($2,000.00) DOLLARS, plus 5% interest on the diminishing balance of the purchase price, and thereafter and on the 15th day of January of each year until the balance of the purchase price is fully paid, the vendees shall pay annual installments of ONE THOUSAND AND FIVE HUNDRED AND NO/100 ($1,500.00) DOLLARS, plus interest at 5% on the diminishing balance until this contract shall be fully paid. It is understood and agreed that interest to be paid on January 15, 1957, shall be computed from January 15, 1956, and that the same will be computed on TWELVE THOUSAND NINE HUNDRED AND NO/100 ($12,900.00) DOLLARS, until July 1, 1956, and upon the figure of TWELVE THOUSAND AND NO/100 ($12,000.00) DOLLARS, from July 1, to January 15, 1957.

ESCROW: The parties hereto will have the United States National Bank of Portland, Springfield Branch, Springfield, Oregon, act as the escrow agent for the parties to this contract. Said escrow agent shall accept and hold a copy of this contract, the warranty deed and title insurance policy, as hereinafter mentioned, and upon the closing of the escrow, deliver the said documents, except the contract, to the vendees or their assigns. Said escrow agent shall accept all of the installment payments called for herein, except the down payment and shall apply the same as follows:

1. The NINE HUNDRED AND NO/100 ($900.00) DOLLARS payment called for to be made on or before July 1, 1956, shall after the deduction of collection charges be disbursed and paid to the checking account of the vendors maintained in the U. S. National Bank of Portland, Eugene Branch, Eugene, Oregon.

2. There are presently two (2) existing mortgages encumbering the property upon which there is a total balance of NINE THOUSAND AND NO/100 ($9,000.00) DOLLARS, yet to be paid and D. N. CLEMENS is the holder of said mortgages and the escrow agent is instructed to pay from the payment made on January 15, 1957, TWO THOUSAND AND NO/100 ($2,000.00) DOLLARS plus 5% interest on NINE THOUSAND AND NO/100 ($9,000.00) DOLLARS, (said sum of $9,000.00 is the remaining balance yet to be paid on said mortgages and the amount of interest shall be computed on that sum for one year at the time of this particular payment); the balance of the money received by the escrow agent on January 15, 1957, shall be paid in after collection charges to the checking account of the vendors, maintained at the U. S. National Bank of Portland, Eugene Branch,

Eugene, Oregon. Thereafter the escrow agent shall apply the annual installment payments of ONE THOUSAND FIVE HUNDRED AND NO/100 ($1,500.00) DOLLARS as received, to the checking account of D. N. CLEMENS at the United States National Bank of Portland Klamath Falls, Oregon, until such time as the remaining balance due on said mortgages shall have been paid, it being understood and agreed that from the interest received at the time of said installment payments the escrow agent shall additionally apply to the checking account of D. N. CLEMENS a sum amounting to 5% interest on the unpaid balance of the said mortgages, and the balance of the interest received at the time of the annual installments called for under this contract shall be paid into the checking account of the vendors at the U. S. National Bank of Portland, Eugene Branch, Eugene, Oregon. At such time as said mortgages shall be satisfied the escrow agent shall thereafter apply the installments as received to the checking account of the vendors in the Eugene Branch bank and the escrow agent shall, out of the last payment, withhold sufficient sums with which to affix the Federal Revenue Stamps as required by law to the Warranty Deed herein mentioned.

TITLE INSURANCE: The vendors agree to promptly obtain a policy of title insurance for the vendees, insuring the title of the property sold by this contract in the principal sum to agree with the price setforth herein as the purchase price. Said policy shall be placed with the escrow agent, and in the event a defect in the title might appear at the time of ordering said policy, the vendors shall have a reasonable time to correct the said defect.

TAXES: The 1955-56 taxes of said property have been paid by the vendors and any equity remaining therein is transferred to the vendees and all taxes assessed or becoming payable from July 1, 1956 forward shall be paid by the vendees promptly as they become due and before they shall become delinquent.

WARRANTY DEED: The vendors agree to forthwith execute their Warranty Deed to the vendees, which will convey the property herein described free and clear of encumbrances upon the conclusion of this contract, and said Warranty Deed shall be placed with the escrow agent along with the other documents mentioned herein.

WAIVER: No waiver of any term, covenant or condition of this agreement shall act