

CONTRACT OF SALE of the real property described in the attached Exhibit "A" (herein called "Real Property"), subject to the exceptions to title set forth in said Exhibit "A", made, as of the last date set opposite the signatures of the parties hereto, between ALFRED J. PEDRO (herein called "Seller"), and WARREN L. GILLETTE (herein called "Buyer"), whose address is 3526 Altamont Drive, Klamath Falls, Oregon 97601.

1. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Real Property for the price and on the terms, covenants, conditions and provisions herein contained.

2. Buyer agrees to pay Seller the sum of \$33,500.00 for the Real Property as follows: \$3,500.00 down (which Seller has received), \$15,170.00 by assumption of Seller's obligation pertaining to the Real Property (which Buyer agrees to fully pay and perform according to the terms thereof and to hold Seller harmless from, and to indemnify Seller against, including, without limiting the foregoing, attorney fees at trial or on appeal), and \$15,330.00 plus simple interest on declining principal balances at the rate of seven per cent (7%) per annum, in monthly installments of not less than \$126.00 each, including interest. The first of such installments shall be paid on the 5th day of April, 1982, and subsequent such installments shall be on the 5th day of each month thereafter, until the entire purchase price, including principal and interest, is paid in full. Interest shall commence on March 5, 1982. All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal. Buyer may prepay all, or any part of, the principal or interest at any time. Seller agrees that at the time the balloon payment becomes due on the Contract wherein Pedro is Buyer and Clarks are Seller, dated October 26, 1978, Seller will accept a deed of trust subordinate to any debt that Buyer places on the Real Property in order to refinance said Real Property.

3. All installments shall be paid, without demand, to Mountain Title Company (herein called "Escrow Holder").

4. Buyer warrants and covenants that the Real Property is being purchased primarily for personal, household or agricultural purposes.

5. Possession of the Real Property shall be delivered on the date hereof.

6. The terms, covenants, conditions, and provisions set forth on the reverse hereof, and any exhibit attached hereto, is incorporated into this Contract as though fully set forth at the place in this Contract at which reference to them is made.

THIS DOCUMENT CONSTITUTES A BINDING CONTRACT. THE PARTIES HAVE READ BOTH SIDES AND ALL EXHIBITS.

#### SIGNATURES

DATE

3/5/82

3/5/82

Alfred J. Pedro (Seller)  
ALFRED J. PEDRO

Warren L. Gillette (Buyer)  
WARREN L. GILLETTE

(See Acknowledgements on Reverse Side)

Buyer agrees that when the contract to Clark pays off on or before July 1, 1986 buyer will increase his payment to Alfred J. Pedro to \$130.00. W.L.

1. Vendor hereby warrants to Purchaser that Vendor has good and merchantable title to the real property described in this Contract, subject to the exceptions to title set forth in this Contract. Vendor agrees that when the sums due Vendor secured by this Contract have been fully paid, Vendor shall, upon Purchaser's request, deliver a good and sufficient warranty deed conveying said real property in fee simple unto Purchaser, and Purchaser's heirs and assigns, free and clear of encumbrances as of the date of the Contract, except those exceptions to title set forth in this Contract, and those exceptions to title permitted or created by Purchaser. To the extent that this Contract designates an Escrow Holder, Vendor will, upon execution of this Contract, execute the aforesaid warranty deed, and, within a reasonable time thereafter, place said warranty deed, together with an executed original of this Contract, in escrow with the designated Escrow Holder with instructions (subject to the usual printed conditions and provisions of the standard form of escrow instructions provided by said Escrow Holder) to said Escrow Holder that, when and if Purchaser shall have paid the sums due Vendor provided for in this Contract, to deliver said warranty deed to Purchaser.

2. Purchaser shall remain in possession of the real property so long as Purchaser is not in default hereunder. Purchaser shall and hereby agrees to keep the real property and improvements in good condition and repair at all times, reasonable wear and tear excepted; to commit no waste or otherwise damage or injure the real property; to maintain the real property in accordance with the laws and ordinances and regulations of any constituted authority applying to the real property and to make no unlawful use thereof; to pay regularly and seasonably, and before the same shall become delinquent, all taxes, assessments and charges of whatever nature levied and assessed against the real property and to pay and discharge all encumbrances thereafter placed thereon by Purchaser; to permit no lien or other encumbrances to be filed upon or placed against the real property without the written consent of Vendor; and it is further understood and agreed, for the purposes of this provision, that if Purchaser fails to pay or discharge any taxes, assessments, liens, encumbrances or charges, Vendor, at Vendor's option and without waiver of default or breach of Purchaser, and without being obliged to do so, may pay, or discharge all or any part thereof, all of which said sums so paid by Vendor shall become repayable by Purchaser, together with interest at the rate of twenty-five per cent (25%) per annum, upon demand, payment of which is part of the performance of this Contract by Purchaser.

3. Purchaser agrees to keep the building and improvements now on, or hereafter placed upon, the real property insured against loss by fire or other casualty in an amount not less than maximum insurable value as determined by the insurance carrier and shall obtain, at Purchaser's expense, an endorsement thereon providing for loss payable to Vendor, Purchaser, and any third party shown in this Contract as having an encumbrance upon the real property as an exception to the title as their respective interests may appear. A certificate of such insurance shall be delivered to Vendor and such third party. If a loss should occur for which insurance proceeds shall become payable, Purchaser may (subject to the rights of said third party encumbrance holder) elect to either rebuild or repair the portion of the building so destroyed, or apply the proceeds toward payment of the then unpaid balance of the sums due Vendor. If Purchaser elects to rebuild or repair, Purchaser shall sign such documents as may be required by Vendor (subject to the rights of said third party encumbrance holder) to guarantee the application of the insurance proceeds to the cost of such rebuilding or repair.

4. Vendor may appear in or defend any action or proceeding at law, in equity or in bankruptcy, affecting, in any way, the security hereof and, in such event, Vendor shall be allowed and paid, and Purchaser hereby agrees to pay, all costs, charges and expenses, including costs of evidence of title or validity and priority of the security and attorney fees in a reasonable sum, incurred in any such action or proceeding in which Vendor may appear, which shall bear interest at twenty-five per cent (25%) from date of demand therefor. Failure of Purchaser to pay Vendor for such costs, charges and expenses within thirty (30) days from the date of demand therefor shall constitute a breach of this Contract.

5. The following shall constitute a default of Purchaser:

a. Failure of Purchaser to make payments as herein provided for more than thirty (30) days after the payment becomes due. acceptance of any sum secured by this Contract after its due date shall not constitute a waiver of Vendor's right either to require prompt payment when due or to seek any remedy provided for herein.

b. Failure of Purchaser to perform any covenants or conditions of this Contract (other than failure to make payments as provided in the preceding sentence) after thirty (30) days' written notice of such failure and demand for performance.

6. If Purchaser shall be in default as above provided, Vendor shall have the following cumulative rights which Vendor may, at Vendor's election, exercise sequentially or contemporaneously:

a. To foreclose this Contract by strict foreclosure in equity;

b. To declare the full unpaid balance secured by this Contract immediately due and payable;

c. To specifically enforce the terms of this Contract by suit in equity.

7. In the event any suit or action is commenced because of any default of Purchaser, the following provisions shall apply:

a. The Court having jurisdiction of the case may, upon motion by Vendor, appoint a receiver to collect the rents and profits arising out of the real property and to take possession, management and control of the same during pendency of suit or action or until payment of the obligations hereby secured and apply said rents and profits to the payment of the amount due hereunder, first deducting all proper charges and expenses attending the execution of said receivership.

b. Purchaser shall pay to Vendor, in addition to all statutory costs and disbursements, any amount Vendor may incur or pay for any title report, title search, insurance of title or other evidence of title subsequent to the date of this Contract on the real property above described and this Contract shall be security for the payment thereof.

c. The prevailing party, at trial or on appeal, shall be entitled to such reasonable attorney fees as shall be fixed by the Court having jurisdiction of the case, in addition to statutory costs and disbursements.

8. This Contract creates a lien upon the real property in favor of Vendor as security for the performance of all covenants of Purchaser and remedies of Vendor contained herein. As additional security, Purchaser hereby assigns to Vendor any or all present or future lease or tenancy covering all, or any part, of the real property. Purchaser agrees with Vendor that each said lien is superior to any and all rights of Purchaser hereunder or by reason of any homestead, stay, or exemption laws now in force or which may hereafter become law.

9. Time is expressly made the essence of this Contract.

10. Where notice in writing is required by either party to the other, such notice shall be deemed given when the same is deposited in the United States Postal Service as certified mail, postage prepaid, and addressed to the address of such party set forth in this Contract.

11. No waiver by Vendor of any breach of any covenant of this Contract shall be construed as a continuing waiver of any subsequent breach of such covenant, nor as a waiver of any breach of any other covenant, nor as a waiver of the covenant itself.

12. All terms, covenants, conditions, and provisions contained in this Contract are severable and, in the event any of them shall be held to be invalid by any competent Court, this Contract shall be interpreted as though the same were not contained in this Contract.

13. All words used herein in the singular number shall extend to and include the plural. All words used in the plural number shall extend to and include the singular. All words used in any gender shall extend to and include all genders.

14. The term real property, when used in this Contract, includes, all and singular, the tenements, hereditaments, rights, easements, privileges, and appurtenances thereunto belonging, or in anywise appertaining, and improvements thereon, together with the reversions, remainder, rents, issues, and profits thereof.

15. This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, personal representatives, or assigns.

16. The debts and obligations under this Contract of Vendor and Purchaser are both joint and several.

STATE OF Oregon, County of Clatsop, ss:

Before me appeared the Vendor who acknowledged the foregoing Contract to be Vendor's voluntary act and deed.

(SEAL)

NOTARY PUBLIC FOR Oregon  
My Commission Expires: 7/10/85

STATE OF Oregon, County of Clatsop, ss:

Before me appeared the Purchaser who acknowledged the foregoing Contract to be Purchaser's voluntary act and deed.

(SEAL)

NOTARY PUBLIC FOR Oregon  
My Commission Expires: 7/10/85

EXHIBIT "A"

The following real property situate in Klamath County, Oregon, to-wit:

The S½ of Lot 4, Block 2, THIRD ADDITION TO ALTAMONT ACRES, according to the official plat thereof, on file in the office of the County Clerk of Klamath County, Oregon.

## SUBJECT TO:

1. Assessments, if any, due to the City of Klamath Falls for water use.
2. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Klamath Irrigation District.
3. The premises herein described are within and subject to the statutory powers, including the power of assessment, of South Suburban Sanitary District.
4. Reservations, restrictions and easements as contained in Deed recorded May 28, 1931, in Vol. 95, Page 369, Deed Records of Klamath County, Oregon, to-wit: "Subject to any right of way heretofore conveyed to the U.S. Government or to any other governmental body for canals, ditches or laterals for irrigation or drainage purposes. Subject, also to any roads, streets and rights of way for other purposes now existing. Subject, also to operation and maintenance charges or liens for water and drainage of the Klamath Irrigation District. The right is also reserved by the grantor to construct and maintain ditches, canals and pipe lines over, under or across land herein described for the purpose of diverting and delivering water for irrigation and domestic uses to adjoining properties."
5. Real Estate Contract, including the terms and provisions thereof, wherein Raymond A. Coulter is Vendor, Stanley W. Clark and Elizabeth A. Clark, husband and wife, are Vendee, dated October 24, 1972, recorded October 24, 1977, Vol. M-77, Page 20394, Microfilm Records of Klamath County, Oregon.

The Vendor's interest was assigned by Assignment of Contract and Deed to Certified Mortgage Company, an Oregon corporation, dated March 24, 1978, recorded March 24, 1978, Vol. M-78, Page 5601, Microfilm Records of Klamath County, Oregon.

The Vendor's interest was assigned by Assignment of Contract and Deed to Audie Joliff and Vadie Joliff, husband and wife, dated March 31, 1978, recorded April 4, 1978, Vol. M-78, Page 6444, Microfilm Records of Klamath County, Oregon.

6. Contract, including the terms and provisions thereof, wherein Stanley W. Clark and Elizabeth A. Clark, husband and wife, are Vendor, and Alfred J. Pedro is Vendee, dated October 26, 1978, recorded November 2, 1978, Vol. M-78, Page 24839, Microfilm Records of Klamath County, Oregon.

## RETURN:

Mountain Title Company

## TAXES:

Warren L. Gillette  
3526 Altamont Drive  
Klamath Falls, Oregon 97601

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of \_\_\_\_\_

this 5 day of March A.D. 1982 at 3:05 clock P.M.

duly recorded in Vol. M 82, of Deeds on file 2824

Fee \$12.00

EVLYN DEHN, County Clerk

*By [Signature]*