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C O N T R A C T

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THIS CONTRACT, made this 19th day of August, 1968,
between ANTHONY D'ANDREA and ROSE D'ANDREA, husband and wife,
hereinafter called "Seller" and GEORGE MACHINSKY and MARGARET L.
MACHINSKY, husband and wife, hereinafter called "Buyer";

W I T N E S S E T H:

That in consideration of the stipulations herein
contained and the payments to be made as hereinafter specified,
the Seller hereby agrees to sell to the Buyer and the Buyer
hereby agrees to purchase from the Seller the following described
real property, situate in the County of Klamath, State of Oregon,
to-wit:

The NW1/4 of Section 22, Township 16, South
Range 11, East of the Willamette Meridian,

for the total sum of Thirty-Eight Thousand Five Hundred and
No/100ths (\$38,500.00) Dollars, Five Thousand and No/100ths
(\$5,000.00) Dollars of which Seller acknowledges receipt of from
Buyer. In addition hereto Buyer hereby assumes and promises
to pay a mortgage against said real property in the sum of
Thirteen Thousand Forty Dollars and Thirty-three cents
(\$13,040.33) with interest thereon at the rate of six (6) per
cent per annum from May 1, 1968 until paid. Said mortgage bears
the date July 19, 1968, and Sellers herein are mortgagors there-
under and ERNEST GRAVES and CLARA V. GRAVES, husband and wife,
are mortgagees thereunder and said mortgage was recorded July 31,
1968 in M-58 at page 6940 of the mortgage records of Klamath
County, Oregon. Said mortgage requires annual payments be made
November 1st of each year including the year 1968 in the sum
of Fifteen Hundred and No/100ths (\$1,500.00) Dollars, and same
are payable through the FIRST FEDERAL SAVINGS AND LOAN ASSOCI-
ATION of Klamath Falls, Oregon. It is understood and agreed that
Buyer herein will make said mortgage payments and, in addition
thereto, will pay to Seller interest at the rate of 6.6 per cent
per annum from May 1, 1968 on the balance due Seller, same being

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the sum of Twenty Thousand Four Hundred Fifty Nine and Sixty-seven cents (\$20,459.67). Said interest payment shall be paid to Seller monthly commencing September 1, 1968 with a like payment to be made on the first day of each month thereafter and continuing until said mortgage has been fully paid. When said mortgage has been fully paid, Buyer will pay to Seller the sum of Twenty Thousand Four Hundred Fifty Nine and Sixty-seven cents (\$20,459.67) with interest thereon at the rate of 6.6 per cent per annum, in monthly payments of \$138.31 commencing one month after the last of said mortgage payments have been paid, and continuing until said sum with interest thereon has been fully paid to Seller. It is further understood and agreed by and between Buyer and Seller that Buyer may pay the balance due Seller at any time without penalty for such accelerated payment.

The Buyer shall be entitled to possession of said lands on May 1, 1968, and may retain such possession so long as he is not in default under the terms of this Contract. The Buyer agrees that at all times he will keep the buildings on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said premises free from mechanic's and all other liens and save the Seller harmless therefrom and reimburse Seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due; that at Buyer's expense, he will insure and keep insured all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount not less than \$10,000.00 in a company or companies satisfactory to the Seller, with loss payable first to the Seller and then to the Buyer as their respective interests may appear and all policies of insurance

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to be delivered to the Seller as soon as insured. Now if the Buyer shall fail to pay any such liens, costs, water rents, taxes or charges or to procure and pay for such insurance, the Seller may do so and any payment so made shall be added to and become a part of the debt secured by this Contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the Seller for Buyer's breach of Contract.

The Seller agrees that at his expense and within 30 days from the date hereof, he will furnish unto Buyer a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the Seller on or subsequent to the date of this Contract, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any. Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this Contract, he will deliver a good and sufficient deed conveying said premises in fee simple unto the Buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under Seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by the Buyer and further excepting all liens and encumbrances created by the Buyer or his assigns.

And it is understood and agreed between said parties that time is of the essence of this Contract, and in case the Buyer shall fail to make the payments above required, or any of them, punctually within ten (10) days of the time limited therefor, or fail to keep any agreement herein contained, then the Seller at his option shall have the following rights: (1) to declare this Contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest

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thereon at once due and payable and/or (3) to foreclose this Contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the Buyer as against the Seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the Buyer hereunder shall revert to and reinvest in said Seller without any act of re-entry, or any other act of said Seller to be performed and without any right of the Buyer of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and perfectly as if this Contract and such payments had never been made; and in case of such default all payments theretofore made on this Contract are to be retained by and belong to said Seller as the agreed and reasonable rent of said premises up to the time of such default. And the said Seller, in case of such default, shall have the right immediately or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

The Buyer further agrees that failure by the Seller at any time to require performance by the Buyer of any provision hereof shall in no way effect his right hereunder to enforce the same, nor shall any waiver by said Seller or any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$38,500.00.

Buyer shall, at least once each year on or after date of this Contract, notify Seller in writing of the amount of payments made on said mortgage and the applications of said payments to principal and interest and will further supply

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evidence to Seller that Buyer has paid the taxes on the property hereby sold and has paid the premium for the fire insurance coverage on the buildings that are a part of this sale.

In case suit or action is instituted to foreclose this Contract or to enforce any of the provisions hereof, the Buyer agrees to pay such sum as the Court may adjudge reasonable as attorney's fees to be allowed Plaintiff in said suit or action and if an appeal is taken from any judgment or decree of the trial Court, the Buyer further promises to pay such sum as the appellate Court shall adjudge reasonable as Plaintiff's attorney's fees on such appeal.

In construing this Contract, it is understood that the Seller or the Buyer may be more than one person; that if the Contract and context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to all individuals.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals in duplicate on this, the date first above written.

Anthony D'Andrea (SEAL)
ANTHONY D'ANDREA

Rose D'Andrea (SEAL)
ROSE D'ANDREA

George Machinsky (SEAL)
GEORGE MACHINSKY

Margaret L. Machinsky (SEAL)
MARGARET L. MACHINSKY

STATE OF OREGON)
County of Klamath) ss.

On this 10th day of Sept, 1968, before me, the undersigned, a Notary Public in and for said County and State,

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personally appeared the within named GEORGE MACHINSKY and
MARGARET L. MACHINSKY, husband and wife, who are known to me
to be the identical individuals described in and who executed
the within instrument, and acknowledged to me that they executed
the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand
and affixed my official seal the day and year last above written.

William D. Grech
NOTARY PUBLIC FOR OREGON
My Commission Expires: 11/25/68

STATE OF CALIFORNIA)
County of San Mateo) ss.

On this 20th day of August, 1968 before me, the
undersigned, a Notary Public in and for said County and State
personally appeared the within named ANTHONY D'ANDREA and
ROSE D'ANDREA, husband and wife, who are known to me to be
the identical individuals described in and who executed the
within instrument, and acknowledged to me that they executed
the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand
and affixed my official seal the day and year last above written.

Arthur Taylor
NOTARY PUBLIC OF THE STATE OF
CALIFORNIA
MY COMMISSION EXPIRES OCTOBER 20, 1969

My Commission expires: _____

STATE OF OREGON, COUNTY OF KLAMATH; ss.

Filed for record at request of *Transamerica Life Ins. Co.*

this 12 day of Sept A. D. 1968 at 3:45 clock P.M., and

duly recorded in Vol. M68, of Reeds on Page 8190.

See 9^{ce}

DOROTHY ROGERS, County Clerk
By *Louise M. Knutson*