

THE MORTGAGOR

GREGORY R. SCHUSTER and SHEILA M. SCHUSTER, husband and

wife

together with the STATE OF OREGON, registered and sworn by the Director of Veterans' Affairs, pursuant to ORS 607.030, the following described real property located in the State of Oregon and County of Klamath

All of Lot "H" in Block 69 of NICKELS ADDITION to the City of Klamath Falls, and a 10 foot strip off the Southwesterly side of Lot "A" in said Block 69, said ten foot strip adjoining Lot "H" in the County of Klamath, State of Oregon.

together with the improvements, 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, venting, water and irrigating systems; sereas, doors, window shades and blinds, shutters, cabinets, built-ins, linoleums and floor coverings, built-in stoves, ovens, electric and gas cookstoves, refrigerators, freezers, dishwashers, and all fixtures now or hereafter installed in or on the premises; and any machinery, flora, or fauna now growing or hereafter planted or growing thereon; and any improvements 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 Seventeen Thousand and no/100----- Dollars

(\$ 17,000.00-----) and interest thereon, evidenced by the following promissory note:

I promise to pay to the STATE OF OREGON Seventeen Thousand and no/100----- Dollars (\$ 17,000.00-----), with interest from the date of initial disbursement by the State of Oregon, at the rate of 5.9----- percent per annum until such time as a different interest rate is established pursuant to ORS 41.072, 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:

\$121.00----- on or before November 15, 1978----- and \$121.00 on the 15th of each month----- thereafter, plus one-twelfth of----- the ad valorem taxes for each successive year on the premises secured by 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 balance, the remainder on the principal.

The due date of the last payment shall be on or before October 15, 1998-----.

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 provided by ORS 41.070 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 97601 Gregory R. Schuster
On this 11 day of Sept. 1978 Sheila M. Schuster

The mortgagor or subsequent owner shall pay all or any part of the loan at any time without penalty.

The mortgagor covenants that he owns the premises in fee simple, has good right to mortgage same, that the premises are free from encumbrances that he will keep paid and defend against all 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 pay all taxes and assessments on the premises.
- Not to permit the buildings to be damaged or deteriorated, nor to permit the removal or demolition of any buildings or improvements now or hereafter existing, nor to permit the same to be in need of repair, but to complete all construction within a reasonable time in accordance with any agreement in force between the parties hereto.
- Not to permit the cutting or removal of any timber, except for his own domestic use, not to commit or suffer any waste.
- Not to permit the use of the premises for any advertising or unlawful purpose.
- Not to permit any tax, assessment, lien, or encumbrance to exist at any time.
- Mortgagor is authorized to pay all real property taxes assessed against the premises and add same to the principal, each of the advances on the mortgage, as provided in the mortgage.
- To keep all buildings and improvements insured during the term of the mortgage, against loss by fire and such other hazards in such company or companies and on such an amount as shall be satisfactory to the mortgagee; to deposit with the mortgagee all such monies with mortgagee's attorney or agent on file with all monies; and such insurance shall be made payable to the mortgagee; monies shall be kept in force in the mortgagee in case of foreclosure until the period of redemption expires.

2. Mortgages shall be entitled to all charge, interest, 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;
10. 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; on all other respects this mortgage shall remain in full force and effect.
- 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.

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 on the application of the mortgagee to become immediately due and payable without notice and this mortgage subject to foreclosure.

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

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.

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.

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 407.014 to 407.019 and any subsequent amendments therein 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.

IN WITNESS WHEREOF, The mortgagors have set their hands and seals this 11 day of September, 1978

Gregory R. Schuster
Gregory R. Schuster

(Seal)

Sheila M. Schuster
Sheila M. Schuster

(Seal)

(Seal)

ACKNOWLEDGMENT

STATE OF OREGON,

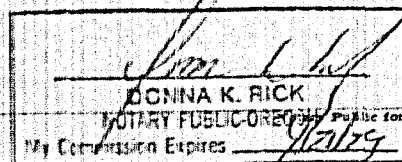
County of Klamath

Before me, a Notary Public, personally appeared the within named

Gregory R. Schuster

Sheila M. Schuster, his wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

WITNESSED by hand and official seal of the day and year last above written.



My Commission expires

MORTGAGE

M96359

FIGURE

TO Department of Veterans' Affairs

STATE OF OREGON,

County of KlamathI certify that this within was recorded and duly recorded by me as Klamath

County Records, Book of Mortgages.

No. 171 Page 20175 on the 13th day of September, 1978 by D. MILNE Klamath Clerk.

By Bernard Schuster Deputy.

Filed September 13, 1978 at 10:50 A.
Klamath Falls, Oregon

County Klamath

By Bernard Schuster Deputy.

(After recording returns to:
DEPARTMENT OF VETERANS' AFFAIRS
National Service Building
Salem, Oregon 97308

Fee \$6.00