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CONTRACT OF SALE

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THIS AGREEMENT, made and entered into this 31 day of October, 1975, by and between ROLFE P. LUNGREN and FLORENCE M. LUNGREN, husband and wife, hereinafter referred to as Sellers, and KENNETH E. OTT and KATHERINE C. OTT, husband and wife, herein-after referred to as Purchasers.

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WITNESSETH:

PROPERTY: Sellers agree to sell, transfer and convey unto Purchasers, and Purchasers agree to buy, purchase and accept all that real property described as follows:

Lots 8B, 8C, 8D, 9A, 9B, 9C and 9D, all in Block 5, RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, Klamath County, Oregon.

Subject, however, to the following:

1. Reservations, including the terms and provisions thereof, as set forth in the following deeds from the Klamath Development Company: To W. D. Stewart, dated June 27, 1913, recorded July 28, 1913 in Book 39 at page 484. (Lot 9B) to J. E. O'Mara, dated June 27, 1913 recorded July 28, 1913 in Book 39 at page 485. (Lot 9A) To T. J. Gibson dated August 18, 1913, recorded September 29, 1913 in Book 41 at page 31. (Lots 9C & 9D) To F. B. Kliensorge, dated July 10, 1913, recorded November 5, 1913 in Book 41 at page 165. (Lot 8C) To J. M. Kitchen, dated August 6, 1914, recorded August 26, 1914 in Book 42 at page 424 (Lot 8D) To Leonard M. Wade, dated March 17, 1914, recorded April 1, 1915 in Book 43 at page 423. (Lot 8B).

TERMS AND CONSIDERATION: The total purchase price of the above described property is Fifty Six Thousand Five Hundred and No/100ths (\$56,500.00) Dollars payable as follows:

(a) Sellers acknowledge that no down payment is required of Purchasers.

(b) The sum of Fifty Six Thousand Five Hundred and No/100ths (\$56,500.00) Dollars to be paid at the rate of Five Hundred (\$500.00) Dollars, or more per month, including interest at the rate of 8 1/2% per annum; with the first payment to be due and payable on or before November 1, 1975, and subsequent payments due on or before the 1st day of each month thereafter until the full balance of principal and interest has been paid and satisfied.

(c) Interest shall commence November 1, 1975.

Failure to pay any installment as set out above after notice of default as provided in paragraph five (5) hereof

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shall render the entire unpaid balance of the principal, or purchase price, due and payable at once, at the option of the Sellers.

All payments hereunder shall be made to United States National Bank of Oregon, South Sixth Street Branch, 3720 South Sixth Street, Klamath Falls, Oregon 97601.

SELLERS OBLIGATION: Sellers agree that they will furnish unto Purchasers a good and sufficient policy of title insurance in the principal amount of Fifty Six Thousand Five Hundred and No/100ths (\$56,500.00) Dollars insuring merchantable title in and to the subject property free and clear of any and all encumbrances, except as hereinabove set forth, in accordance with the warranties herein contained, concurrently herewith.

Sellers further agree to make and execute a good and sufficient warranty deed conveying the subject real property unto the Purchasers, which warranty deed shall warrant the title to the subject real property to be free and clear of any and all encumbrances except as hereinabove set forth as of the date of this Agreement, and thereafter as against any act or acts on the part of the Sellers.

PURCHASERS OBLIGATION: The Purchasers have examined the property which is the subject matter of this transaction, and they accept same "as is." Purchasers covenant and agree that they shall faithfully perform and fulfill the following obligations and conditions:

(a) That they will take good and proper care of the subject real property, preventing the value of same from deteriorating through neglect and lack of care. Purchasers further covenant and agree that they will commit no waste nor utilize the property in such a manner as to constitute a nuisance, wrongful or unlawful use. Purchasers reserve the right to improve the subject real property in any manner they shall see fit without obtaining prior consent from the Sellers; PROVIDED, HOWEVER, that the improvements so made shall be and become part of the real property and shall belong to the Sellers subject to this Contract.

(b) Purchasers shall not suffer nor permit any material nor labor liens to be placed

upon or filed upon the subject real property, and shall save the Sellers harmless from any claim arising hereafter out of any such liens. The filing of a lien against the subject real property shall constitute a default hereunder as contemplated by the parties, unless a bond is posted to insure removal of jeopardy to Sellers then interests.

(c) Purchasers will promptly pay all taxes, liens, public charges or assessments which may hereafter become due, accrue, be levied or otherwise assessed against the subject real property. All of said taxes shall hereafter be the responsibility of the Purchasers hereunder.

(d) Purchasers agree to keep the improvements now situated on the subject real property insured against loss by fire or similar catastrophe by and through a suitable insurance company during the course and term of this subject Contract. In the event of loss by such fire or catastrophe, Purchasers agree that the interest of the Sellers shall first be satisfied to the extent of their then remaining interest, and any sums, thereafter remaining by way of benefits under the policy shall thereafter be paid to Purchasers. There shall be carried fire and extended coverage insurance on the subject real property in an amount no less than the interest which Sellers have herein at any time during the course and terms of the subject Contract, or to the full insurance value of the improvements situated on the subject real property, whichever is less.

POSSESSION: Possession of the above described property in favor of the Purchasers is acknowledged to have been effective November 1, 1975.

DEFAULT PROVISIONS: 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, Sellers shall at their 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 revest in Sellers without any act of re-entry or without any other act by Sellers to be performed, and Purchasers agree to peaceably surrender the premises to Sellers, or in default thereof Purchasers may, at the option of the Sellers, be treated as a tenant holding over unlawfully after the expiration of a lease, and they may be ousted and removed as such.

Purchasers shall not be deemed in default for failure to perform any covenant or condition of this Contract until notice of said default has been given by Sellers to Purchasers and Purchasers shall have failed to remedy said default within thirty (30) days after the giving of the notice. Notice of this purpose shall be deemed to have been given by the deposit in the regular United States mails of a letter containing said notice and addressed to 507 Commercial Street, Klamath Falls, Oregon 97601. In the alternative, said notice may be personally delivered, and if the Purchasers shall fail to remedy their default, and if said failure shall continue for more than (10) days, Purchaser shall be deemed in default and subject to the remedies provided hereinabove.

ATTORNEY'S FEES: In the event of legal or equitable action to enforce any of the rights, conditions or covenants contained herein, it is understood and agreed that the prevailing party therein shall be entitled to: (1) Reasonable attorney's fees to be fixed by the trial court; and (2) If any appeal is taken by the appellate court as reasonable attorney's fees in said appellate court.

ESCROW ARRANGEMENTS: As soon as practicable following the execution of this Agreement, O. W. Goakey, Attorney for Purchasers shall deliver in escrow to the United States National Bank of Oregon, South Sixth Street, Branch, 3720 South Sixth Street, Klamath Falls, Oregon, the following:

(a) An unrecorded Warranty Deed to the property

free and clear of any and all encumbrances, except as hereinabove set forth.

(b) The recorded Contract of Sale.

(c) Purchasers' title insurance policy insuring Purchasers' title to the property.

This Contract shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns and personal representatives. HOWEVER, Purchasers shall not assign this agreement, the rights thereunder, or the property covered thereby without the written consent of the Sellers being first obtained. The Sellers agree not to withhold their consent unreasonably.

The Purchasers warrant to and covenant with the Sellers that the real property described in this Contract is primarily for an organization or is for business or commercial purposes other than agricultural purposes.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$56,500.00.

EXECUTED IN TRIPPLICATE, each of the parties hereto retaining a copy hereof, and the original being placed with the United States National Bank of Oregon, South Sixth Street Branch, 3720 South Sixth Street, Klamath Falls, Oregon, as Collection-Escrow Agent.

Rolfe P. Lungreen
ROLFE P. LUNGREEN

Florence M. Lungreen
FLORENCE M. LUNGREEN

"SELLERS"

Kenneth E. Ott
KENNETH E. OTT

Katherine C. Ott
KATHERINE C. OTT

"PURCHASERS"

STATE OF OREGON)
County of Klamath) ss.

On this 31 day of October, 1975, before me,
the undersigned Notary Public in and for said state, personally
appeared ROLFE P. LUNGREN, FLORENCE M. LUNGREN, KENNETH E.
OTT and KATHERINE C. OTT, known to me to be the person whose names
are subscribed to the foregoing instrument, and acknowledged to
me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand
and notarial seal on the date last above written.

Ortis W. Gooley
Notary Public for Oregon
My Commission Expires: 6-2-78

STATE OF OREGON, } ss.
County of Klamath }

Filed for record at request of:
GOOLEY & HARNISH ATTYS.
on this 6th day of NOVEMBER A.D. 1975
at 8:47 o'clock A.M. and duly
recorded in Vol. M75 of DREDS
Page 13900

WM. D. MILNE, County Clerk
By *Harold Dragile* Deputy.
Fee \$ 18.00

*Ralph & Florence Lungren
509 Gemmle
18 Falls Club*

*R.V. Gooley & Harnish
431-1 Main
18 Falls Club*

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