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THIS AGREEMENT, made and entered into this 10th day of July 1978, by and between RICHARD NELSEN, husband and wife, and RICHARD R. BATSELL and KATHERINE BATSELL, husband and wife, shall include the plural if there are two or more sellers and/or buyers, (it being understood that the singular shall include the plural if there are two or more sellers and/or buyers).

WITNESSETH

Seller agrees to sell to the Buyer and the Buyer agrees to buy from the Seller for the price and on the terms and conditions set forth hereafter, all of the following described property and improvements situate in Klamath County, State of Oregon, to-wit: All that portion of the SW 1/4 of the SE 1/4 of Section 18, Township 40 S., Range 10 E., W.M., Klamath County, Oregon, lying southerly and westerly of the Klamath Irrigation District Drain Canal Number 5.

SUBJECT TO: 1978-79 real property taxes which are now a lien, but not yet payable, and all future real property taxes and assessments; reservations, restrictions, easements and rights of way of record, and those apparent on the land; statutory powers, including the power of assessment, of Klamath Irrigation District; rights of the public in and to any portion of the premises lying within the limits of any road or highway;

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The purchase price thereof shall be the sum of \$18,000.00, payable as follows: \$ 5,000.00 upon the execution hereof; the balance of \$ 13,000.00 shall be paid in monthly installments of \$116.97 including interest at the rate of 9 % per annum on the unpaid balances, the first such installment to be paid on the 10th day of August, 1978, and a further and like installment to be paid on or before the 10th day of every month thereafter until the entire purchase price, including both principal and interest, is paid in full. PROVIDED, HOWEVER, that Buyer shall pay the then unpaid balance and accrued interest in full on or before August 10, 1988.

It is mutually agreed as follows:

1. Interest as aforesaid shall commence from 7/10/78. Buyer shall be entitled to possession of the property as of 7/10/78.
2. After 1/1/79, Buyer shall have the privilege of increasing any payment or prepaying the entire balance with interest due thereon to the date of payment.
3. Buyer shall pay promptly all indebtedness incurred by their acts which may become a lien or purported lien, upon said property, and shall regularly and before the same shall become delinquent, pay all taxes, including adjustment of same for any reason; assessments, liens, purported liens, and encumbrances of whatsoever kind affecting said property after this date, provided; all such taxes, assessments and charges for the current year shall be pro-rated as of 7/10/78, and in the event Buyer shall fail to so pay, when due, any such matters or amounts required by Buyer to be paid hereunder, or to procure and pay seasonably for insurance, Seller may pay any or all such amounts and any such payment shall be added to the purchase price of said property on the date such payments are made by Seller and such amount shall bear interest at the same rate as provided above, without waiver, however, of any right arising to Seller for Buyer's breach of contract, and, in such event or events, the escrow holder is hereby directed and authorized to so add such amounts to the contract balance upon being tendered a proper receipt therefor;
4. Buyer shall keep the buildings on said property insured against loss or damage by fire or other casualty in an amount not less than the insurable value thereof with loss payable to the parties hereto and the interests herein reflected, if any, all, as their interests appear at the time of loss, all uninsured losses shall be borne by Buyer, on or after the date Buyer becomes entitled to possession;
5. Buyer agrees that all improvements now located or which shall hereafter be placed on the property, 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 Seller. Buyer shall not commit or suffer any waste of the property, or any improvements thereon, or alteration thereof, and shall maintain the property, improvements and alterations thereof, in good condition and repair, provided, Buyer shall not make or cause to be made any major improvement, or alteration to the property without first obtaining the written consent of Seller;
6. Seller shall upon the execution hereof make and execute in favor of Buyer a good and sufficient deed conveying said property free and clear of all liens and encumbrances, except as herein provided, and which Buyer assumes, unless otherwise therein provided, and will place said deed, together with one of these agreements in escrow at Klamath 1st Federal Savings & Loan, Klamath Falls, Oregon, and shall enter into written escrow instructions in form satisfactory to said escrow holder and the parties hereto, instructing said escrow holder that when, and if, Buyer shall have paid the balance of the purchase price in accordance with the terms and conditions of this contract, said escrow holder shall deliver said deed to Buyer, but in case of default by Buyer said escrow holder shall, on demand, surrender said instruments to Seller;
7. Until a change is requested, all tax statements shall be sent to the following address:
Richard R. & Katherine A. Batsell
5811 Homedale Road
Klamath Falls, Oregon 97601

It is mutually understood and agreed that the subject property has 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.

Seller shall cause the subject property to be released from the lien of the present Federal Land Bank mortgage within thirty days from the date hereof; and Seller further agrees to hold Buyer harmless therefrom.

SUBJECT TO: 1998-79 real property taxes which are now a lien, but not yet payable, and all future real property taxes and assessments; reassessments, restorations, assessments and rights of way of record, and those apparent on the land, statutory powers, including the power of assessment, of Klamath Irrigation District, rights of the public in and to any portion of the premises lying within the limits of any road or highway;

The purchase price thereof shall be the sum of \$18,000.00, payable as follows: \$2,000.00 down and the balance of \$16,000.00 shall be paid in monthly installments of \$119.27. The first such installment is to be paid on or before the 10th day of the month of August, 1978, and thereafter on the same day of each month thereafter.

PROVIDED, FURTHER, that in case Buyer shall fail to make the payments aforesaid, or any of them, punctually and upon the strict terms and at the times above specified, or fail to keep any of the other terms or conditions of this agreement, time of payment and strict performance being declared to be the essence of this agreement, then Seller shall have the following rights: (1) To foreclose this contract by strict foreclosure in equity; (2) To declare the full unpaid balance immediately due and payable; (3) To specifically enforce the terms of this agreement by suit in equity; (4) To declare this contract null and void, and in any of such cases, except exercise of the right to specifically enforce this agreement by suit in equity, all the right and interest hereby created or then existing in favor of Buyer derived under this agreement shall utterly cease and determine, and the premises aforesaid shall revert and revest in Seller without any declaration of forfeiture or act of re-entry, and without any other act by Seller to be performed and without any right of 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.

Should Buyer while in default, permit the premises to become vacant, Seller may take possession of same for the purpose of protecting and preserving the property and his security interest herein, and in the event possession is so taken by Seller he shall not be deemed to have waived his right to exercise any of the foregoing rights.

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 attorney's fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

Buyer further agrees that failure by Seller at any time to require performance by Buyer of any provision hereof shall in no way affect Seller's right hereunder to enforce the same, nor shall any waiver by Seller of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

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, subject to the foregoing.

Witness the hands of the parties the day and year first herein written.

Richard R. Batzell
 Seller
Katherine A. Batzell
 Buyer

STATE OF OREGON, County of Klamath ss. July 10, 1978

Personally appeared the above named RICHARD NELSEN and RICHARD R. BATZELL and KATHERINE A. BATZELL, husband and wife,

and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me: William D. Milne
 Notary Public for Oregon
 My Commission expires: 10-20-80
 From the office of
PRENTISS K. PUCKETT, P.C.
 Attorney at Law,
 First Federal Bldg. 136 N. 3rd St.
 Klamath Falls, Oregon

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 10th day of July, A.D., 1978 at 3:25 o'clock P.M., and duly recorded in Vol M78 of Deeds on Page .

FEE

WM. D. MILNE, County Clerk
 By Bernice J. Salich Deputy