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When recorded Mail to:

Bank of America NT & SA

Day and Night Office

Escrow Department

One Powell Street

San Francisco, California

94102

Vol. 79 Page 7560

 The Ohio Casualty Insurance Company

HAMILTON, OHIO

1A 38-17082

STANDARD FORM OF CONTRACT BOND

KNOW ALL MEN BY THESE PRESENTS, That we,

Baker & Bortis Construction Co.

of Klamath Falls, Oregon
(hereinafter called the Principal), as principal, and THE OHIO CASUALTY INSURANCE COMPANY (hereinafter called the Surety), as surety, are held and firmly bound unto Redwood Theatres, Incorporated of San Francisco, California

(hereinafter called the Oblige), in the sum of Four Hundred Thirty Eight Thousand Seven Hundred Thirty & No/10 Dollars (\$438,730.00*****), for the payment whereof said Principal and Surety bind themselves firmly by these presents.

WHEREAS, The Principal has entered into a written contract dated December 22, 1978 with the Oblige, for

Construction of Theater Complex, Pelican Cinemas, Klamath Falls, Oregon

a copy of which is hereto annexed:

NOW, THEREFORE, The condition of this obligation is such, that if the Principal shall indemnify the Oblige against any loss or damage directly arising by reason of the failure of the Principal to faithfully perform said contract, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, however, and upon the EXPRESS CONDITIONS, the performance of each of which shall be a condition precedent to any right to recovery hereon:

FIRST: The Oblige shall notify the Surety by registered letter, addressed and mailed to the Surety at its Home Office in Hamilton, Ohio, of any breach of said contract by the Principal, or any act or omission of the Principal, or of any agent or employee of the Principal which may involve or cause a loss for which the Surety may be liable, within ten (10) days after such breach or act of omission shall have come to the knowledge of the Oblige or any representative of the Oblige authorized to supervise the performance of said contract; and if the Principal abandons said contract or is lawfully compelled by reason of a default to cease operations thereunder, the Surety shall have the right at its option to assume the contract and to sublet or complete the same; and if the Surety elects to sublet or complete said contract, all moneys due or to become due and payable under the terms of the contract shall be paid to the Surety regardless of any assignment or transfer thereof by the Principal, it being the intent hereof that the right of the Surety to said moneys or payments shall take precedence over any assignee or any other adverse claimant, but if the Oblige completes or relets the contract, all reserves, retentions, deferred and other payments provided by the contract to be paid to the Principal, had the Principal duly performed said contract, shall be credited upon any claim against the Surety, and no forfeiture provided in said contract against the Principal shall be operative against the Surety.

SECOND: All suits at law or proceedings in Equity to recover on this bond must be instituted within six months after the completion of said contract, and in any event within twelve months from the date fixed in said contract for its completion, or if no time is specified in said contract for its completion, before the day of 19, unless the Surety shall have extended the time for instituting said suits or proceedings in writing signed by an officer of the Surety at its Home Office at Hamilton, Ohio.

THIRD: That the Surety shall not be liable for any loss or damages resulting directly or indirectly from strikes or labor difficulties, or from mobs, riots, fire, the elements, or acts of God, or for the repair or reconstruction of any work or materials damaged or destroyed by any such causes; nor for damages from injury to person, or for the death of anyone; nor under or by virtue of any statutory provision for damages or compensation for injury to or for the death of any employee; nor for the non-performance of any guaranties of the efficiency or wearing qualities of any work done or materials furnished or the maintenance thereof or repairs thereto; nor for the furnishing of any bond or obligation other than this instrument; nor for damages caused by delay in finishing such contract in excess of ten per centum of the penalty of this instrument.

FOURTH: That the Oblige shall faithfully perform all the terms, covenants and conditions of such contract on the part of the Oblige to be performed; and shall also retain that proportion, if any, which such contract specifies the Oblige shall or may retain of the value of all work performed or materials furnished in the prosecution of such contract (not less, however, in any event, than ten per centum of such value), until the complete performance by the Principal of all the terms, covenants and conditions of said contract on the Principal's part to

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be performed; that the plans and specifications mentioned in said contract are not in any respect defective, and are and at all times will be kept adequate for the complete performance of such contract, and that no change shall be made in such plans and specifications which shall increase the amount to be paid the Principal more than ten per centum of the penalty of this instrument, without the written consent of the Surety.

FIFTH: That no right of action shall accrue upon or by reason hereof, to or for the use or benefit of any one other than the Obligor herein named; and that the obligation of the Surety is, and shall be construed strictly as, one of suretyship only, shall be executed by the Principal before delivery, and shall not, nor shall any interest therein or right of action thereon, be assigned without the prior consent, in writing, of the Surety.

SIXTH: If at any time during the performance of the contract the Obligor receives notice of any unpaid claim for labor or material furnished the Principal on the contract, the Obligor shall within ten (10) days notify the Surety, and if directed by the Surety shall withhold payment from the Principal of moneys due or to become due until such claim has been satisfied.

STANDARD FORM OF CONTRACT BOND

KNOW ALL MEN BY THESE PRESENTS that we, Baker & Bortis Construction Co.

Klamath Falls, Oregon
(hereinafter called the Principal), as Principal, and THE OHIO CASUALTY INSURANCE COMPANY
(hereinafter called the Surety), as Surety, do hereby certify that on this 22nd day of February, 1979.

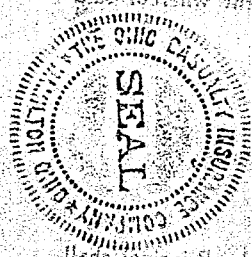
SIGNED AND SEALED, this 22nd day of February, 1979, at Klamath Falls, Oregon.

Witness: BAKER & BORTIS CONSTRUCTION CO.

By Jack Baker
Principal

THE OHIO CASUALTY INSURANCE COMPANY,

By Ronald S. Craig
Attorney in Fact



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 5th day of April, A. D. 1979 at 3:56 clock P.M., and

July, recorded in Vol. M79 of Mortgages on Page 7560

We D. MILNE, County Clerk

By Bernice A. Hotsch

THE OHIO CASUALTY
INSURANCE COMPANY
HAMILTON, OHIO

STANDARD FORM OF CONTRACT BOND

No.

ISSUED TO

Effective Date 12-22-78