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AGREEMENT

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This Agreement, made and entered this 13 day of May, 1978, by Richard R Kerns and Theda L Kerns, husband and wife, hereinafter called VENDOR, and Patrick W Cahill and Cindy Cahill, husband and wife, hereinafter called PURCHASERS:

WITNESSETH:

VENDOR agrees to sell to PURCHASER AND PURCHASER agrees to purchase that certain land and all improvements thereon, situated in Klamath County, Oregon described as follows:

That portion of Tract I of NORTH BLY, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon; and being more particularly described as follows:

Beginning at a point on the Westerly boundary of said Tract I, midway between the Northwesternly and the Southwesternly corners of said Tract I; thence North 61° 07' East along a line parallel with and midway between the Northwesternly and the Southeasterly boundaries of said Tract I, 141.1 feet, more or less, to a point in a line connecting the center points on the Northeastly and Southeasterly sides of said Tract I; thence North 28° 53' West to the Southeast corner of Deed recorded August 11, 1951, Deed Volume 249 page 115, Deed records of Klamath County, Oregon; thence South 61° 07' West 140.0 feet, more or less, to the Easterly right of way line of Klamath Falls-Lakeview Highway; thence South along said Easterly right of way line to the point of beginning.

SUBJECT TO: Contracts and/or lien for irrigation and/or drainage, and reservations, easements, restrictions and rights of way of record and those apparent on the land.

The purchase price of the property, which PURCHASERS agree to pay shall be the sum of Eight Thousand and Five Hundred Dollars (\$8,500.00) as follows:

- a. The sum of Five Hundred Dollars (\$500.00) which was paid by earnest money agreement the 6th day of April, 1978 receipt of which is hereby acknowledged.
- b. The sum of Two Thousand Dollars (\$2,000.00) which is paid upon the execution hereof.
- c. The remaining balance of six Thousand Dollars (\$6,000.00) shall be paid in monthly installments of not less than One Hundred and Twenty Dollars (\$120.00), including interest at the rate of eight and one-half (8 1/2%) per cent per annum on the unpaid balance, the first of such installments due July 1, 1978 and subsequent installments to be paid on or before the 1st day of each and every month thereafter until the entire purchase price, including principal and interest is paid in full. Interest to be effective on the unpaid balance the 1st day of June, 1978.

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PURCHASER shall have the privilege of increasing any payment or prepaying the whole consideration at any time, provided that no additional payments shall be credited as regular future payments nor excuse PURCHASER from making the regular payments provided for in this Agreement.

PURCHASER agrees to pay when due all taxes which are hereafter levied against the property and all public, municipal and statutory liens which may be hereafter lawfully imposed upon the premises. The parties agree to prorate taxes for the year 1977-1978 effective June 1, 1978.

PURCHASER agrees to keep the building on said premises insured against loss by fire or other casualty in an amount not less than the insurable value with loss payable to the parties hereto as their interest appear at the time of loss. All uninsured losses shall be borne by PURCHASER on or after the date PURCHASER becomes entitled to possession.

PURCHASER shall be entitled to possession of the premises on May 30, 1978 upon the execution of this Agreement by the parties.

PURCHASER agrees that all improvements now located or which shall hereafter be placed on the premises, shall remain a part of the real property and shall not be removed at any time prior to the expiration of this Agreement without the written consent of VENDORS. PURCHASER shall not commit or suffer any waste of the property, or any improvements thereof, or alternations thereof, and shall maintain the property and all improvements thereon, and all alternations thereof, in good condition and repair.

VENDOR shall furnish at their expense a Purchaser's Title Insurance Policy in the amount of \$8,500.00 insuring PURCHASER against loss or damage sustained by them by reason of the unmarketability of VENDOR'S title or lien or encumbrances thereon, excepting matters contained in usual printed exception in such title insurance policies, easements, conditions and restrictions of record and encumbrances herein specified, if any. Said policy of title insurance shall be deposited with the escrow agent as hereinafter set forth.

VENDOR covenants that they are the owners of the above described property free of all encumbrances other than as stated herein. VENDOR specifically agrees to pay existing Agreement with Clyde Schmidt and Faye Schmidt, dated June 30, 1976, recorded July 2 in Volume M76, page 10096, Microfilm records of Klamath County, Oregon, and hold PURCHASER harmless therefrom.

PURCHASER certifies that this Agreement of purchase is accepted and executed on the basis of their own examination and personal knowledge of the premises and opinion of the value thereof; that no attempt has been made to influence their judgment; that no representations as to the condition or repair of said premises have been made by VENDOR or by any agent of VENDOR; that no agreement or promise to alter, repair or improve said premises has been made by VENDOR or by any agent of VENDOR; and that PURCHASER takes said property and the improvements thereon in the condition existing at the time of this Agreement.

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Failure by VENDOR at any time to require performance by PURCHASER of any of the provisions hereof shall in no way affect VENDOR'S right hereunder to enforce the same, nor shall any waiver by VENDOR or any breach hereof be held to be a waiver of any succeeding breach, or a waiver of this non-waiver clause.

In case litigation is instituted arising directly or indirectly out of this Agreement, the losing party shall pay to the prevailing party his or her reasonable attorney fees and court costs together with any attorney fee incurred by the prevailing party on the appeal or any judgment or order of any trial court together with the prevailing party's costs of said appeal.

As soon as practicable following the execution of this Agreement; VENDOR shall deliver in escrow to United States National Bank of Oregon, Downtown Branch, of Klamath Falls, Oregon.

- a. A Warranty deed to the property, free and clear of all encumbrances, except as expressly specified herein, said deed to be excuted by VENDOR with PURCHASER as grantee.
- b. An executed copy of this Agreement.
- c. Purchaser's Policy of title insurance in the amount of \$8,500.00.

The parties hereto hereby instruct said escrow agent to receive for VENDOR'S account the balance of the installment payments provided herein. Upon full payment of the principal and interest provided for herein, the escrow agent shall delivery to PURCHASER the instruments specified above. If PURCHASER fails to pay any installment before the expiration of Thirty (30) days after the due date thereof, the escrow agent is authorized to surrender to VENDOR, upon demand and without note to PURCHASER, all of the documents specified in the preceeding paragraphs, thereby terminating the escrow.

In the event that PURCHASER shall fail to perform any of the terms of this Agreement, time of payment and performance being of the essence, VENDOR shall, at their option, subject to the requirements of notice as herein provided, having the following rights.

- a. To foreclose this Agreement 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 PURCHASER shall revert and revest in VENDOR without any act of re-entry or without any other act by VENDOR to be performed and PURCHASER agrees to peaceable surrender the premises to VENDOR, or in default thereof PURCHASER may, at the option of VENDOR be treated as a tenant holding over unlawfully after the expiration of a lease and may be ousted and removed as such.

PURCHASER shall not be deemed in default for failure to perform any covenant or condition of this Agreement, other than failure to make payments as provided herein, until notice of said default has been given by VENDOR to PURCHASER and PURCHASER shall have failed to remedy said default within (30) days after giving of the notice. Notice for this purpose shall be deemed to have been given by the deposit in the mails of a certified letter containing said notice and addressed to purchaser

at P.O. Box 511, Bly, Oregon. If PURCHASER shall fail to make Payment 10079
as herein provided and such failure shall continue for more than thirty
(30) days after payment becomes due, PURCHASER shall be deemed in default
and VENDOR shall not be obligated to give notice to PURCHASER of a declaration
of said default.

The covenants, conditions and terms of this agreement shall extend
to and be binding upon and insures to the benefit of the heirs, administrators,
executors and assigns of the parties hereto, provided, however, that nothing
contained in this paragraph shall alter the restrictions hereinabove contained
relating to assignment.

IN WITNESS WHEREOF, the parties have caused this agreement to be
executed this 13 day of May, 1978.

Richard R. Kerns
VENDOR

Patrick W. Cahill
PURCHASER

Theda L. Kerns
VENDOR

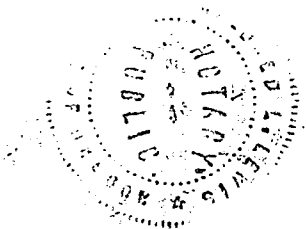
Cindy Cahill
PURCHASER

STATE OF OREGON)
County of Klamath) ss.

On this 13th day of May, 1978, before me, personally
appeared Richard R Kerns and Theda L Kerns VENDOR and Patrick Cahill and
Cindy Cahill PURCHASER, known to me to be the persons whose names are
subscribed to the within instrument and acknowledge that they executed
the same for the purpose therein contained.

official seal.

IN WITNESS WHEREOF, I have hereunto set my hand and



Michael D. Lewis
Notary Public for Oregon
My commission expires: 17-19-78

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after recording return to:
Klamath County Title Co
Attention: Miss

Tax statements to:
Mr. & Mrs. Pat Cahill
P.O. Box 511
Bly, Oregon 97622

STATE OF OREGON,)
County of Klamath)
Filed for record XXXXXX

on the 15th day of May, A.D. 19 78
at 2:44 o'clock PM, and duly
recorded in Vol. M78 of DEEDS
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Wm D. MILNE, County Clerk
By Bernard A. Helath Deputy

Fee \$ 12.00