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Vol. ^m80 Page 13651

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CONTRACT OF SALE

This Agreement made this 11 day of July, 1980, by and between SCHOOLHOUSE RANCH, INC., an Oregon Corporation, herein designated as Seller, and RUSSELL LEE READE and JEANNE MARIE READE, husband and wife, herein designated as Purchaser.

WITNESSETH:

1. Property Included: That the Seller does hereby agree to sell, and Purchaser does hereby agree to purchase, on the terms, stipulations and conditions hereinafter set forth and enumerated, the real property situated in Klamath County, Oregon, particularly described as follows, to wit:

The NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 16, Township 35 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Subject to:

1. Rights of the public in and to any portions of said premises lying within the limits of public roads and highways.
2. Reservations and easements, including the terms and provisions thereof, as set out in Deed recorded June 18, 1959, in Deed Volume 313 at page 381.
3. A mortgage, given by Schoolhouse Ranch, Inc. in favor of Robert P. Moehring and Shirley L. Moehring, securing a note in the amount of fifteen thousand dollars, dated July 18, 1977 and recorded July 21, 1977, Book M-77, Page 12927 and re-recorded to correct the legal description August 12, 1977, Book M-77, Page 14662.
4. A non-exclusive easement for the purpose of ingress and egress, 30.0 feet in width, adjacent to and lying Easterly of the West

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line of the Northwest Quarter of the Northwest Quarter of Section 16, Township 35 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

ALSO: A non-exclusive easement for the purpose of ingress and egress, 30.0 feet in width, adjacent to and lying southerly of the North line of the Northwest Quarter of the Northwest Quarter of Section 16, Township 35 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Above easements were granted for ingress and egress to the Southwest Quarter of the Northwest Quarter of Section 16, Township 35 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

2. Price and Terms: That the purchase price for said real property, which the Seller agrees to accept and the Purchaser agrees to pay, is the sum of FOURTEEN THOUSAND NINE HUNDRED AND 00/100 (\$14,900.00) DOLLARS, payable as follows:

- (a) \$3,000.00 cash down, receipt of which is hereby admitted.
- (b) \$120.00 on August 9, 1980, and \$120.00 on the 9th of each month thereafter until the entire amount of the principal or purchase price shall have been paid, which monthly payments shall be applied first to interest on the unpaid balance at the rate of eight and three-quarters (8 3/4%) per cent per annum, and the residue applied on the principal.

Interest shall commence as of July 9, 1980.

Purchaser may pay all or any part of the purchase price or principal without penalty after Feb. 1, 1981.

Failure to pay any installment of principal or purchase price after notice of default as provided in paragraph 11 hereof shall render the entire unpaid balance of the principal or purchase price due and payable at once, at the option of the Seller.

All payments hereunder shall be made to the Seller at Crater Title Insurance Company, 604 West Main St., Medford, Oregon. 97501.

3. Care of Property: The Purchaser agrees to take good and proper care of the property herein sold, in order that the value thereof shall not deteriorate. Purchaser shall promptly pay, or interpose a defense to any and all labor and material liens which may be filed against said real property and the improvements thereon. Failure to clear any such liens within a reasonable time shall

constitute a default in the terms of this contract. Seller warrants there are no labor and material liens on file or to be filed as a result of any act on the part of Sellers against said real property and the improvements thereon.

4. Possession: That possession of the property herein sold shall be given to the Purchaser not later than July 9, 1980.

5. Title and Evidence of Title - Escrow: That the Seller shall forthwith make and execute, and place in escrow with Crater Title Insurance Company, Medford, Oregon, 97501, a good and sufficient warranty deed covering said real property, which Warranty deed shall warrant the title to said real property to be free and clear of any and all liens, claims and encumbrances of every kind and nature whatsoever, except as stated in paragraph 1 hereof, as of the date of this contract, and thereafter as against any act or acts on the part of Seller. Seller shall forthwith deliver unto the Purchaser a purchaser's title insurance policy in the amount of \$14,900.00. Said escrow agent above named shall be instructed to deliver said warranty deed to Purchaser whenever Purchaser shall have fully complied with all the terms and conditions of this contract on the part of Purchaser to be performed, and in particular shall have paid in full the purchase price hereunder, with interest thereon.

6. Taxes - Assessments: That purchaser agrees to pay all taxes, assessments and public charges of every nature that may be levied against said real property, before they become delinquent. Seller agrees to pay their portion of the current taxes up to and including July 9, 1980.

7. Existing Encumbrance: It is understood that there is an existing mortgage on said real property in favor of Moehring as set forth in paragraph 1 hereof, which mortgage is current and contains a release provision for 40 acre parcels. Said mortgage covers additional property. Seller agrees to maintain said mortgage in good standing at all times, and to show Purchaser evidence thereof at any time upon demand. Should Seller fail to so maintain said mortgage in good standing, Purchaser shall have the right to make any payments which may be delinquent thereon, and to receive credit therefore on payments to become due under this contract.

8. Septic System Evaluation: It is understood and agreed between the parties hereto that subject property was evaluated by representatives of the Oregon Department of Environmental Quality in June, 1977 as to its suitability for a standard subsurface sewage disposal system, and that Purchaser has been furnished a copy of said report. Seller makes no warranties or representations regarding said evaluation or the feasibility of said property other than that the property was inspected and a feasibility report issued by the Department of Environmental Quality. Purchaser assumes full responsibility for securing any and all permits relative to installation of any sewage disposal system and accept the property "as is".

9. Taxes - Default: That the Purchaser agrees that in the event of foreclosure, Seller shall be entitled not only to a decree foreclosing all rights of Purchaser in said real property, but also a personal judgement against Purchaser for any taxes or assessments against said real property which are delinquent or which Seller was forced to pay to protect their interest, the same as for attorney's fees and costs and disbursements.

10. Attorney's fees and Costs: That in case of suit or action in the premises of this agreement, including any suit for rescission, the prevailing party therein shall be entitled to a reasonable sum as attorney's fees, including an attorney's fee on any appeal, as well as costs and disbursements.

Purchaser agrees that in addition to attorney's fees and costs and disbursements, the Seller, in the event of foreclosure, shall also be entitled to a personal judgement against Purchaser for the costs of acquiring a foreclosure report from a recognized title insurance company.

11. Default: That in the event the Purchaser shall fail to perform any of the terms of this agreement, time of payment and performance being of the essence, the Seller shall, at their option and subject to the requirements of notice as herein provided have the following rights:

- (a) To foreclose this contract 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.

The foregoing remedies, however, shall not be deemed exclusive, and the Seller may avail themselves of any other remedies provided at law or in equity for the enforcement of any of their rights created or evidenced by this agreement.

Purchaser shall not be deemed in default for failure to perform any covenant or condition of this contract, other than failure to make payments as provided herein, until notice of said default has been given by Seller to Purchaser, and Purchaser shall have failed to remedy said default within thirty (30) days after receipt of the notice. Notice, for this purpose, shall be deemed to have been given by a deposit in the mails of a certified letter containing said notice and addressed to Purchaser at 50 Forrest Rd., Novato, California 94947.

If Purchaser fails to make payments as hereinabove provided, and said default shall continue for more than thirty (30) days after the payments become due, Purchaser shall be deemed in default and Seller shall not be obligated to give notice to said Purchaser of a declaration of said default.

12. Binding on Heirs, Etc.: That this agreement shall be binding on the heirs, executors, administrators, successors and assigns of the respective parties hereto.

13. Oral Agreements Superseded: That this agreement is intended to set forth the whole agreement between the parties and no oral agreements concerning the subject matter of this contract shall be binding on either party unless the same be reduced to writing and attached hereto.

14. Representations: That Purchaser certifies that this Contract of Sale is accepted and executed on the basis of his own examination and personal knowledge of the real property and opinion of the value thereof; that no representations as to the condition or repair of the premises, if any, have been made by the Seller, or by any agent of the Seller; that no agreement or promise to alter, repair, or improve said property or premise has been made

13656

by Seller or any agent of Seller; and that Purchaser takes said property and any improvements thereon in the condition existing at the time of this agreement.

EXECUTED IN TRIPLICATE, each of the parties hereto retaining a copy hereof, and the third executed copy being placed with Crater Title Insurance Company, Medford, Oregon as Collection-Escrow Agent.
Dated this 11 day of July, 1980.

SCHOOLHOUSE RANCH, INC.

By:

X Lillian A. Skillman, Pres.
Lillian A. Skillman, President

X Ross R. Miles, Secy
Ross R. Miles, Secretary

SELLER

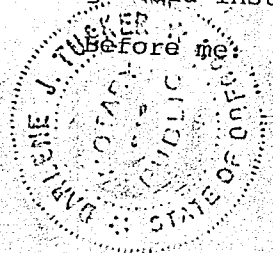
X Russell Lee Reade
Russell Lee Reade

X Joanne Marie Reade
Joanne Marie Reade

PURCHASER

STATE OF OREGON)
: SS
COUNTY OF JACKSON)

Personally appeared LILLIAN A. SKILLMAN and ROSS R. MILES, who being duly sworn, each for himself and not one for the other, did say that the former is President and that the latter is Secretary of SCHOOLHOUSE RANCH, INC., an Oregon Corporation, and that the seal affixed to the foregoing instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and each of them acknowledge said instrument to be its voluntary act and deed.



X Darlene J. Tucker
NOTARY PUBLIC FOR OREGON
My commission expires 6-16-84

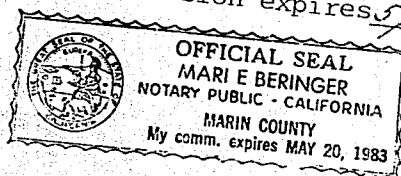
STATE OF California)
COUNTY OF Marin) :SS

13657

Personally appeared the above named RUSSELL LEE READE and
JEANNE MARIE READE, and acknowledged the foregoing instrument to
be their voluntary act and deed.

Before me:

Mari E. Beringer
NOTARY PUBLIC FOR
My commission expires 5/20/80



Return to:
TA - Donna

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Recorded for record at request of Transamerica Title Co.
this 22nd day of July A. D. 1980 at 3:58 o'clock P M., on
filed recorded in Vol. M80, of Deeds on Page 13651

Fee: \$24.50

Wm D. MILNE, County Clerk
By Bernetha Helosh