning;

Right of Way conveyed to Modoc Northern Railroad Company by Deed recorded in Volume 30 at page 583, Klamath County Deed Records;

The public road now known as Lower Klamath Lake Highway described in Deed Volume 206, page 265, Records of Klamath County, Oregon.

PARCEL 2
The N $\frac{1}{2}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ and the N $\frac{1}{2}$ of S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 6, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, LESS lands conveyed to the U. S. R. S. for canals; .6 acres more or less conveyed for State Highway purposes.

PARCEL 3
Commencing at a point 93 rods South of the Northwest corner of Section 6, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon; thence running East to the West bank of Lost River; thence running Southwesterly along the West bank of Lost River to the Southeast corner of Lot 2, Section 6, Township 40 South, Range 10 East of the Willamette Meridian; thence running West to the Section line; thence running North to the place of beginning; ALSO, all of Lot 3, Section 6, Township 40 South, Range 10 East of the Willamette Meridian.

This note is secured by a mortgage, the terms of which are made a part hereof

Klamath Falls, Oregon

Dated at

August 1,

19 80

John A. Negrevski
Beverly M. Negrevski

This mortgage is given in conjunction with and supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated January 4, 1968 and recorded in Book M68, page 71, Mortgage Records for Klamath County, Oregon, which was given to secure the payment of a note in the amount of \$50,000.00 and this mortgage is also given to secure the payment of a note in the amount of \$33,199.00 together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness.

The mortgagor covenants that he owns the premises in fee simple, has good right to mortgage same, that the premises are free from encumbrance, that he will warrant and defend same forever against the claims and demands of all persons whomsoever, and this covenant shall not be extinguished by foreclosure, but shall run with the land.

- MORTGAGOR FURTHER COVENANTS AND AGREES:
1. To pay all debts and moneys secured hereby;
 2. Not to permit the buildings to become vacant or unoccupied; not to permit the removal or demolition of any buildings or improvements, now or hereafter existing, to keep same in good repair; to complete all construction within a reasonable time in accordance with any agreement made between the parties hereto;
 3. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
 4. Not to permit the use of the premises for any objectionable or unlawful purpose;
 5. Not to permit any tax, assessment, lien, or encumbrance to exist at any time;
 6. Mortgagee is authorized to pay all real property taxes assessed against the premises and add same to the principal, each of the advances to bear interest as provided in the note;
 7. To keep all buildings unceasingly insured during the term of the mortgage, against loss by fire and such other hazards in such company or companies and in such an amount as shall be satisfactory to the mortgagee; to deposit with the mortgagee all such policies with receipts showing payment in full of all premiums; all such insurance shall be made payable to the mortgagee; insurance shall be kept in force by the mortgagor in case of foreclosure until the period of redemption expires;

14345

Q. I want to know what is the purpose of this mortgage? A. The purpose of this mortgage is to secure the payment of the note for the purchase of the premises described in the mortgage. The mortgage is given in conjunction with and supplementary to the mortgage by the mortgagors herein to the State of Oregon, dated January 4, 1968, and recorded in Book M68, page 71, Mortgage Records for Klamath County, Oregon.

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together with the tenements, hereditaments, rights, privileges, and appurtenances including roads and easements used in connection with the premises; electric wiring and fixtures; furnace and heating system; water heaters; fuel storage receptacles; plumbing; ventilating, water and irrigating systems; screens, doors, window shades and blinds, shutters, cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, electric sinks, air conditioners, refrigerators, freezers, dishwashers, and all fixtures now or hereafter installed in or on the premises; and any shrubbery, flora, or timber now growing or hereafter planted or growing thereon; and any replacements of any one or more of the foregoing items, in whole or in part, all of which are hereby declared to be appurtenant to the land, and all of the rents, issues, and profits of the mortgaged property.

to secure the payment of Thirty Three Thousand One Hundred Ninety Nine and no/100 Dollars (\$33,199.00), and interest thereon, and as additional security for an existing obligation upon which there is a balance of Thirty Eight Thousand Two Hundred Forty Five and 49/100 Dollars (\$38,245.49), owing of John A. Negruski evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON:

Thirty Eight Thousand Two Hundred Forty Five and 49/100 Dollars (\$38,245.49), with

interest from the date of initial disbursement by the State of Oregon, at the rate of 4.0 percent per annum.

Thirty Three Thousand One Hundred Ninety Nine and no/100 Dollars (\$33,199.00), with

interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9 percent per annum.

Dollars (\$), with

interest from the date of initial disbursement by the State of Oregon, at the rate of _____ percent per annum, until such time as a different interest rate is established pursuant to ORS 407.072.

principal and interest to be paid in lawful money of the United States at the office of the Director of Veterans' Affairs

in Salem, Oregon, as follows: \$ 4,072.00 on or before November 1, 1981 and

\$ 4,072.00 on every November 1st thereafter, plus

the ad valorem taxes for each successive year on the premises described in the mortgage, and continuing until the full amount of the principal, interest and advances shall be fully paid; such payments to be applied first as interest on the unpaid principal, the remainder on the principal.

The due date of the last payment shall be on or before November 1, 2020.

In the event of transfer of ownership of the premises or any part thereof, I will continue to be liable for payment and the balance shall draw interest as prescribed by ORS 407.070 from date of such transfer.

This note is secured by a mortgage, the terms of which are made a part hereof.

Dated at Klamath Falls, Oregon

August 1, 1980

John A. Negruski
Secretary M. Negruski

The mortgagor or subsequent owner may pay all or any part of the loan at any time without penalty. This mortgage is given in conjunction with and supplementary to that certain mortgage by the mortgagors herein to the State of Oregon, dated January 4, 1968, and recorded in Book M68, page 71, Mortgage Records for Klamath County, Oregon.

County, Oregon, which was given to secure the payment of a note in the amount of \$ 50,000.00 and this mortgage is also given to secure the payment of a note in the amount of \$ 33,199.00 together with the balance of indebtedness covered by the previous note, and the new note is evidence of the entire indebtedness.

The mortgagor covenants that he owns the premises in fee simple, has good right to mortgage same, that the premises are free from encumbrance, that he will warrant and defend same forever against the claims and demands of all persons whomsoever, and this covenant shall not be extinguished by foreclosure, but shall run with the land.

MORTGAGOR FURTHER COVENANTS AND AGREES: to deliver immediately to the mortgagee a deed of conveyance of the premises to the mortgagee, and to execute and deliver to the mortgagee a deed of conveyance of the premises to the mortgagee, and to execute and deliver to the mortgagee a deed of conveyance of the premises to the mortgagee.

1. To pay all debts and moneys secured hereby;
2. Not to permit the buildings to become vacant or unoccupied; not to permit the removal or demolition of any buildings or improvements now or hereafter existing; to keep same in good repair; to complete all construction within a reasonable time in accordance with any agreement made between the parties hereto;
3. Not to permit the cutting or removal of any timber except for his own domestic use; not to commit or suffer any waste;
4. Not to permit the use of the premises for any objectionable or unlawful purpose;
5. Not to permit any tax assessment, lien or encumbrance to exist at any time;
6. Mortgagee is authorized to pay all real property taxes assessed against the premises and add same to the principal, each of the advances to bear interest as provided in the note;
7. To keep all buildings successively insured during the term of the mortgage against loss by fire and such other hazards in such company or companies and in such an amount as shall be satisfactory to the mortgagee; to deposit with the mortgagee all such policies with receipts showing payment in full of all premiums; all such insurance shall be payable to the mortgagee; insurance shall be kept in force by the mortgagor in case of foreclosure until the period of redemption expires.

14346

1. This instrument is subject to the provisions of the Oregon Constitution, Article XI, Section 1, which provides that no property shall be taken for public use without just compensation.

2. The mortgagor shall be entitled to all compensations and damages received under right of eminent domain or for any security, voluntarily released, same to be applied upon the indebtedness.

3. Not to lease or rent the premises, or any part of same, without written consent of the mortgagee.

4. To promptly notify mortgagee in writing of a transfer of ownership of the premises or any part or interest in same, and to furnish a copy of the instrument of transfer to the mortgagee; a purchaser shall pay interest as prescribed by ORS 407.070 on all payments due from the date of transfer; in all other respects this mortgage shall remain in full force and effect.

5. The mortgagee may, at his option, in case of default of the mortgagor, perform same in whole or in part and all expenditures made in so doing including the employment of an attorney, to secure compliance with the terms of the mortgage or the note shall draw interest at the rate provided in the note and all such expenditures shall be immediately repayable by the mortgagor without demand and shall be secured by this mortgage.

6. Default in any of the covenants or agreements herein contained or the expenditure of any portion of the loan for purposes other than those specified in the application, except by written permission of the mortgagee given before the expenditure is made, shall cause the entire indebtedness at the option of the mortgagee to become immediately due and payable without notice and this mortgage subject to foreclosure.

7. The failure of the mortgagor to exercise any options herein set forth will not constitute a waiver of any right arising from a breach of the covenants.

8. In case foreclosure is commenced, the mortgagor shall be liable for the cost of a title search, attorney fees, and all other costs incurred in connection with such foreclosure.

9. Upon the breach of any covenant of the mortgage, the mortgagee shall have the right to enter the premises, take possession, collect the rents, issues and profits and apply same, less reasonable costs of collection, upon the indebtedness and the mortgagee shall have the right to the appointment of a receiver to collect same.

10. The covenants and agreements herein shall extend to, and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

It is distinctly understood and agreed that this note and mortgage are subject to the provisions of Article XI-A of the Oregon Constitution, ORS 407.010 to 407.210 and any subsequent amendments thereto and to all rules and regulations which have been issued or may hereafter be issued by the Director of Veterans Affairs pursuant to the provisions of ORS 407.020.

WORDS: The masculine shall be deemed to include the feminine, and the singular the plural where such connotations are applicable herein.

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IN WITNESS WHEREOF The mortgagors have set their hands and seals this 15 day of August, 1980

John A. Negrevski (Seal)

Beverly M. Negrevski (Seal)

ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath

Before me, a Notary Public, personally appeared the within named John A. Negrevski and Beverly M. Negrevski, his wife and acknowledged the foregoing instrument to be their voluntary act and deed.

WITNESS my hand and official seal the day and year last above written.

Notary Public for Oregon

My Commission Expires July 13, 1981

MORTGAGE

TO Department of Veterans Affairs

FROM

STATE OF OREGON

County of Klamath

I certify that the within was received and duly recorded by me in Klamath County Records, Book of Mortgages.

No. M80 Page 14345 on the 1st day of August, 1980 WM. D. MILNE Klamath County Clerk

By Bernetha Shetch Deputy

Filed August 1, 1980 at 2:35 P.M. Klamath Falls, Oregon

County Klamath By Bernetha Shetch Deputy

After recording return to Fee \$10.50

DEPARTMENT OF VETERANS AFFAIRS

General Services Building

Salem, Oregon 97310

Bank of Lost River; thence running Southwesterly along the line; thence running North to the place of beginning; ALSO, all of Lot 3, Section 6, Township 40 South, Range 10 East of the Willamette Meridian.