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USDA-FmHA  
Form FmHA 1927-1 OR  
(Rev. 9-92)

01-03-95P03:48 RCVD

Position 5

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## REAL ESTATE MORTGAGE FOR OREGON

THIS MORTGAGE is made and entered into by Michael A. Vegrevskiresiding in Klamathaddress is 12185 Hwy 39, Klamath Falls

County, Oregon, whose post office

called "Borrower," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, whose mailing address is 2455 Patterson St., Suite #1Klamath FallsOregon 97603

herein called the "Government," and; agreement(s) or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

Date of Instrument

12-28-94

Principal Amount

63,407.95

Due Date of Final  
Installment

12-28-2009

12-28-94

10,388.50

12-28-2009

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statutes administered by the Farmers Home Administration;

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

And this instrument also secures the recapture of any defaulted principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472 (c) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW THEREFORE, in consideration of the loan(s) and at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, (a) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement therein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by the Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage and assign with general warranty unto the Government the following property situated in the State of Oregon, County(ies) of Klamath

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EXCEPTING THEREFROM, that portion lying west of the South line of said road, and east of the lake Road.

to ORS 79.1010 - 79.5070.

[illegible][illegible]

(2) To pay to the Government such additional monthly payments of 1/12 of the Home Administration.

(3) If required by the Government, the Government may, and not paid by Borrower, insurance premiums and other charges upon the Government, to be paid by Borrower and not paid by Borrower's account. All such

[illegible][illegible][illegible]

(9) To maintain improvements in good repair and to repair or replace improvements in need of repair or replacement in a proper and prudent manner; comply with each farm conservation practice and farm conservation plan, or cause or permit waste, lessening or impairment of the soil, water, or other natural resources, or cause or permit the abandonment of the practice, or cause or permit removal, or lease any timber, gravel, oil, gas, coal, or other natural resource, or cause or permit the use of any natural resource in a manner that is not in accordance with the practice or plan.

minerals except as may be necessary for the protection of the property.

[illegible]

(12) Except as otherwise provided in this lease, the Government shall have the sole and exclusive right to use, dispose of, or interest therein shall be leased, assigned, or otherwise disposed of, and no insured holder shall have the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall

in or to the lien or any benefits hereof. All rents, profits, and income, including any amounts arising out of an agreement by which the Borrower substantially reduces its use of the property in return for payments, are hereby assigned to the Government for the purpose of discharging the debt hereby secured. Permission is hereby given to the Borrower, so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the borrower's agreement with Farmers Home Administration and the applicable regulations.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplement are being performed.

(14) This instrument secures to the Government the repayment of the debt evidenced by the note, including all adjustments, renewals, extensions or modifications in the interest rate, payment terms or balance due on the loan; the payment of all other sums, performance of the Borrower's covenants and agreements under this instrument and terms or balance due on the loan; (b) increase the mortgage by interest rate, payment terms or balance due on the loan; (c) extend or defer the maturity of, and renew and reschedule any indebtedness to the Government secured by this instrument; (d) release any principal balance of any indebtedness from liability to the Government; (e) release portions of the property and subordinate this instrument; and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument. **HOWEVER**, any forbearance by the Government, whether once or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower shall, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate or crop or chattel security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness secured hereby; (b) for the account of the 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.

(18) 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 note and all indebtedness 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. Agents may bid at 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.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) providing for valuation, appraisal, foreclosure or sale of an action for a deficiency judgment or limiting the amount of an action for a deficiency judgment or limiting the amount of an action for a deficiency judgment; (b) prescribing any other statute of limitations; (c) allowing any right of redemption or possession following any foreclosure sale, or (d) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such statute or law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling" and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so) (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, age, handicap, or familial status; and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with, any attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, age, handicap, or familial status.

(21) Borrower further agrees that the loan secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 440, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations if any.

(23) 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 the mailing address mentioned above, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or its application hereunder is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect with or without the invalid provision or application, and to that end the provisions hereof are declared to be severable.



EXECUTED this

28th

date of

December

19 94

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Partnership or Corporation

(Name of Borrower)

By:

By:

By:

Attest:

Individual(s)

Michael A. Negrevsky

[Corporate Seal]

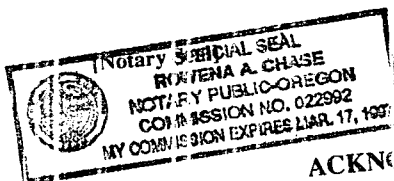
### ACKNOWLEDGMENT FOR INDIVIDUALS

STATE OF OREGON  
COUNTY OF Klamath

ss:

The foregoing instrument was acknowledged before me this 28th day of December

19 94 by Michael A. Negrevsky (Name of persons acknowledging)



Roxana A. Chase  
Notary Public of and for the State of Oregon  
My Commission expires 3/17/97

### ACKNOWLEDGMENT FOR A PARTNERSHIP

STATE OF OREGON  
COUNTY OF

ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ a partnership.

19 \_\_\_\_ by \_\_\_\_\_ (Names of acknowledging partners) on behalf of \_\_\_\_\_ (Name of partnership)

[Notary Seal]

\_\_\_\_\_  
Notary Public of and for the State of Oregon  
My Commission expires \_\_\_\_\_

### ACKNOWLEDGMENT FOR A CORPORATION

STATE OF OREGON  
COUNTY OF

ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_

19 \_\_\_\_ by \_\_\_\_\_ (Name of Corporate Officer) \_\_\_\_\_ (Title of Corporate Officer)  
of \_\_\_\_\_ (Name of Corporation), a \_\_\_\_\_ (State of Incorporation) corporation, on behalf of the corporation.

[Notary Seal]

\_\_\_\_\_  
Notary Public of and for the State of Oregon  
My Commission expires \_\_\_\_\_

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Farmers Home Administration the 3rd day  
of Jan A.D. 19 95 at 1:48 o'clock P. M. and duly recorded in Vol. M95  
of Mortgages on Page 116  
Bernetha G. Letsch, County Clerk  
By William Mulensdore

FEE \$30.00

Return: Farmers Home Administration  
2455 Patterson #1  
Klamath Falls, Or. 97603