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A payment of \$4,916.25 representing accrued interest only shall be paid on January 6, 1979; a payment of \$4,916.25 representing accrued interest only shall be paid on July 6, 1979; and thereafter the balance shall be paid in eighteen (18) equal semi-annual installments of \$38,575.74 which shall include accrued interest at said rate of 9.5% per annum, beginning on January 6, 1980 and a like payment shall be made semi-annually thereafter until the whole of principal and interest is paid.

Covenants Running With the Land:

Second Party shall be bound by the Declaration of Conditions and Restrictions for Lynnewood embodied and recorded in Volume M-76, Pages 8487 to 8492, and in Volume M-77, Pages 17035 to 17038 in the Marath County Clerk's Office.

Second Party further covenants all development on the property shall consist of single family structures on a maximum of fifteen (15) lots.

These covenants and restrictions shall run with the land except as specifically provided in said Declaration referred to above.

Subdivision and Platting Authorization:

Second Party shall assume the responsibility and all liability for obtaining proper subdivision platting authorization. The First Party agrees to execute a subdivision plat upon approval of the same as necessary for Second Party to record said plat. The making of this contract, and the foregoing agreement by First Party, is no representation by First Party that Second Party can obtain said authorization.

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and the parties agree this contract shall be binding irrespective of Second Party's ability to obtain same.

Improvement Liability:

Second Party shall assume all liability and responsibility for the construction of improvements benefiting the property.

Land Fill Located on Property:

This contract is not intended to convey nor does it convey the land fill presently located on the property. Further, First Party hereby reserves an easement over the portion of the property sold hereunder upon which the easement in favor of Geary, et al is located for a period of five (5) years from the date of this agreement. Said easement is for the purpose of providing First Party the ability to bring in additional fill material ~~through December 31, 1970~~ and providing First Party with access to cross said property at such times as First Party requires to apply said fill to the rock face on adjacent Moore Park and further to complete the landscaping of said area in the park pursuant to the stipulated settlement in the case of McCartney v Halverson et al, Klamath County Circuit Court 87-172 B.

Taxes and Liens:

First Party agrees to assume all taxes levied against the property for the current tax year. Second Party agrees to pay when due all taxes and assessments which are thereafter 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 property.

Maintenance and Insurance:

Commencing with the possession date and thereafter at all times

during the term of this contract, Second Party shall with respect to the property promptly comply with all laws, ordinances, regulations, directions, rules and requirements of all governmental authorities applicable to the use or occupancy of the property.

Second Party shall not commit or suffer any waste of the property and shall maintain the property in good condition.

Deed:

Upon payment of the total purchase price for the property as provided herein or upon demand for partial release as described herein, and performance by Second Party of all other terms, conditions and provisions hereof, First Party shall forthwith deliver to Second Party a good and sufficient bargain and sale deed conveying the property or portion thereof free and clear of all liens and encumbrances, excepting those placed upon the property or suffered by Second Party subsequent to the date of this contract.

Partial Releases:

Second Party may have partial releases of the property after such time as a final plat on the property has been filed by Second Party. Said releases shall be granted by First Party upon payment by the Second Party of the interest owed as date of release and of a sum of money determined by the following formula:

$$\frac{\text{total principal still owing}}{\text{total no. sq. feet remaining}} \times \frac{\text{No. sq. ft. in parcel to be released}}{\text{total no. sq. ft. in parcel}} \times \text{interest rate}$$

Default:

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

(a) Second Party fails to make any payment within 15 days after it is due;

(b) Second Party fails to perform any other obligations imposed by this contract and does not correct or commence correction of such failure within 15 days after receipt of written notice from First Party specifying the manner in which Second Party is in default; or

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

In the event of a default, First Party 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.

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

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.

Waiver:

Failure of First Party at any time to require performance of any provision of this contract shall not limit the right of First Party to enforce the provision, nor shall any waiver by First Party 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.

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 attorney's 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, but no interest of Second Party shall be assigned, subcontracted or otherwise transferred, voluntarily or involuntarily, without the prior written consent of First Party. First Party shall not unreasonably withhold his consent and the test of the reasonableness of First Party's withholding consent

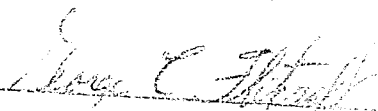
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shall be First Party's consideration of the financial capability of Second Party's proposed assignee or transferee as compared to the financial capability the Second Party has of the date hereof and the value of the property sold hereunder at the time of such proposed assignment or transfer compared to the unpaid balance then remaining of this contract. Consent by First Party to one transfer shall not constitute consent to other transfers or waiver of this section.

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

FIRST PARTY:

CITY OF KIAMATH FALLS, OREGON
226 South Fifth Street
Kiamath Falls, Oregon 97601

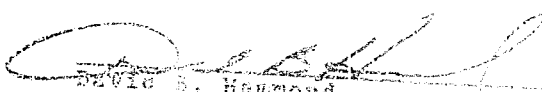
By 

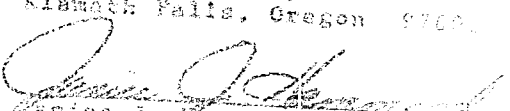
Mayor

By 

Recorder

SECOND PARTY:


David S. Hammond
3900 Washburn Way
Kiamath Falls, Oregon 97601


Janice J. Hammond
3900 Washburn Way
Kiamath Falls, Oregon 97601

STATE OF OREGON)
County of Klamath) ss.

Personally appeared before me the undersigned, a Notary Public for said State, the within named George C. Flitcraft, Mayor, and Harold Derrah, Recorder, both officers of the City of Klamath Falls, Oregon, a municipal corporation, who severally acknowledged that as such Mayor and Recorder and for and on behalf of the City of Klamath Falls, Oregon, they each signed and delivered the foregoing Land Sale Contract on the day and year therein written pursuant to the authority of a resolution duly adopted by the Common Council of the City of Klamath Falls, Oregon.

WITNESS my hand and official seal this 21st day of July, 1978.

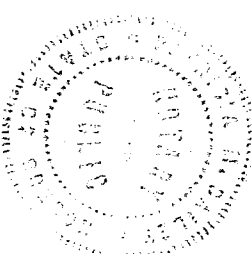
Patricia M. Bailey
NOTARY PUBLIC FOR OREGON
My Commission Expires: 2/28/82

STATE OF OREGON)
County of Klamath) ss.

Personally appeared the above named David B. Hammond and Janice J. Hammond, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME this 27th day of July, 1978.

Patricia M. Bailey
NOTARY PUBLIC FOR OREGON
My Commission Expires: 2/28/82



LAND SALE CONTRACT
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After recording return to: City of Klamath Falls
P.O. Box 237
Klamath Falls, OR 97601

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 27th day of August, A.D., 19 78 at 11:40 o'clock A.M., and duly recorded in Vol. 17204 of Page 17204 on Page 17204.

FEE \$24.00

WM. D. MILNE, County Clerk:
By Wanda M. Hirsch Deputy