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CONTRACT OF SALE

THIS AGREEMENT, made this 30th day of November, 1971, between RICHARD J. SMITH, hereinafter called the Seller and EVERETT L. LEACH and WAYNE M. COLE, hereinafter called the Buyers.

WITNESSETH:

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

(See Exhibit "A" attached hereto)

for the sum of TWO HUNDRED THIRTY SIX THOUSAND SIX HUNDRED THIRTY TWO AND 00/100 (\$236,632.00) DOLLARS, on the account of which TWENTY THOUSAND AND 00/100 (\$20,000.00) DOLLARS has been paid, the receipt of which is hereby acknowledged, and the remaining TWO HUNDRED SIXTEEN THOUSAND SIX HUNDRED THIRTY TWO AND 00/100 (\$216,632.00) DOLLARS to be paid by the assumption that certain contract of sale entered into on the 9th day of June, 1969, by and between WILLIAM M. GRAY and GLADYS M. GRAY, husband and wife, as sellers, and RICHARD J. SMITH, as buyer, the balance due and owing of \$ 39,119.52; by the assumption that certain mortgage by and between JOE H. WRIGHT and WILMA G. WRIGHT, husband and wife, as mortgagees, and RICHARD J. SMITH as mortgagor and the balance due and owing on said mortgage of the sum of \$ 45,590.00; by the assumption of that Contract of Sale entered into on the 31st day of May, 1963, by and between HELEN G. WARREN as seller and RICHARD J. SMITH and SHIRLEY R. SMITH as buyers, the balance due and owing of \$ 15,977.58; \$ 115,945.90 shall be paid in quarterly payments of \$4,000.00 each, including

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*B. Wright
for
Hatch
Co.*

1 principal and interest at the rate of 6 1/2 percent per annum on
2 the unpaid balance; ^{from November 1, 1971} the first of such quarterly payments to be due
3 on June 1, 1972. Provided, however, that toward such quarterly
4 payments buyers may request release of real property described
5 by this agreement upon the payment to seller the sum of \$750.00
6 per acre, upon said payment Seller shall release to Buyers the
7 requested parcel of Real property, and the accumulation of said
8 release request and payments shall apply to the payment of the
9 quarterly payments.

10 Seller is to have possession of the premises through and
11 including November 30, 1971, and shall be responsible for all pay-
12 ments owing to Wright, Gray and Warren during 1971. It being ex-
13 pressly understood that from and after January 1, 1972, Buyers
14 shall be responsible for said payments and shall assume the
15 obligation thereunder. As consideration for the making of said
16 payments during 1971, Seller is to have the agricultural use of
17 said premises, during 1971, together with the use of the resi-
18 dences situated on said premises. As further consideration, Seller
19 shall have the use of the premises for the storage of hay until
20 June 1, 1972.

21 No personal property passes as part of this sale.

22 From and after December 1, 1971, Buyers shall have the
23 right to possession of said premises, provided, however, that
24 Seller may continue to store hay and feed livestock on said premises
25 to and including April 30, 1972.

26 Seller warrants and represents to the Buyers that he is
27 lawfully seized in fee simple of the above premises free from all
28 encumbrances.

29 Seller specifically warrants and covenants that Buyers
30 shall be entitled to peaceful and uninterrupted possession of the
31 above described premises so long as the buyers comply with their
32 obligations under this contract.

CONTRACT OF SALE

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1 It is understood and agreed between the parties hereto
2 that should there be any contracts, mortgages, liens, judgments,
3 or other encumbrances outstanding which Seller has entered into
4 or incurred during or prior to this contract, Buyers shall have the
5 right upon default by Seller in payment thereof to make such pay-
6 ments and to apply the payments as part payment on this contract.

7 It is agreed between the parties that all the taxes, if
8 any, shall be prorated as of the 30th day of November, 1971, save
9 and excepting water taxes for 1971-72, which shall be the respon-
10 sibility of purchaser.

11 It is further agreed that all the buildings now erected
12 on said premises will be kept insured by the Buyers in favor of
13 the Seller against loss or damage by fire in an amount equal to
14 the full insurable value of the improvements located upon the afore-
15 mentioned premises in a company or companies satisfactory to the
16 Seller, and the Buyers will have all policies of insurance on the
17 said property made payable to the Seller as his interest may
18 appear; and the Buyers will deliver all policies of insurance on
19 said premises to the Seller as soon as insured.

20 The Buyers in consideration of the premises, hereby agree
21 that they will pay for all public and municipal liens which may
22 hereafter lawfully be imposed upon said premises, promptly and
23 before the same or any part thereof becomes past due. In the event
24 the Buyers shall allow the taxes or other assessments upon the
25 said property to become delinquent or shall fail to remove any
26 lien or liens imposed upon said property, the Seller without
27 obligation to do so, shall have the right to pay the amount due and
28 to add said amount so paid to the principal remaining due under
29 this contract, to bear interest thereon at the rate provided
30 herein.

31 CONTRACT OF SALE

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1 All improvements placed on the premises shall remain
2 and shall not be removed before final payment is made for the said
3 above described premises.

4 It is agreed between the parties hereto that upon the
5 execution hereof the seller will furnish to the purchaser a
6 purchaser's policy of title insurance showing good and merchantable
7 title in the Seller as of the date of this contract.

8 Contemporaneously herewith, the seller has executed a
9 good and sufficient warranty deed conveying the hereinafter de-
10 scribed real estate in fee simple unto the Buyers, their heirs and
11 assigns free and clear of encumbrances as of the date hereof,
12 excepting easements, restrictions and other encumbrances described
13 herein and has placed said deed together with an executed copy
14 of this contract, together with the title insurance policy mentioned
15 above, in escrow with _____

16 _____, escrow agent, with in-
17 structions to deliver said deed to the order of the Buyers, their
18 heirs and assigns upon the payment of the purchase price and full
19 compliance by the buyers with the terms of this agreement. The
20 Buyers agree to pay the balance of said purchase price and the
21 respective installments thereof, promptly at the times provided
22 therefore, to the said escrow agent for the use and benefit of
23 the Seller. The escrow fee of the escrow agent shall be paid by
24 the _____

25 _____; the collection charges of said agent
26 shall be paid by the _____.

27 In case the Buyers or their legal representatives or
28 assigns shall pay the several sums of money aforesaid punctually
29 and at the times above specified, and shall strictly and liter-
30 ally perform all and singular the agreements and stipulations
31 aforesaid, according to the true intent and tenor thereof, then the

32 CONTRACT OF SALE

1 Seller shall give unto the Buyers, their heirs or assigns, upon
2 request, at Klamath County, Oregon, a good and sufficient warranty
3 deed of conveyance, conveying said premises in fee simple, free
4 and clear of encumbrances as of the date of this contract.

5 In the event that Buyers shall fail to perform any of
6 the terms of this agreement, time of payment and performance being
7 of the essence, Seller shall, at his option, subject to the require-
8 ments of notice as herein provided, have the following rights:

9 a) To foreclose this contract by strict foreclosure in
10 equity.

11 b) To declare the full unpaid balance of the purchase
12 price immediately due and payable.

13 c) To specifically enforce the terms of this agreement
14 by suit in equity.

15 d) To declare this agreement null and void as of the
16 date of the breach and to retain as liquidated damages the amount
17 of the payment having theretofore been made upon said premises.
18 Under this option all of the right, title and interest of the
19 Buyers shall revert and revest in Seller without any act of re-
20 entry or without any other act by Seller to be performed, and Buyers
21 agree to peaceably surrender the premises to Seller, or in default
22 thereof Buyers may, at the option of the Seller, be treated as a
23 tenant holding over unlawfully after the expiration of a lease
24 and may be ousted and removed as such.

25 Purchaser shall not be deemed in default for failure to
26 perform any covenant or condition of this contract other than the
27 failure to make payments as provided for herein, until notice of
28 said default has been given by Seller to Buyers and Buyers shall
29 have failed to remedy said default within 15 days after the giving
30 of the notice. Notice for this purpose shall be deemed to have
31 been given by the deposit in the mails of a certified letter con-
32 CONTRACT OF SALE

1 taining said notice and address to Buyers at their address, to-wit:

2 210 Leach Drive, Midland Oregon

3 In case suit or action is instituted to enforce any of
4 the provisions of this contract, the prevailing party shall be
5 entitled to such sums as the Court may adjudge reasonable as
6 attorney fees in said suit or action, in addition to costs and
7 disbursements provided by statute.

8 The Buyers further agree that failure by the Seller at
9 any time to require performance by the Buyers of any provision
10 that is contained herein shall in no way affect the Seller's right
11 hereunder to enforce the same, nor shall any waiver by said
12 Seller of the breach of any provision hereof be held to be a waiver
13 of any succeeding breach of any provision, or as a waiver of the
14 provision itself.

15 Buyer shall have the privilege of prepaying the consider-
16 ations in whole or in part at any time provided, however, that no
17 prepayment shall be made prior to the 10th day of June
18 1972.

19 Buyers certify that this contract of purchase is accepted
20 and executed on the basis of their own examination and personal
21 knowledge of the premises and opinion of the value thereof; that
22 no attempt has been made to influence his judgment; that no
23 representations as to the condition or repair of said premises
24 have been made by Seller or by any agent of Seller; that no
25 agreement or promise to alter, repair, or improve said premises
26 has been made by the Seller or by any agent of the Seller; and that
27 the Buyers take said property and the improvements thereon in the
28 condition existing at the time of this agreement.

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31 CONTRACT OF SALE

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1 It is understood and agreed by and between the parties
 2 hereto, that this contract may be assigned to a corporation sub-
 3 sequently organized by the purchaser or to others at the discre-
 4 tion of the purchaser, provided, however, that in the event of
 5 assignment to a corporation the individuals of said corporation
 6 who own common stock must at the time of the assignment assume
 7 personal responsibility for the performance of the contract required
 8 of the Buyers herein. This assumption and responsibility shall also
 9 be made in the event of an assignment to individuals. These
 10 assumptions and responsibilities shall be in addition to and not
 11 as a substitute for the performance required by the purchaser.

12 IN WITNESS WHEREOF, the said parties have hereunto set
 13 their hands in duplicate the day and year first above written.

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SELLER (SEAL)

BUYER (SEAL)

BUYER (SEAL)

STATE OF OREGON)
 County of Klamath) ss.

November 30, 1971

Personally appeared the above named RICHARD J. SMITH,
 EVERETT L. LEACH and WAYNE M. COLE and acknowledged the foregoing
 instrument to be their voluntary act and deed.

Before Me:

NOTARY PUBLIC FOR OREGON
 My Commission Expires: 3/15/74

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EXHIBIT "A"

PARCEL I: SW 1/4 NE 1/4 and NW 1/4 NE 1/4 of Section 28, Township 39 South, Range 9 East of the Willamette Meridian. All that portion of the SE 1/4 NE 1/4 lying Westerly of the East Lateral in Section 28, Township 39 South, Range 9 East of the Willamette Meridian.

SUBJECT TO: Acreage and use limitations under provisions of the United States Statutes and regulations issued thereunder. Liens and assessments of Klamath Project and Klamath Irrigation District, and regulations, contracts, easements and water and irrigation rights, in connection therewith; All contracts, water rights, proceedings, taxes and assessments relating to the Klamath Basin Improvement District, and all rights of way for roads, ditches, canals, and conduits, if any there may be; Rights of the public in and to any portion of said premises lying within the limits of roads and highways; The inchoat dower or courtesy interest of the spouses of the vestees, if they are married; Easements created by instrument, including the terms and provisions thereof, dated April 15, 1935, recorded May 17, 1935, in Book 104, page 550, Deed Records, in favor of the California Oregon Power Co., for electric power facilities; Agreement, including the terms and provisions thereof, between Leona E. Dutton, et vir, and United States of America, dated December 18, 1935, recorded January 14, 1936, in Volume 105 at page 530, Deed Records of Klamath County, Oregon; Easement created by instrument, including the terms and provisions thereof, dated May 17, 1946, recorded May 27, 1946, in Book 189, page 367, Deed Records, in favor of the California Oregon Power Co., for electric power facilities; Mortgage, including the terms and provisions thereof, executed by Joe H. Wright and Wilma G. Wright, husband and wife, to J. C. Wright and Mae A. Wright, his wife, dated December 20, 1956, recorded December 26, 1956, in Volume 174 at page 532, Mortgage Records of Klamath County, Oregon, given to secure payment of \$14,000.00, as evidenced by a note of even date, which mortgage grantee does not assume and grantors agree to pay according to the terms thereof and hold grantee harmless therefrom.

PARCEL II: A portion of the Northeast 1/4 of Southwest 1/4 of Section 21, Township 39 South, Range 9 East of the Willamette Meridian, more particularly described as follows: Beginning at the Northeast corner of said Northeast 1/4 of Southwest 1/4 of said Section 21; thence South, along the East boundary of said Northeast 1/4 of Southwest 1/4, 1100.0 feet, more or less, to the Easterly boundary of the C-4-e-1 lateral of the U.S.B.R.; thence North 12° 16' West, along the East boundary of said lateral, 1140 feet, more or less, to the North boundary of said Northeast 1/4 of Southwest 1/4; thence East, 243.2 feet, more or less, to the point of beginning, being all of that portion of the Northeast 1/4 of SW 1/4 Section 21, Township 39 South, Range 9 East of the Willamette Meridian, lying East of said lateral. All of that portion of the SE 1/4 NW 1/4 of Section 21, Township 39 South, Range 9 East of the Willamette Meridian lying Easterly from a boundary line which begins at a point in the Northerly boundary of the said SE 1/4 NW 1/4 of Section 21, from which the Northwesterly corner of the SW 1/4 NW 1/4 of said Section 21 bears South 88° 50 1/2' West, 2205.0 feet distant; and running thence South 0° 10' West, 560 feet, more or less, to a point in the line marking the Northeasterly boundary of the right of way of lateral C4E1 of the U.S.R.S. Klamath Project, as conveyed by deed recorded in Book 46 at Page 30, Klamath

EXHIBIT "A"

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County Deed Records; thence following said Northeasterly right of way boundary line Southeasterly to its intersection with the Southerly boundary of the said SE 1/4 NW 1/4 of said Section 21, saving and excepting therefrom any portion of the right of way of the Lost River Diversion Canal of the U.S. R.S. Klamath Project, as conveyed to the United States Government by deed recorded in Book 23 at page 629 and book 39 at page 505, Klamath County Deed records and by Contract I 8r-386 by and between Ed Sutton, Chas. H. Rogers, et al, and the United States Government on file in the office of the U.S.R.S. in Klamath Falls, Oregon; and all those portions of the SW 1/4 NE 1/4, and the W 1/2 SE 1/4 of said Section 21, Township 39 South of Range 9 East of the Willamette Meridian which lies Southwesterly from the Southwesterly right of way line of the Lost River Diversion Canal of the U.S.R.S. Klamath Project as conveyed to the United States Government by deed recorded in Book 34, page 629 and Book 39, page 505, Klamath County Deed Records and by Contract I 8r-386 by and between Ed Sutton, Chas. H. Rogers, et al, and the United States Government on file in the office of the U.S.R.S. in Klamath Falls, Oregon, saving and excepting therefrom any and all portions of the right of way of Lateral C4E1 of the U.S.R.S. Klamath Project as conveyed to the United States Government by deed recorded in Book 25 at page 221 Klamath County Deed Records, more or less, EXCEPTING from the above described property that portion contained in right of way of Lost River Diversion Channel as described in Deed Volume 246 page 68, records of Klamath County, Oregon.

SUBJECT TO: Acreage and use limitations under provisions of the United States Statutes and regulations issued thereunder. Liens and assessments of Klamath Project and Klamath Irrigation District, and regulations, contracts, easements, and water and irrigation rights in connection therewith; Rights of the public in and to any portion of said premises lying within the limits of roads and highways; Right of way easements, including the terms and provisions thereof, for transmission and electric lines, granted to Pacific Power and Light Company, by conveyances recorded in Volume 54 at page 431 and Volume 154 at page 416; Mortgage, including the terms and provisions thereof, dated February 26, 1965 recorded March 4, 1965, in Mortgage Volume 229 at page 88, given to secure the payment of \$15,500.00 with interest thereon and such future advances as may be provided therein, executed by William M. Gray and Retha B. Gray, husband and wife, to the Federal Land Bank of Spokane, a corporation.

PARCEL III: NE 1/4, NW 1/4 of NW 1/4, and the SE 1/4 of NW 1/4 of Section 28, Township 39 South, Range 9 East Willamette Meridian, excepting any easements for roadways:

SUBJECT TO: Contract and/or lien for irrigation and/or drainage, easements and rights of way of record and those apparent on the land, pumping contract between United States of America and Nellie E. Shulmire, Contractor and Erwin A. Shulmire, Contractor, recorded July 30, 1928 in Vol. 82, page 90, Klamath County Deed Records, and to Pumping contract between the United States of America and Julian R. Abbott and Alice T. Abbott, husband and wife, Contractor, dated April 3, 1943, and recorded April 6, 1943, in Vol. 154, page 259, Klamath County Deed Records, and subject to mortgage executed by Greer F. Drew et al to Julian R. Abbott and Alice T. Abbott, husband and wife, dated July 20, 1951, recorded July 24, 1951, in Vol. 140, page 332, of Klamath County Mortgage records, which mortgage was thereafter assumed by Roland T. Warren and Helen G. Warren, husband and wife, by instrument dated May 7, 1956, and recorded Vol. 283, page 104, Deed Records of Klamath County, Oregon, on May 11, 1956;

EXHIBIT "A"

1 and subject to mortgage executed by Everett Leach and Wayne M.
2 Cole to Judy Y. Smith, dated the 15th day of July, 1971, recorded
3 the 19th day of July, 1971, in Volume M71, Page 7511 of Klamath
4 County Mortgage Records.
5

6 STATE OF OREGON }
7 County of Klamath } ss.

8 Filed for record at request of:

9 BEDDOE, HENDERSON & HAMILTON
10 on this 11th day of APRIL A. D., 19 72
11 at 1:38 o'clock P.M. and duly
12 recorded in Vol. M. 72 of DEEDS
13 Page 3774

14 WM. D. MILNE, County Clerk

15 By Ida J. Dwyer
16 Fee \$20.00 Deputy.

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32 EXHIBIT "A"

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Beddoe, Henderson, & Hamilton
296 Main St.