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CONTRACT OF SALE

Vol. 117 Page 13686

THIS AGREEMENT, made this 5th day of November, 1971, by and between
BARBARA P. RUZICKA, a single person, hereinafter called Vendor, and JULIO
GONZALES and JOANNE GONZALES, husband and wife, hereinafter called Purchasers:

WITNESSETH:

Vendor agrees to sell to Purchasers and Purchasers agree to purchase that
certain land, and all improvements thereon, situated in Klamath County, State of
Oregon, described as follows:

Tract 112 of PLEASANT HOME TRACTS #2 in Klamath
County, Oregon.

CONSIDERATION AND MANNER OF PAYMENT:

The purchase price of the property, which Purchasers agree to pay, shall be
the sum of Twelve Thousand Five Hundred Dollars (\$12,500.00). The sum of Two
Hundred Dollars (\$200.00) has been paid prior to the execution of this contract. The
balance of Twelve Thousand Three Hundred Dollars (\$12,300.00) shall be paid in
monthly installments of not less than One Hundred Ten Dollars (\$110.00) per month,
including interest, taxes and insurance. Interest shall be at the rate of seven (7)
per cent per annum on the unpaid balances, the first of such installments to be paid
on the first (1st) day of November, 1971, and subsequent installments to be paid on
or before the first (1st) day of each and every month thereafter until paid in full.
The monthly payment of One Hundred Ten Dollars (\$110.00) includes taxes at the
present rate, however, should there be an increase in the tax rate, the monthly
installment payments are to be increased by an equal amount. The interest on all
unpaid balances shall commence from the date of execution of this contract.

PREPAYMENT PRIVILEGES:

Purchasers shall have the privilege of increasing any monthly payment or
prepaying the whole consideration at any time; provided that no additional payment
shall be credited as regular future payments nor excuse the Purchasers from making
the regular monthly payments provided for in this agreement.

TAXES:

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The Vendor has paid the taxes on the real property for the period ending June 30, 1971, and all prior taxes, liens and assessments of any kind or nature. It is hereby agreed that the Vendor shall continue to pay the taxes levied and assessed against the said real property, subsequent to the first day of July, 1971, until the purchase price herein provided to be paid and all other sums owing hereunder by the Purchasers to the Vendor, shall have been paid in full. All sums hereafter paid by the Vendor on account of such taxes, assessments and public charges shall be added to the purchase price provided to be paid by the Purchasers to the Vendor and shall bear interest at the aforesaid rate of seven (7) per cent per annum from the date of payment thereof by the Vendor. In the event the Vendor shall fail, refuse or neglect to pay said taxes, assessments and/or public charges promptly and before they become delinquent, the Purchasers shall have the privilege of making such payments.

POSSESSION DATE:

Purchasers shall be entitled to possession of said premises from the date of the execution of this contract. Purchasers shall retain such possession as long as they are not in default under the terms of this contract.

MORTGAGE:

At the present time the property is encumbered by a mortgage given by Vendor to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION of Klamath Falls, Oregon, dated August 7, 1959 and recorded August 10, 1959, Vol. 192, Page 15, Mortgage Records for Klamath County, Oregon, to secure a note in the sum of \$9,650.00. The Vendor warrants that said mortgage is not in default as of the date of this contract; that she will pay the indebtedness secured thereby in accordance with the terms and provisions; and that she will save the Purchasers harmless on account of such indebtedness. The Vendor further covenants and agrees that upon payment of the full purchase price required to be paid hereunder, she will execute and deliver to the Purchasers a good and sufficient deed to the premises herein described, free and clear of all liens and encumbrances, including said mortgage.

IMPROVEMENTS, ALTERATIONS AND REPAIRS:

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Purchasers agree that all improvements now located or which shall hereafter be placed on the premises, shall remain a part of the real property and shall not be removed at any time prior to the expiration of this agreement without the written consent of Vendor. Purchasers shall not commit or suffer any waste of the property, or any improvements thereon, or alterations thereof, and shall maintain the property and all improvements thereon, and all alterations thereof in good condition and repair. Purchasers covenant that they will also keep the land and the buildings and improvements thereon at all times free from mechanics-materialmans and other liens.

In the Event of the failure of the Purchasers to keep such buildings and improvements free from mechanics-materialmans or other liens, or failure to pay when due, any amounts required to be paid hereunder, except installments payments, the Vendor may, at her option, pay such mechanics-materialmans or other liens, or any other amounts required to be paid hereunder, and any such payments which may be made by the Vendor shall be added to the purchase price hereunder and bear interest from the date of payment until repaid at the rate of seven (7) per cent per annum, and shall be due and payable on the next regular payment the date thereafter. Any such payment made by the Vendor shall not constitute a waiver of the default on the part of the Purchasers.

TITLE INSURANCE:

Upon payment of the entire purchase price for the property, as provided herein, and performance by Purchasers of all of the terms, conditions and provisions hereof, Vendor shall deliver an Owner's Title Insurance Policy insuring Purchasers that they have a marketable title, free and clear of liens and encumbrances, excepting matters contained in the usual printed exceptions in such title insurance policies, easements, conditions and restrictions of record, liens and encumbrances herein specified, if any, and liens and encumbrances placed upon the property or suffered by Purchasers subsequent to the date of this contract.

DEFAULT PROVISIONS:

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In the event that Purchasers shall fail to perform any of the terms of this agreement, time of payment and performance being of the essence, Vendor shall, at her option, subject to the requirements of notice as herein provided, have the following rights:

- (a) To foreclose this contract by strict foreclosure in equity.
- (b) To declare the full unpaid balance of the purchase price immediately due and payable.
- (c) To specifically enforce the terms of this agreement by suit in equity.
- (d) To declare this agreement null and void as of the date of the breach and to retain as liquidated damages the amount of the payment theretofore made upon said premises. Under this option all of the right, title and interest of Purchasers shall revert and re-vest in Vendor without any act of re-entry or without any other act by Vendor to be performed, and Purchasers agree to peaceably surrender the premises to Vendor, or in default thereof Purchasers may, at the option of Vendor, be treated as a tenant holding over unlawfully after the expiration of a lease and may be ousted and removed as such.

Purchasers shall not be deemed to be in default for failure to perform any covenant or condition of this contract, other than the failure to make payments as provided for herein, until notice of said default has been given by Vendor to Purchasers and Purchasers shall have failed to remedy said default within thirty days after the giving of the notice. Notice for this purpose shall be deemed to have been given by the deposit in the mails of a certified letter containing said notice and addressed to Purchasers at 5201 Miller Avenue, Klamath Falls, Oregon.

If Purchasers shall fail to make payments as hereinabove provided and said failure shall continue for more than thirty days after the payment becomes due, Purchasers shall be deemed in default and Vendor shall not be obligated to give notice to Purchasers of a declaration of said default.

TIME, PLACE AND MANNER OF PAYMENT:

It is understood that time is of the essence of this contract. All payments to be made under the terms and provisions hereof shall be paid by the Purchasers to Vendor at P. O. Box 361, Dallas, Oregon 97338.

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ASSIGNMENTS:

Purchasers shall not assign this agreement, their rights thereunder or in the property covered thereby without the written consent of Vendor, however, such consent shall not be arbitrarily withheld.

WAIVER:

Failure by Vendor at any time to require performance by Purchasers of any of the provisions hereof shall in no way affect Vendor's rights hereunder to enforce the same, nor shall any waiver by the Vendor of any breach hereof be held to be a waiver of any succeeding breach, or a waiver of this non-waiver clause.

SUCCESSOR INTERESTS:

The covenants, conditions and terms of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, administrators, executors and assigns of the parties hereto.

REPRESENTATIONS:

The Purchasers certify that this contract of purchase is accepted and executed on the basis of their own examination and personal knowledge of the premises and opinion of the value thereof; that no attempt has been made to influence their judgement, no representations as to the condition or repair of said premises have been made by the Vendor or by any agent of the Vendor; that no agreement or promise to alter, repair, or improve said premises has been made by the Vendor or by any agent of the Vendor; that Purchasers take said property and the improvements thereon in the condition existing at the time of this contract.

ATTORNEY'S FEES:

The parties agree that in the event of suit or action between the parties to enforce this contract, or any covenant or provision herein contained, in case this contract or any interest connected therewith is drawn into any of the Purchasers' or Vendor's litigation so that it is necessary or advisable for the Vendor or the Purchasers to appear

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to defend or protect their rights thereunder, then in any of such events, the Court having jurisdiction over such cause, may allow the prevailing party judgment against the other for a reasonable amount of attorney's fees, including an appeal to the Oregon Court of Appeals or the Oregon Supreme Court, in addition to costs and disbursements incurred therein.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed on the day and year first above written.

VENDOR:

PURCHASERS:

Barbara P. Ruzicka

Julio Gonzales

Joanne Gonzales

STATE OF OREGON)

County of Polk) ss.

On the 1 day of November, 1971, personally appeared before me, a Notary Public for the State of Oregon, Barbara P. Ruzicka and acknowledged the foregoing instrument to be her voluntary act and deed.

Timothy H. Bricker
NOTARY PUBLIC FOR OREGON
My Commission Expires:

STATE OF OREGON)

County of Klamath) ss.

On the 5th day of November, 1971, personally appeared before me, a Notary Public for the State of Oregon, Julio Gonzales and Joanne Gonzales and acknowledged the foregoing instrument to be their voluntary act and deed.

Donald V. Brown
NOTARY PUBLIC FOR OREGON
My Commission Expires: 11-17-74

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Joanne Gonzales

this 30th day of December A. D., 1971 at 4:06 o'clock P M., and duly recorded in Vol. M71 of Deeds on Page 13686

Fee \$9.00

WM. D. MILNE, County Clerk

By Caroline [Signature]