

REAL ESTATE CONTRACT

THIS AGREEMENT dated April 1, 1977, by and between DEARBORN DEVELOPMENT CO., a partnership consisting of HAROLD W. DEARBORN and GRACE E. DEARBORN, hereinafter called "Sellers" and PAUL A. MONTGOMERY, hereinafter called "Buyer";

W I T N E S S E T H :

Sellers hereby agree to sell to Buyer and Buyer hereby agrees to purchase from Sellers the following described real property, to-wit:

The following described real property in Klamath County, Oregon:  
Beginning at a point North 38° 56' East 60 feet distant from the Northeastly corner of Block 82 in KLAMATH ADDITION TO THE CITY OF KLAMATH FALLS, OREGON; thence South 51° 4' East 120 feet; thence North 38° 56' East 60 feet; thence North 51° 4' West 120 feet; thence south 38° 56' West 60 feet to the point of beginning.

Subject, however, to the following:

- (1) An easement created by instrument, including the terms and provisions thereof,  
Dated : August 3, 1925  
Recorded : October 1, 1925 Book: 68 Page: 394  
In favor of : California Oregon Power Company, a California Corporation  
For : Transmission line over above described property.
- (2) Financing Statement filed July 6, 1973 under County Clerks No. 78586 by Ernest L. Groth and Marian J. Groth to Fred R. Krauel.
- (3) Financing Statement filed August 6, 1974 under County Clerks No. 91709 by Dearborn Development Co., a partnership to Ernest L. Groth and Marian J. Groth, husband and wife.
- (4) The right, title and interest of Betty Thompson as disclosed by Bargain and Sale Deed recorded June 30, 1975 in Book M-75 at page 7355, Microfilm Records. (Affects SELY 10 feet)
- (5) The right, title and interest of O. E. Thompson, Jr., as disclosed by Deed recorded October 2, 1975 in Book M-75 at page 12051, Microfilm Records. (Affects SELY 10 feet)

TOGETHER WITH all of the equipment, furnishings and fixtures now located in the Audley Apartments, a more particular description of said personal property having been marked Exhibit "A" and attached hereto and by this reference incorporated herein and made a part hereof.

Subject to: Personal property taxes which became a lien on January 1, 1977;

at and for a price of \$155,000.00, payable as follows, to-wit:



(a) By assigning an unrecorded contract of purchase and sale dated June 26, 1973, between Fred R. Krauel as Seller and Ernest L. Groth and Marian J. Groth, husband and wife, as to an undivided one-half interest and Harold I. Kezer and Lois Kezer, husband and wife, as to an undivided one-half interest, as Buyers, which Buyer herein assumes and agrees to pay according to the terms and provisions thereof. The present unpaid principal balance is \$86,578.23 plus interest of \$616.72 for a total of principal and interest to March 31, 1977, of \$87,194.95.

(b) By assigning an unrecorded contract of sale dated July 10, 1974, by and between Ernest L. Groth and Marian J. Groth, husband and wife, as Sellers and Dearborn Development Co., a partnership consisting of Harold W. Dearborn, Luther H. Dearborn and Grace E. Dearborn, as Purchasers, which contract Buyer hereby assumes and agrees to pay, the present unpaid balance of which is \$26,404.99 with interest paid to March 31, 1977.

(2) Payment of \$2,200.00 which has previously been paid as earnest money, and the sum of \$27,800.00 which is paid upon the execution hereof.

(3) The remaining balance of \$11,400.06 with interest at the rate of 7% per annum from March 31, 1977, payable in installments of not less than \$75.00 per month, inclusive of interest, the first installment to be paid on the first day of May, 1977, and a further installment on the first day of each month thereafter until the full balance of principal and interest are paid. The entire balance to be paid in full seven (7) years from date hereof. The purchase price of the property is allocated as follows: Real property, \$150,000.00 and personal property, \$5,000.00.

TAXES AND ASSESSMENTS: The Buyer assumes and agrees to pay before delinquency, taxes and assessments of any kind or character which may hereafter become a lien on said real property.

INSURANCE: Buyer agrees to keep said property at all times in as good condition as the same now are, that no improvement, now on or which may hereafter be placed on said property, shall be removed or destroyed before the entire purchase price has been paid, and that said real property will be kept insured in companies approved by Sellers against loss or damage by fire in a sum not less than the full insurable value, with loss payable to the parties as their respective interests may appear, said policy or policies of insurance to be held by Sellers.

PAYMENTS BY SELLERS: In the event Buyer fails to make any tax or other payment as herein required, or to maintain insurance, Sellers may, but are not hereby required to, make such payment or effect such insurance, and any amount so paid by Sellers, together with interest thereon at the same rate as provided in this contract for the unpaid balance, from the date of Sellers' payment until repaid shall be reimbursed by Buyer on demand and secured by this contract, all without prejudice to any other right Sellers may have by reason of such default.

REPRESENTATIONS: Buyer agrees that full inspection of said property has been made, and that neither Sellers, Sellers' assigns, nor Sellers' representatives have made any representations concerning the condition of the property or the improvements thereon nor has any agreement for alteration, improvement or repair been made unless the same is set forth in this agreement.

RISK OF LOSS: Buyer assumes all hazards of damage to or destruction of any improvements now or hereafter located on said real estate and of the taking of said real estate or any part thereof for public use, and agrees that no such damage, destruction or taking shall constitute



a failure of consideration.

**USE AND MAINTENANCE:** Buyer covenants to keep the buildings and other improvements, if any, now or hereafter located on said real estate in good repair and not to permit waste nor use nor permit the use of said property for any illegal purpose. Buyer covenants to pay all service, installation or construction charges for water, sewer, electricity, garbage or other utilities furnished to said real estate after Buyer is entitled to possession.

**FULFILLMENT DEED:** Sellers agree, upon receipt of full payment of the purchase price and interest in the manner above specified and when all other terms, conditions and covenants of this contract have been met, to convey the above described real property to Buyer by statutory warranty deed, free and clear of encumbrances except those which may attach after the date hereof through any person other than the Sellers or Sellers' successors and assigns, and except such encumbrances as Buyer has assumed or to which Buyer has purchased subject as stated above. Upon payment in full of this contract, said warranty deed shall be placed in escrow number 3411 described as Fred R. Krauel--Ernest L. Groth et al with First Federal Savings and Loan Association.

**POSSESSION:** Buyer shall be entitled to possession of the above described properties on or before March 31, 1977, and may retain possession only so long as Buyer is not in default herein.

**ASSIGNMENT:** Buyer shall not assign this contract nor any interest herein nor sell any interest herein without the written consent of Sellers, which consent Sellers agree not to unreasonably withhold.

**SELLERS' REMEDIES:** Time is of the essence of this contract. In the event Buyer shall fail to comply with or perform any condition or agreement hereof promptly at the time and in the manner herein specified and shall fail to correct said default within a period of 30 days after personal service or date of mailing of notice thereof as herein provided, the same shall constitute a material breach of this agreement, and thereupon Sellers may exercise any of the following optional, cumulative remedies:

- a. Sellers may elect to declare this contract null and void and all of Buyer's rights hereunder terminated and upon so doing, all payments made by Buyer hereunder may be declared forfeited to Sellers as liquidated damages, and Sellers shall have the right to re-enter and take possession of the real estate and Buyer in such event agrees to immediately surrender possession of said premises.
- b. Sellers may elect to bring action or actions on any intermediate overdue installment or on any payment or payments made by Sellers and repayable by Buyer, it being stipulated that the covenants to pay intermediate installments or to pay items repayable by Buyer are independent of the covenant to make a deed, and that every such action is an action arising on contract for the recovery of money only, as if the promise to pay had been expressed in a different instrument. Buyer agrees that no such action shall constitute an election not to proceed otherwise as to any subsequent default, and no waiver by Sellers or any default of Buyer shall be construed as a waiver of any subsequent default.
- c. Sellers may accelerate and declare the entire unpaid balance immediately due and payable and may commence an action against Buyer for said unpaid balance, together with any other sums due Sellers or herein required to be paid by Buyer by virtue of this contract, including but not limited to interest and delinquent taxes or assess-



ments, and to commence an action for the entire principal balance of the purchase price plus such other sums. The failure of Sellers to bring an action against Buyer at any time upon the violation of any of the terms of this contract by Buyer shall not be construed to be a waiver of any of the rights of Sellers specified herein.

- d. Sellers may foreclose this contract by suit in equity, and in any of such cases, all the right and interest hereby created or then existing in favor of the Buyer derived under this agreement, shall utterly cease and determine, and the premises aforesaid shall revert and revest in the Sellers without any declaration of forfeiture or act of re-entry, or without any other act by Sellers to be performed and without any right of the Buyer of reclamation or compensation for money paid or for improvements made as absolutely fully and perfectly as if this agreement had never been made.

**COSTS AND ATTORNEY'S FEES:** In the event Sellers elect to exercise Sellers' rights under any of the options above set forth, through court action or otherwise, and the Sellers incur any costs, expenses or attorney's fees by reason of such exercise, Buyer agrees to pay Sellers all such reasonable costs, expenses and a reasonable attorney's fee in connection with the enforcement of Sellers' rights.

**NOTICES:** All demands, notices and notices of forfeiture may be personally served upon the parties or service thereof may be made by certified mail, addressed to the respective parties at the following addresses: That Sellers' address is 4509 South Sixth Street, Klamath Falls, Oregon 97601. That Buyer's address is 325 W. 8th St.,

SANTA ROSA, CA 95401

**TITLE INSURANCE:** Sellers have delivered, or agree to deliver within 30 days of the date hereof, a purchasers' policy of title insurance in standard form, or a commitment therefor, issued by a title insurance company entitled to do business in the state where the above described property shall be located, in the amount of the purchase price, insuring marketable title in and to said premises in the Sellers on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any, and Sellers also agree that when said purchase price is fully paid and upon request and upon surrender of this agreement, 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 since said date placed, permitted or arising by, through or under Sellers, excepting however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by Buyer and further excepting all liens encumbrances created by the Buyer or his assigns.

**PARTIES:** This agreement shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective heirs, executors, administrators, successors and assigns.

**ESCROW:** As soon as practicable after the execution of this agreement the parties shall deliver to First Federal Savings and Loan Association, 540 Main Street, Klamath Falls, Oregon, in escrow the following documents:

- a. A full warranty deed covering the above described real property.
- b. The original recorded Contract of Sale.
- c. Unrecorded bill of sale dated April 1, 1977, from said Sellers to said Buyer conveying the personal property described in said contract.



- d. Termination of financing statements--form UCC 3 in duplicate.
- e. Installment note dated April 1, 1977, executed by Harold W. Dearborn and Grace E. Dearborn payable to Holman Realty, 4729 South Sixth Street, Klamath Falls, Oregon 97601; principal amount being in the sum of \$3,000.00 including interest at the rate of 8%; payable in monthly installments of \$73.00 on May 8, 1977, and a like payment on the 8th day of each month thereafter until the full balance of principal and interest is paid in full.
- f. Such escrow instructions as shall meet with the approval of the above named escrow agent.

The parties instruct the above named escrow agent to receive for collection the installments provided for herein and to remit the same to Sellers as Sellers may from time to time direct. Sellers retain a lien on said properties to secure Buyer's payment and performance hereof; but upon full and faithful payment and performance hereby by Buyer, title shall pass, and the escrow agent shall then deliver to Buyer all instruments deposited in escrow.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

DEARBORN DEVELOPMENT CO.

by Harold W. Dearborn  
Harold W. Dearborn

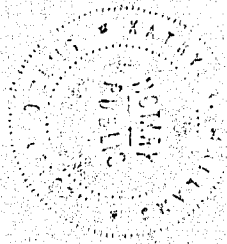
by Grace E. Dearborn  
Grace E. Dearborn  
by Her Attorney-in-fact  
"SELLERS"

Paul A. Montgomery  
Paul A. Montgomery  
"BUYER"

STATE OF OREGON    )  
                          ) ss.  
County of Klamath )

April 1, 1977

Personally appeared, before me, the above named Harold W. Dearborn and Grace E. Dearborn and Paul A. Montgomery and acknowledged the foregoing instrument to be their voluntary act and deed.



Kathy R. Mallams  
Notary Public for Oregon  
My Commission Expires: 6/13/80



Inventory

6786

- 101-
- 1 Double bed
  - 1 Dresser
  - 2 Night stands
  - 1 Davenport & Chair
  - 1 Small table
  - 1 Upholstered chair
  - 1 Refrigerator
  - 1 Stove
  - 1 Table & 4 Chairs
- 102-
- 2 Small tables
  - 1 Occasional Chair
  - 1 Table & 4 Chairs
  - 1 Refrigerator
  - 1 Chest of Drawers
  - 1 Bed Stead (No mattress & spring)
- 103-
- 1 Davenport
  - 2 Upholstered Chairs
  - 2 Tables
  - 1 Floor lamp
  - 1 Table lamp
  - 1 Table & 4 Chairs
  - 1 Stove
  - 1 Refrigerator
- 104-
- 1 Occasional table
  - 1 Stove
- 105-
- 1 Single Bed with Mattress & Spring
  - 1 Davenport
  - 2 Chairs
  - 1 Coffee table
  - 2 End tables
  - 1 Lamp
  - 1 Table & 4 Chairs
  - 1 Stove
  - 1 Refrigerator
  - 1 Chest of Drawres
- 106-
- 1 Single Bed
  - 1 Davenport
  - 2 Coffee Tables
  - 2 Step Tables
  - 1 Table Lamp
  - 1 Occasional Chair
  - 1 Table & 3 Chairs
  - 1 Stove
  - 1 Refrigerator
- 107-
- 1 Stove
  - 1 Refrigerator
  - 1 Table & 4 Chairs
  - 1 Davenport
  - 1 Leather Rocker
  - 1 Coffee Table
  - 1 Double Bed frame (No mattress & Springs)
  - 1 Dresser
  - 1 Night Stand
  - 1 Occasional Table
- 108-
- 1 Davenport & Chair
  - 2 End Tables
  - 1 Stove
  - 1 Refrigerator
  - 1 Table & 4 Chairs
  - 1 Bed Stead springs & mattress
  - 1 Night Stand
  - 1 Floor lamp
  - 1 Chest of Drawres
- 201-
- 1 Davenport
  - 1 Chair
  - 1 Chair
  - 1 Foot Stool
  - 1 End Table
  - 1 Step Table
  - 1 Coffee Table
  - 1 Table lamp
  - 1 Table & 4 Chairs
  - 1 Curtains at Window
  - 1 Double Bed with Springs & Mattress
  - 1 Chest of Drawres
  - 1 Stove
  - 1 Refrigerator
- 202-
- 1 Double Bed (Hollywood)
  - 1 Mattress & Springs
  - 1 End Table
  - 1 Table Lamp
  - 1 Chest of Drawres
  - 1 Table & 4 Chairs
  - 1 Stove
  - 1 Refrigerator
  - 1 Davenport
  - 2 Overstuffed Chairs
  - 1 Coffee Table
  - 2 Tables
  - 1 Table Lamp

EXHIBIT "A"

-206-

- 1 Hollywood
- 1 Mattress
- 1 Occasional
- 2 Davenport
- 1 End Tables
- 1 Table Lamp
- 1 Table & 3 Chairs
- 1 Stove
- 1 Refrigerator

-207-

All owned by Fenter



Inventory Cont

6787

- 203-
- 1 Bed & Springs & Mattress
  - 1 Chest of Drawres
  - 1 Davenport & Chair
  - 1 Occasional Chair
  - 1 Desk
  - 1 End Table
  - 1 Table Lamp
  - 1 Floor Lamp
  - 1 Stove

- 204-
- 1 Double bed
  - 1 Mattress & Springs
  - 2 Step Tables
  - 1 Coffee Table
  - 2 Occasional Chairs
  - 1 Divan
  - 2 Chest of Drawres
  - 1 Floor Lamp
  - 1 Small Table T.V.
  - 1 Table & 4 Chairs
  - 1 Stove
  - 1 Refrigerator

- 205-
- 1 Davenport
  - 3 Step Tables
  - 2 Small Tables
  - 1 Table Lamp
  - 1 Table & 4 Chairs
  - 1 Stove
  - 1 Refrigerator

- 206-
- 1 Hollywood Frame
  - 1 Mattress & Spring
  - 1 Occasional Chair
  - 1 Divan
  - 2 End Tables
  - 1 Table Lamp
  - 1 Table & 3 Chairs
  - 1 Stove
  - 1 Refrigerator

- 207-
- All owned by Renter

- 208-
- 1 Davenport & Chair
  - 1 Occasional Chair
  - 2 End Tables
  - 1 Stove
  - 1 Refrigerator
  - 1 Table & 4 Chairs
  - 1 Double bed Springs & Mattress
  - 1 High Boy

- Sleeping Room Basement-
- 1 Refrigerator
  - 2 Chairs
  - 1 Double bed Springs & Mattress
  - 1 Step end table
  - 1 Table
  - 1 Davenport

- Upstairs Hallway-
- 2 Rollaway Beds with Mattress

- Foyer-
- 1 End Table

- Rear of Bldg.-
- 9 Garbage cans

- #1 Store Room Basement-
- 4 Double Mattress
  - 6 Twin Mattress
  - 2 Twin Box Springs
  - 3 Double Springs
  - 1 Bed Stead
  - 3 Floor Lamps
  - 2 Occasional Chairs
  - 2 Kitchen Chairs
  - 1 Single Bed Stead
  - 3 Lamp Shades
  - 1 Coffee Table
  - 2 Refrigerators

- #2 Store Room Basement-
- 2 Foot Stools
  - 11 Kitchen Chairs
  - 1 Occasional Chair
  - 2 Lamp shades
  - 1 Lamp

EXHIBIT "A"

Return: T/A

STATE OF OREGON

I hereby



-1st Floor Storage Room-  
1 Vacuum Sweeper

-2nd Floor Storage Room-  
1 Vacuum Sweeper  
1 Brissel Sweeper

-Meter Room & Work Shop-  
1 Lot Misc. Parts  
1 Bed Stead  
1 Book Case  
1 Portable Electric Heater  
1 Monator Top Refrigerator

-Attic-  
2 Chairs  
1 Single Bed Springs  
1 Double Bed Springs  
1 Chair  
1 Platform Chair (Arm Broke)  
1 Single Springs & Mattress  
1 Floor Lamp (Less Shade)

-Boiler Room-  
1 Lawn Mower  
2 Rakes  
1 Snow Shovel  
1 Edger for Grass  
1 Pruning Shear  
2 Shovels

-Laundry Room-  
1 Hollywood Bed Frame  
2 Davenport  
2 Chairs (Upholstered)  
2 Stoves  
1 Kitchen Table  
2 Double Bed Springs

Return: T/s Kelly

EXHIBIT "A"

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 20th day of  
April A.D., 19 77 at 3:24 o'clock P M., and duly recorded in Vol M 77,  
of Deeds on Page 6781.

FEE \$24.00

WM. D. MILNE, County Clerk

By Hazel Drazil Deputy

STATE  
County  
April  
Person  
Jocelyn  
ment to be  
-Be  
(OFFICIAL  
SEAL)  
Notary  
Strike which should be recorded