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THIS CONTRACT is made as of this 1st day of April, 1977, by CARMEN EMBREE and ROBERT J. EMBREE, husband and wife, whose address is 1531 S. E. 143rd, Portland, Oregon 97233, and SYBIL E. BLAISE whose address is 1531 S. E. 143rd, Portland, Oregon 97233, herein called "Sellers," and ALAN CAIN and DARLENE F. CAIN, husband and wife, whose address is 6732 Amber Way Klamath Falls, Oregon, herein called "Purchasers."

W I T N E S S E T H :

Sellers agree to sell to Purchasers and Purchasers agree to purchase from Sellers for the price and on the terms and conditions set forth below that certain real property, and all improvements thereon, situated in Klamath County, State of Oregon, described as follows:

See attached Exhibit "A" and by this reference incorporated herein as if fully set forth herein.

The interest of Purchasers hereunder shall be held as tenants by the entirety.

FIRST. PURCHASE PRICE AND PAYMENT: Purchasers promise to pay as the total purchase price for the property the sum of One Hundred Twenty-Seven Thousand Five Hundred and no/100 Dollars (\$127,500.00). Such amount shall be paid as follows:

The sum of \$5,000.00 which has previously been paid as earnest money, and the sum of \$15,000.00 which is paid upon execution hereof. The remaining balance of \$107,500.00 shall be paid in annual installments of not less than \$10,500.00 each including interest at the rate of 7½ percent per annum on the unpaid balances, the first of such installments to be

CONTRACT OF SALE
Page -1

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CONTRACT OF SALE
Page -2

paid on or before the 1st day of April, 1978, and subsequent installments to be paid on or before the 1st day of April of each year thereafter until the entire purchase price, including both principal and interest, is paid in full. Interest on all unpaid balances shall commence on April 1, 1977. Each payment shall be applied first to interest to date of payment and the balance to principal. After January 1, 1978, Purchasers shall have the privilege of increasing any annual payment or prepaying the entire balance at any time.

In the event Purchasers fail to pay, when due, any amounts required of Purchasers to be paid to third parties hereunder, Sellers may pay any or all such amounts. If Sellers make any such payments, the amounts thereof shall be immediately due and payable. Until paid, such amounts shall be secured by this contract and shall bear interest at the rate of 7½ percent per annum. Sellers' election to make any payments pursuant to this paragraph shall not constitute a waiver of Sellers' right to declare Purchasers to be in default of this contract.

All payments to Sellers hereunder shall be made to Sellers' address as set forth above until further notice has been given in writing by Sellers to Purchasers. In the event, however, a judgment lien is entered against Sellers at any time during the term of this contract, until such time as the lien is satisfied Purchasers may elect to make payments hereunder directly to the judgment creditor for Sellers' account, in which case such payments shall be credited toward the balance of the purchase price hereunder.

SECOND. TAXES AND LIENS: All taxes levied against the property for the current tax year shall be prorated between Sellers and Purchasers as of April 1, 1977. Purchasers agree to pay when due all taxes and assessments which are hereafter

levied against the property, but may elect to pay assessments in accordance with any available installment method. If Purchasers object in good faith to the validity or amount of any such tax or assessment, Purchasers, at their sole expense, may contest the validity or amount of the tax or assessment. Purchasers shall otherwise keep the property free from all public, municipal and statutory liens which may be hereafter lawfully imposed upon the property.

The property is classified as Farm Use Land. Purchasers shall be responsible for any additional taxes or interest resulting from any disqualification of the property from such classification.

THIRD. POSSESSION: The Purchasers shall be entitled to possession of the premises on April 1, 1977, and may retain such possession so long as they are not in default under the terms of this contract.

FOURTH. MAINTENANCE AND INSURANCE: Commencing with the possession date and thereafter at all times during the term of this contract, Purchasers shall with respect to the property do the following:

Purchasers shall 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.

Promptly comply with all laws, ordinances, regulations, directions, rules and requirements of all governmental authorities applicable to the use or occupancy of the property, and in this connection promptly make all required repairs, alterations and additions.

Keep all improvements now existing or which shall hereafter be placed on the property insured against fire and

CONTRACT OF SALE
Page -3

other casualties covered by a standard policy of fire insurance with extended coverage endorsements. The policy shall be written to the full replacement value with loss payable to Sellers and Purchasers as their respective interests may appear, and certificates evidencing the policies shall be delivered to Sellers and shall contain a stipulation providing that coverage will not be cancelled or diminished without a minimum of 10 days written notice to Sellers. In the event of loss, Purchasers shall give immediate notice to Sellers. Sellers may make proof of loss if Purchasers fail to do so within 15 days of the casualty.

FIFTH. COVENANTS OF SELLERS: Sellers covenant that Sellers are the owners of good and marketable title to the property free of all liens and encumbrances.

SIXTH. TITLE INSURANCE: Sellers shall furnish at Sellers' expense a Purchasers' title insurance policy in the amount of \$127,500.00 within 10 days from the date of closing, insuring Purchasers against loss or damage sustained by Purchasers by reason of the unmarketability of Sellers' title, or liens or encumbrances thereon, excepting matters contained in the usual printed exceptions in such title insurance policies.

SEVENTH. DEED: Upon payment of the total purchase price for the property as provided herein, and performance by Purchasers of all other terms, conditions and provisions hereof, Sellers shall forthwith deliver to Purchasers a good and sufficient warranty deed conveying the property free and clear of all liens and encumbrances, excepting those placed upon the property or suffered by Purchasers subsequent to the date of this contract.

EIGHTH. DEFAULT: It is understood and agreed

CONTRACT OF SALE
Page -4

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CONTRACT OF SALE
Page -5

between the parties that time is of the essence of this contract and in case the Purchasers fail to make the payments above required, or any of them punctually within thirty (30) days of the time limited therefor, or fail to keep any agreement herein contained, then the Sellers at their option shall have the following rights:

- A. To declare this contract null and void;
- B. To declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable; and/or
- C. 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 Purchasers as against the Sellers hereunder shall utterly cease and determine and the right of possession of the premises above described and all other rights acquired by the Purchasers hereunder shall revert to and revest in the Sellers without any act of re-entry, or any other act of Sellers to be performed and without any right of the Purchasers of return, reclamation or compensation for monies paid on account of the purchase price 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 the Sellers as the agreed and reasonable rent of said property up to the time of such default. The Sellers in case of such default shall have the right immediately or at any time thereafter, to enter upon the land aforesaid and take immediate possession thereof, together with all of the improvements and appurtenances thereon or thereto belonging.

Sellers shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value

CONTRACT OF SALE
Page -5

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CONTRACT OF SALE
Page -6

of the property exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by Sellers shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the property the receiver may:

A. Use, operate, manage, control and conduct business on the property and make expenditures for all maintenance and improvements as in its judgment are proper;

B. Collect all rents, revenues, income, issues and profits from the property and apply such sums to the expenses of use, operation and management;

C. At Sellers' option, complete any construction in progress on the property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Sellers deem appropriate.

If the revenues produced by the property are insufficient to pay expenses, the receiver may borrow, from Sellers or otherwise, such sums as it deems necessary for the purposes stated in this paragraph, and repayment of such sums shall be secured by this contract. The amounts borrowed or advanced shall bear interest at the same rate as the balance of the purchase price hereunder from the date of expenditure until repaid and shall be payable by Purchasers on demand.

Purchasers accept the land, buildings, improvements and all other aspects of the property in their present condition, AS IS, including latent defects, without any representations or warranties, expressed or implied, unless they are in writing signed by Sellers. Purchasers agree that they have ascertained, from sources other than Sellers, the applicable zoning, building, housing and other regulatory ordinances and laws and that they accept the property with full awareness of these ordinances and laws as they may affect the present use

or any intended future use of the property, and Sellers have made no representations with respect thereto.

NINTH. NOTICE: Any notice under this contract shall be in writing and shall be effective when actually delivered or when deposited in the mail, registered or certified, addressed to the parties at the addresses stated in this contract or such other addresses as either party may designate by written notice to the other.

TENTH. WAIVER: Failure of Sellers at any time to require performance of any provision of this contract shall not limit the right of Sellers to enforce the provision, nor shall any waiver by Sellers of any breach of any provision be a waiver of any succeeding breach of that provision or a waiver of that provision itself or any other provisions.

ELEVENTH. COSTS AND ATTORNEY FEES: In the event suit or action is instituted to enforce any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

TWELFTH. SUCCESSOR INTERESTS: This contract shall be binding upon and inure to the benefit of the parties, their successors and assigns.

THIRTEENTH. PRIOR AGREEMENTS: This document is the entire, final and complete agreement of the parties pertaining to the sale and purchase of the property, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the property is concerned.

Purchasers specifically agree to pay the full contract balance on or before April 1, 1987.

FOURTEENTH. ESCROW ARRANGEMENTS: As soon as practic-

CONTRACT OF SALE
Page -7

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CONTRACT OF SALE
Page -6

able following the execution of this contract, Mountain Title Company shall deliver in escrow to First Federal Savings and Loan Association, 540 Main St., Klamath Falls, Oregon the following:

- A. An unrecorded warranty deed for release of the 5 acre parcel;
- B. An unrecorded warranty deed to the property free and clear of any and all encumbrances, except as hereinabove set forth.
- C. The original recorded and executed Contract of Sale.

The parties hereby instruct said escrow agent to receive for Sellers' account the balance of the installment payments provided herein. Said escrow agent is further authorized and instructed that it is to close the escrow and deliver the documents to the parties entitled thereto at such time as all sums called for herein, including interest, have been fully and completely paid by Purchasers.

FIFTEENTH. RELEASE OF ACREAGE: It is understood and agreed that Sellers will release the following described real property free and clear from the contract balance when the principal balance is paid down to \$102,500.00, to-wit:

The following described property situate in Klamath County, Oregon:
Beginning at the section corner common to sections 7, 8, 17 and 18, thence North to a point which lies 950 feet south from the intersection of the southerly boundary of the Klamath Falls Lakeview Highway and the section line common to sections 7 and 8, thence west 660 feet, thence south 330 feet to a point, thence east 660 feet to the section line common to sections 7 and 8, thence north 330 feet to the point of beginning, being a parcel of land situate in section 7, township 39 south, range 10 east of the Willamette meridian.

It is further hereby agreed by and between the parties hereto that Sellers agree to give Purchasers a perpetual easement for ingress and egress 50 feet in width along the east boundary of Section 7 beginning at the southerly boundary of the Klamath Falls Lakeview highway and extending south to a point 1,320 feet north of the southeast corner of Section 7.

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SIXTEENTH. PARAGRAPH HEADINGS: Paragraph headings in this contract are inserted for convenience only and are not to be construed as restricting the meaning of the paragraphs to which they refer.

IN WITNESS WHEREOF, the parties have caused this contract to be executed in duplicate as of the day and year first above written.

Carmen Embree
Carmen Embree

Robert J. Embree
Robert J. Embree

Sybil E. Blaise
Sybil E. Blaise

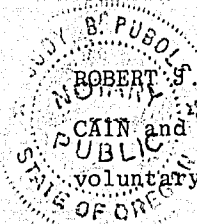
SELLERS

Alan Cain
Alan Cain

Darlene F. Cain
Darlene F. Cain

PURCHASERS

STATE OF OREGON)
County of Klamath) ss.



Personally appeared the above named CARMEN EMBREE, ROBERT J. EMBREE, SYBIL E. BLAISE, ALAN CAIN and DARLENE F. CAIN and acknowledged the foregoing instrument to be their voluntary act and deed.

Before Me:

Gray B. Public
Notary Public for Oregon
My Commission Expires: 8-18-77

Tax Statements to:
Alan Cain
6732 Amber Way
Klamath Falls, Ore.

Return to:
Mountain Title Co.
407 Main
Klamath Falls, Ore.
CONTRACT OF SALE
Page -9

STATE OF OREGON, COUNTY OF Klamath
I hereby certify that the within
MARCH 1977
of DEEDS A.D. 1977

A portion of the NE 1/4 NE 1/4 of Section 18, and of the NW 1/4 NW 1/4 of Section 17, lying Northeasterly of the right of way of the O.C. & E. Railway and Westerly of the East bank of the drain of Pine Grove Irrigation District and more particularly described as follows:

Beginning at the Section corner common to Sections 7, 8, 17 and 18, Township 39 South, Range 10 East of the Willamette Meridian; thence East 304.0 feet; thence South 241.6 feet, more or less, to the Northeasterly line of the O.C. & E. Railway; thence North 66° 57' 1/2" West along the said Northeasterly right of way line 667.22 feet to a point in the Northerly line of Section 18; thence North 89° 45' 1/2" East, 310.0 feet to the point of beginning.

ALSO, beginning at the section corner common to Sections 7, 8, 17 and 18, Township 39 South, Range 10 East of the Willamette Meridian, marked on the ground by a stone, and running thence East along the line marking the Southerly boundary of Section 8, 1322.0 feet; thence North 0° 09' East, 669.1 feet; thence North 89° 59' West, 1323.7 feet, more or less, to a point in the section line marking the boundary between Sections 7 and 8; thence North along said line 669.6 feet; thence North 89° 47' West, 209.9 feet; thence South 38° 20' West, 74.5 feet; thence South 17° 58' West, 113.3 feet; thence South 32° 55' West, 102.2 feet; thence South 53° 52' West, 94.8 feet; thence South 65° 23' West, 95.5 feet; thence South 76° 03' West, 205.7 feet; thence South 25° 17' West, 325.7 feet; thence South 15° 53' West, 171.0 feet; thence South 9° 40' West, 223.4 feet, more or less, to a point in the line marking the Northeasterly boundary of the right of way of the Oregon-California & Eastern R. R.; thence South 66° 57' 1/2" East along said line 676.8 feet, more or less to a point in the section line marking the Southern boundary of Section 7; thence North 89° 45' 1/2" East along said line 310.0 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING therefrom all that portion of the S 1/2 SW 1/4 SW 1/4 of Section 8 lying Easterly from the Easterly bank of a drain of the Pine Grove Irrigation District, and more particularly described as follows: Beginning at a point which bears East 304.0 feet from the section corner common to Sections 7, 8, 17 and 18, Township 39 South, Range 10 East of the Willamette Meridian, thence continuing East 1018.0 feet to the Southeasterly corner of said S 1/2 SW 1/4 SW 1/4 of Section 8; thence North 0° 09' East, 669.1 feet; thence North 89° 59' West, 1019.7 feet; thence South 669.4 feet, more or less to the point of beginning.

ALSO that portion of SE 1/4 NE 1/4 lying Southerly of the Klamath Falls-Lakeview Highway, and that portion of the SE 1/4 SE 1/4 lying Northerly and Westerly of the Strahorn Railroad Tract (right of way) and the Pine Grove Irrigation District Main Canal, and the NE 1/4 SE 1/4, all in Section 7, Township 39 South, Range 10 East of the Willamette Meridian. ALSO, the N 1/2 SW 1/4 SW 1/4 of Section 8, Township 39 South, Range 10 East of the Willamette Meridian.

EXCEPTING AND RESERVING THEREFROM the above described property, that portion of said property heretofore conveyed to the O. C. & E. Railway Company for right-of-way purposes.

ALSO EXCEPTING THEREFROM that portion conveyed to Klamath County, Oregon, by deed recorded July 30, 1954 in deed volume 268 at page 297, Deed Records of Klamath County, Oregon.

Subject, however, to the following:

1. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads and highways.
2. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Klamath Project and the Pine Grove Irrigation District.
3. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Klamath Basin Improvement District.
4. Right-of-way granted to The California Oregon Power Company, a corporation, recorded February 24, 1956 in Deed Volume 281 at page 183, Deed Records of Klamath County, Oregon. (Affects SE 1/4 SE 1/4 of Section 7 and NE 1/4 NE 1/4 of Section 18)
5. Right-of-way granted to The California Oregon Power Company, a corporation, recorded April 3, 1956 in Deed Volume 282 at page 64, Deed Records of Klamath County, Oregon. (Affects SE 1/4 NE 1/4 and NE 1/4 SE 1/4 and W 1/2 SE 1/4 SE 1/4 of Section 7)
6. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied for the last ten (10) or lesser number of years in which the farm use assessment was in effect for the land and in addition thereto a penalty may be levied if notice of disqualification is not timely given.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 21st day of MARCH A.D., 1977 at 4:05 o'clock P M., and duly recorded in Vol. M 77 of DEEDS on Page 4693.

FEE \$ 30.00

WM. D. MILNE, County Clerk

By [Signature] Deputy

Notary Public
My commission expires
Satisfactory
MORTGAGE
TO
AFTER RECORDING RETURN
TO THE CLERK OF THE
COUNTY OF OREGON
CLERK