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CONTRACT

THIS AGREEMENT, made and entered into this 16th day of December,
1977 by and between KLAMATH COUNTY, a public corporation of the State of Oregon,
hereinafter called SELLER, and Michael G. Hale & Judy Hale, husband and wife and
Steve Miller & Claredeen Miller, hus- hereinafter
called PURCHASER, band and wife

WITNESSETH

1. SELLER agrees to sell to PURCHASER for the price and on the terms
and conditions set forth below, that certain real property and all improvements,

situated in Klamath County, State of Oregon, described as follows:
Lots 6 & 7, Block 6, Second Addition to the City of Chiloquin,
Klamath County, Oregon, according to the official plat on file
in the office of the County Clerk of Klamath County, Oregon

Subject to all encumbrances, restrictions, reservations and
rights-of-way of record and those apparent upon the land.

2. BUYER agrees to pay the sum of TWO THOUSAND AND NO/100 (\$2,000.00) Dollars
lawful money of the United States of America, said sum to be paid in the following
manner:

THE SUM OF \$ 500.00 upon the execution of this agreement, the
receipt of which is hereby acknowledged, the remainder to be paid in three equal
installments; the first of said payments to be paid on the 16th day of
December, 1978, and a like amount to be paid December 16, 1979 and
December 16, 1980.

DEFERRED PAYMENTS TO BEAR INTEREST AT THE RATE OF 8 % per annum from date of
sale, payable with regular installment payments.

TAXES and LIENS PURCHASER agrees to pay when due all taxes and assessments which are hereafter levied against the property and to keep the property free from all public, municipal and statutory liens which may be thereafter lawfully imposed upon the premises.

POSSESSION PURCHASER shall be entitled to possession of the property from and after the date of this agreement.

MAINTENANCE AND INSURANCE Commencing with the possession date and thereafter and at all times under this contract, PURCHASER shall with respect to the property do the following:

(a) Keep all buildings and other improvements now existing or which shall hereafter be placed on the property in good condition and repair;

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

(c) PURCHASER shall keep all improvements then existing or which shall hereafter be placed on the property insured against fire and 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 SELLER and PURCHASER as their respective interests may appear, and certificates evidencing the policy shall be delivered to SELLER and shall contain a stipulation providing that coverage will not be cancelled or diminished without a minimum of ten (10) days written notice to SELLER. In the event of a loss,

PURCHASER shall give immediate notice to SELLER. SELLER may make proof of loss if PURCHASER fails to do so within fifteen (15) days of the casualty.

INDEMNIFICATION AND LIABILITY INSURANCE PURCHASER shall indemnify and defend SELLER from any claim, loss or liability arising out of or related to any activity of PURCHASER on the property or any condition of the property.

DEFAULT Time is of the essence of this contract. A default shall occur if:

(a) PURCHASER fails to make any payment within ten (10) days after it is due;

(b) PURCHASER fails to perform any other obligation imposed by this contract and does not correct or commence correction of such failure within thirty (30) days after receipt of written notice from SELLER specifying the manner in which PURCHASER is in default; or

(c) PURCHASER becomes insolvent, a receiver is appointed to take possession of all or a substantial part of PURCHASER'S properties, PURCHASER makes an assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or PURCHASER is the subject to an involuntary petition in bankruptcy, or PURCHASER is the subject of an involuntary petition in bankruptcy which is not dismissed within ninety (90) days. If PURCHASER consists of more than one person or entity, the occurrence of any of these events as to any one such person or entity shall constitute a default hereunder;

In the event of a default, SELLER may take any one or more of the following steps:

- (a) Declare the entire balance of the purchase price and interest immediately due and payable;
- (b) Foreclose this contract by suit in equity;
- (c) Specifically enforce the terms of this contract by suit in equity;
- (d) Declare this contract null and void as of the date of the breach and retain as liquidated damages the amount of the payments previously made hereunder. In such event, all of the right, title and interest of PURCHASER to the property shall revert and be vested in SELLER without any act of reentry or without any other act by SELLER to be performed, and PURCHASER agrees to peaceably surrender the property to the SELLER. Should PURCHASER fail to so surrender the property, SELLER may, at his option, treat PURCHASER as a tenant holding over unlawfully after the expiration of a lease and PURCHASER may be ousted and removed as such.

The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

REPRESENTATIONS AND CONDITION OF PROPERTY PURCHASER accepts 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 SELLER. PURCHASER agrees that he has ascertained, from sources other than SELLER, the applicable zoning, building, housing and other regulatory ordinances and laws and that he has purchased 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 SELLER has made no representations with respect thereto.

NOTICE Any notice under this contract shall be in writing and shall be effective when actually delivered or when deposited in the mail, 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. After _____, any notice to Purchaser should be to the following address: _____
4734 Alpine Street, Klamath Falls, Oregon 97601 ;

WAIVER Failure by Seller at any time to require performance of any provision of this contract shall not limit the right of SELLER to enforce the provision, nor shall any waiver by SELLER 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 provision;

COSTS AND ATTORNEYS 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 sums 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;

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

NUMBER, GENDER AND CAPTIONS As used herein, the singular shall include the plural, and the plural, the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this contract.

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

SELLER:

KLAMATH COUNTY OREGON

Pavel Kiconen
Commissioner

Harold L. Kynne
Commissioner

Lloyd Giff
Commissioner

BUYER:

Michael L. Hale

Judy Hale

Steve Miller

Claudia Miller

STATE OF OREGON }
County of Klamath } ss.

DE IT REMEMBERED THAT on this 18th day of January,
1978, before me, the undersigned, appeared Nell Kuonen
Chairman of the Board, and Floyd L. Wynne and Lloyd Gift the County
Commissioners, respectively, to me personally known, who being duly sworn, did
say that ^{she} he, the said Nell Kuonen is the duly elected,
qualified and acting Chairman of the Board of County Commissioners of Klamath
County, Oregon, and that they, the said Floyd L. Wynne and Lloyd Gift
are the duly elected, qualified and acting Commissioners, respectively, of said
County and State; and that the seal affixed to said instrument is that of said
County and State; and said Chairman and said two Commissioners acknowledge said
instrument to be the free act and deed of said County.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and
year first in this, my certificate, written.

Virginia Richey
NOTARY PUBLIC FOR OREGON

My Commission expires: September 23, 1980

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County
this 19th day of January A. D. 1978 at 11:20 o'clock AM., and
fully recorded in Vol. M78 of Deeds on Page 1164

Wm D. MILNE, County Clerk

Fee None

Give to Evelyn