

K-36270

CONTRACT OF SALE Made as of the last date set forth opposite the signatures of the parties hereto, between JOSEPH DRAZIL and MARY DRAZIL, husband and wife, hereinafter called "Vendor", and PATRICK D. RATLIFF and MICHELLE RATLIFF, husband and wife, as to an undivided one-half interest, and CHRIS ~~and~~ RATLIFF and GAYLE S. RATLIFF, husband and wife, as to an undivided one-half interest, hereinafter called "Purchaser";

W I T N E S S E T H:

Vendor agrees to sell to Purchaser and Purchaser hereby agrees to buy from Vendor, at the price and on the terms, covenants, conditions and provisions hereinafter contained, all of the following described property situate in Klamath County, Oregon, more particularly described as follows:

Real Property:

Township 41 South, Range 11 E.W.M.:

Section 14:

S $\frac{1}{2}$  of Lot 5, S $\frac{1}{2}$ N $\frac{1}{2}$  of Lot 5, S $\frac{1}{2}$ N $\frac{1}{2}$  of Lot 5  
All of Lot 12  
All of Lot 13

SUBJECT TO:

1. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Purchaser assumes and agrees to pay and perform.
2. Acre and use limitations under provisions of United States statutes and regulations issued thereunder.
3. Liens and assessments of Klamath Project and Klamath Irrigation District and regulations, easements, contracts, water and irrigation rights in connection therewith.
4. Agreement relative to use of drains, including the terms and provisions thereof, between Joseph Drazil and Mary Drazil, husband and wife, and J.R. Ratliff and Ollie Ratliff, husband and wife, dated April 24, 1944, recorded September 14, 1944, Vol. 169, Page 25, Deed Records of Klamath County, Oregon.
5. Subject to the requirements and provisions of ORS Chapter 481 pertaining to the registration and transfer of ownership of mobile homes and any interests or liens disclosed thereby.

Personal Property:

- 1 Cornell 40-hp Pump, Model 5K286XAM101, Serial #C-D-J-306437
- 30 8" Pipe, 900 feet
- 21 6" Pipe, 532 feet
- 27 Risers
- 4 Valve Openers
- 4 Connector Hoses, 10'x4", rubber
- 1 Steel Pipe, 57'x8"
- 2 Wheel Line,  $\frac{1}{4}$ -Mile, Pierce
- 2 Wheel Line,  $\frac{1}{4}$ -Mile, Farmland
- 1 Wheel Line Motor, Briggs & Stratton, Serial #146702, 6-hp
- 1 Wheel Line Motor, Briggs & Stratton, Model 80352, 3-hp
- 2 Wheel Line Motors, Briggs & Stratton, Model 5108-C, 3-hp
- 1 Grain Bin
- 1 Grain Elevator
- 1 1974 Budger Mobile Home, 66'x24', Huntington Manor Model, Serial No. S-6688

Said Personal Property is hereinafter called "Collateral".

1. Purchase Price: The purchase price of the property, which Purchaser agrees to pay, is the sum of \$300,000.00, representing the aggregate of the following:

Residence	\$ 75,000.00	Grain Elevator	\$ 956.80
Machine Shed	6,000.00	Irrigation Equip.	30,000.00
Grain Bin	2,000.00	Real Estate	186,043.20

Purchaser agrees to pay the purchase price of \$300,000.00 as follows:

- a. Down Payment: \$75,000.00 consisting of the aggregate of \$20,000.00 as Earnest Money and the sum of \$55,000.00 cash upon execution hereof, receipt of which is hereby acknowledged.

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b. Deferred Balance: \$225,000.00 deferred balance payable as follows:

(1) Five Equal Annual Installments: Five (5) equal annual installments of \$51,662.00 each, including interest, the first such installment to be paid on the 1st day of July, 1984, and a like installment to be paid on the 1st day of each July thereafter to and including the 1st day of July, 1988.

(2) Final Installment: The remaining balance of principal and interest due on July 1, 1989, to be paid on July 1, 1989.

c. Interest: Interest is fixed at 10% per annum simple interest on declining balances. Interest commences on July 1, 1983.

2. Payments to Escrow Holder: All installments due Vendor from Purchaser under this Contract shall be paid without demand to Klamath County Title Co. as Escrow Holder. All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal.

3. Interest Only Payment: Purchaser may, on any installment date, pay the interest only portion of one installment; provided, however, that this privilege may be exercised only once. If the privilege of paying only the interest installment is exercised, the then remaining balance of the deferred balance shall be reamortized as set forth in this part of this Contract, and the subsequent installment of principal and interest following the payment of the interest-only portion of such installment shall be according to the following schedule:

<u>Date of Interest Only Payment</u>	<u>Amount &amp; Due Date of Subsequent Installments</u>
July 1, 1984	\$59,355.00 on 7/1/85, 7/1/86, 7/1/87 and 7/1/88, with a final installment of the balance of principal and interest due on 7/1/89 on 7/1/89.
July 1, 1985	\$61,801.00 on 7/1/86, 7/1/87 and 7/1/88, with a final installment of the balance of principal and interest due on 7/1/89 on 7/1/89.
July 1, 1986	\$65,878.00 on 7/1/87 and 7/1/88, with a final installment of the balance of principal and interest due on 7/1/89 on 7/1/89.
July 1, 1987	\$74,069.00 on 7/1/88, with a final installment of the balance of principal and interest due on 7/1/89 on 7/1/89.
July 1, 1988	The balance of principal and interest due on 7/1/89 on 7/1/89.

4. Ratio of Application of Each Payment: The down payment and each annual installment shall be ratably applied to the following:

Residence	.25	Grain Elevator	.0031893
Machine Shed	.02	Irrigation Equip.	.10
Grain Bin	.0066667	Real Estate	.620144

5. Prepayment: Purchaser may increase any installment or prepay all or any part of the whole consideration together with interest thereon to the date of any such payment; provided, however, that Purchaser shall have obtained from Vendor written consent to such prepayment and shall have delivered the same to the Escrow Holder. No partial payment, increased installment or payment for a partial conveyance by reason of the eminent domain provisions of this Contract shall be credited in lieu of any regular future installment, nor excuse Purchaser from making the regular installments specified in this Contract.

6. Possession: Purchaser shall be entitled to possession of the above described Real Property on the date hereof.

7. Nature of Estate Sold and Lien Created by this Contract: The Real Property above described, hereby sold to Purchaser, includes, all and singular, the tenements, hereditaments, rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining, improvements thereon, including, but not limited to, stationary pumps, pumping stations, pumping motors, pumping engines, reservoirs, nonportable pipes and flumes or other nonportable equipment now used for the production of water thereon or for the irrigation or drainage thereof, and the reversions, remainders, rents, issues and profits thereof, together with all the rights of the use of water for irrigating said premises and for domestic use thereon to which Vendor is now entitled, or which are now used on said premises, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles the Vendor to water for irrigating or domestic purposes upon said Real Property. The Vendor's lien created by this Contract shall and does hereby include the Real Property above described, together with, all and singular, the tenements, hereditaments, rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining, and all improvements now or hereafter thereon, including, but not limited to, stationary pumps, pumping stations, pumping motors, pumping engines, reservoirs, nonportable pipes and flumes or other nonportable equipment now or hereafter used for the production of water thereon for the irrigation or drainage thereof, and the reversions, remainders, rents, issues and profits thereof, and together with all the rights to use of water for irrigating said premises and for domestic use thereon to which said Real Property is now or may hereafter become entitled, or which now are or may hereafter be used on said premises, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles the legal or equitable owner thereof to water for irrigating or domestic purposes upon said Real Property. In addition, Purchaser hereby agrees that Vendor's lien is superior to any and all rights of Purchaser under and by virtue of any homestead, stay or exemption laws now in force, or which may hereafter become laws.

8. Contract as Security Agreement for Personal Property: With reference to the "Collateral" hereby sold by Vendor to Purchaser, this Contract constitutes a security agreement for such Collateral and the security interest of Vendor in such Collateral is hereby declared to be that provided for by the Uniform Commercial Code of the State of Oregon, together with the rights, duties, and obligations contained in this Contract. To perfect such security interest of Vendor in such Collateral, Purchaser agrees to execute and cause to be filed, and continued, at the expense of Purchaser, Uniform Commercial Code Financing Statement Forms UCC-1 (with the Secretary of State of the State of Oregon) and UCC-1A (with the Clerk of Klamath County, Oregon). Vendor shall execute and deliver to the Escrow Holder herein named two unfilled Uniform Commercial Code Forms UCC-3, Termination of Financing Statements, for the Secretary of State of the State of Oregon and for the Clerk of Klamath County, Oregon.

9. Escrow of Contract and Related Documents: Vendor hereby warrants that he has good and merchantable title to the Real Property above described, subject to the exceptions above set forth. Vendor will, upon execution hereof, make and execute in favor of Purchaser, a good and sufficient warranty deed conveying said premises free and clear, as of this date, of all encumbrances, subject to the above set forth exceptions. Vendor will upon execution hereof, make and execute in favor of Purchaser a good and sufficient bill of sale and/or other certificate of title conveying the above described Personal Property free and clear, as of this date, of all encumbrances, subject to the above set forth exceptions. Vendor will, within a reasonable time after the execution hereof, place said deed, bill of sale, and an executed and recorded original of this Contract, together with any other conveyances of title or security instruments required hereby, in escrow at Klamath County Title Co., 422 Main Street, Klamath Falls, Oregon 97601, with instructions to said Escrow Holder that, when and if the Purchaser shall have paid the balances of the purchase money and interest as above specified and shall have complied with all other terms and conditions of this Contract, to deliver the same to Purchaser subject to the usual printed conditions and provisions of the standard form of escrow instructions provided by said Escrow Holder.

10. Title Insurance: Vendor shall furnish, at his own expense, a

title insurance policy issued by Klamath County Title Co. under its Order No. K-36270 insuring Purchaser's title in the above described Real Property subject to the above set forth exceptions and printed conditions and exceptions contained in the usual form of title policy issued by said title insurance company.

11. Maintenance, Taxes, Etc., Relating to Real Property: Purchaser shall remain in possession so long as Purchaser is not in default hereunder. Purchaser shall and hereby agrees to keep said 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 said Real Property; to maintain said Real Property in accordance with the laws and ordinances and regulations of any constituted authority applying said 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 (including additional charges by reason of change of use) levied and assessed against said Real Property, and Collateral, 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 said Real Property, and Collateral, without the written consent of Vendor; to maintain said Collateral in the same condition as the same now is, subject to ordinary wear and tear and not to remove the same from the above described County and State 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 his 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, which sums shall bear interest at the rate of 25% per annum from the date of demand therefor, payment of which is part of the performance of this Contract by Purchaser.

12. Insurance of Buildings and Improvements: Purchaser agrees to keep the buildings and improvements now on or hereafter placed upon the above described 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 his own expense, an endorsement thereon providing for loss payable to Vendor and Purchaser as their respective interests may appear. A certificate of such insurance shall be delivered to Vendor. If a loss should occur for which insurance proceeds shall become payable, the Purchaser may 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 deferred balance. If the Purchaser elects to rebuild or repair, he shall sign such documents as may be required by Vendor to guarantee the application of the insurance proceeds to the cost of such rebuilding or repair.

13. Insurance of Collateral: Purchaser agrees to keep the Collateral above described insured against loss by fire in an amount not less than maximum insurable value at Purchaser's own expense, with an endorsement thereon providing for loss payable to Vendor and Purchaser, as their respective interests may appear.

14. Eminent Domain: In the event any governmental agency or entity having the power of eminent domain acquires by eminent domain or by negotiated sale in lieu of eminent domain all, or any portion, of the Real Property described in this Contract, Vendor may require Purchaser to apply all proceeds received by Purchaser from such acquisition (remaining after payment by Purchaser of attorney fees, appraiser fees and related necessary and reasonable costs in connection with securing said proceeds), which proceeds are hereinafter called "net proceeds", toward the payment of the sums secured by this Contract. Upon receipt of said net proceeds, Purchaser shall notify Vendor of the amount of said net proceeds and Vendor shall, within 60 days after such notification, notify Purchaser in writing if Vendor elects to have said net proceeds applied toward payment of the sums secured by this Contract. If Vendor fails to so notify Purchaser of such election, Vendor shall conclusively be deemed to have elected not to require Purchaser to apply said net proceeds toward the sums secured by this Contract. If Vendor elects to have said net proceeds applied toward payment of the sums secured by this Contract the amount to be received by

Vendor shall not exceed the total of the principal plus accrued interest to the date of receipt thereof by Vendor, and all such sums shall be paid to the Escrow Holder named herein. Regardless of whether Vendor elects to have said net proceeds applied to the sums secured by this Contract, Vendor will join in any conveyance required by the governmental agency or entity acquiring a portion or all of the Real Property described herein by eminent domain, but Vendor shall not be required to partially convey more property than that which is acquired by such governmental agency or entity. Vendor shall not be obligated to participate in any negotiations with such governmental agency or entity. Any notice or notices required to be given by Purchaser to Vendor pursuant hereto shall be in writing and shall be deemed given when the same is deposited in the United States Postal Service as certified mail, postage prepaid, addressed to Vendor at the last address of Vendor shown on the records of the Escrow Holder.

15. Sale of Property by Purchaser: If Purchaser shall sell Purchaser's equity in the Real Property described herein and securing the unpaid balance of this Contract, Purchaser shall notify Vendor of such sale in writing, and Vendor shall have 30 days from such notice to elect, in writing, to require Purchaser to apply 90% of the net proceeds from such sale toward payment of the deferred balance (both principal and interest) secured by this Contract before Purchaser receives and realizes any payment for his equity. The term "net proceeds" shall include both proceeds received by Purchaser at the time of consummation of such sale and any installments received thereafter less reasonable commissions, title insurance, demands of prior lien holders, attorney fees, and escrow fees incurred in any such sale. Failure of Vendor to elect to require application of such net proceeds as herein provided, shall constitute a conclusive election not to require application of such net proceeds; provided, however, that any subsequent purchaser shall be required to comply with this provision and that an election not to require application of net proceeds from any sale shall not be construed as constituting a waiver of this provision as to any subsequent purchaser. In addition, any such sale shall personally obligate the subsequent purchaser to Vendor without relieving Purchaser of Purchaser's obligation to Vendor under this Contract.

16. Defense of Security: 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 the prime rate charged by First Interstate Bank of Oregon to its preferred customers for commercial loans, but not to exceed the maximum amount authorized by the usury laws of the State of Oregon from date of demand therefor. Failure of Purchaser to pay Vendor for such costs, charges and expenses within 30 days from the date of demand therefor shall constitute a breach of this Contract. *DR. CR. PR. MR.* ~~This provision shall not apply to any interfamily transfers of any kind.~~

17. Default of Purchaser: The following shall constitute a default of Purchaser:

a. Failure to Make Payments: Failure of Purchaser to make payments as herein provided and if said failure shall continue for more than 30 days after the payment becomes due. The 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 of all other sums so secured or to seek any remedy provided for herein.

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

18. Remedies: If Purchaser shall be in default as above provided, Vendor shall have the following cumulative rights:



a. Remedies Relating to Real Property: With reference to the Real Property:

- (1) Foreclosure: To foreclose this Contract by strict foreclosure in equity;
- (2) Acceleration: To declare the full unpaid balance of the purchase price immediately due and payable;
- (3) Specific Performance: To specifically enforce the terms of this Contract by suit in equity.

b. Remedies Relating to Collateral: In the event of any default by Purchaser, Vendor shall have all the rights and remedies of a secured party under the Uniform Commercial Code -- Secured Transactions, or other applicable law, and all rights and remedies provided for in this Contract, to enforce payment of all obligations secured by this Contract, including, without limiting the generality of the foregoing, the following rights: The right to require Purchaser to assemble the Collateral and make it available to Vendor at a place to be designated by Vendor which shall be reasonably convenient to both parties; the right to take immediate possession of said Collateral wherever found (either directly by Vendor or through Vendor's agent, attorney, or sheriff in any county in which the Collateral, or any part thereof, may be located), with or without suit or process, and to sell the same at public or private sale, with or without notice, and to apply the proceeds of such sale to the discharge of the obligations secured hereby (both principal and interest) and expenses of protecting or realizing on the Collateral, including reasonable attorney fees (both at trial and on appeal); the right to a judgment for any deficiency; and the right to become the purchaser at any sale made hereunder. In any suit for foreclosure hereof, Vendor shall have the right to have a receiver appointed to take possession of the Collateral. Any notice of sale, or other intended action by Vendor, sent to Purchaser at least 5 days prior to such sale, or intended action, shall constitute reasonable notice to Purchaser. All Vendor's rights and remedies, regardless of how evidenced, shall be cumulative.

c. Exercise of Remedies: The remedies provided for in this paragraph may be exercised by Vendor singularly or concurrently, with reference to the Real Property and/or the Collateral, at the sole discretion and option of Vendor.

19. Time is of the Essence: Time is expressly made the essence of this Contract.

20. Notice: Where notice in writing is required by either party to the other, such notice shall be deemed given when the same is deposited with the United States Postal Service as certified mail, addressed to the last address of such party shown on the records of the Escrow Holder.

21. No Waiver: 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.

22. Receivership: In the event any suit or action is commenced because of any default of Purchaser, the court having jurisdiction of the case may, upon motion by Vendor, to the extent permitted by law, appoint a receiver to collect the rents and profits arising out of the above described Real Property and Collateral and to take possession, management and control of the same during pendency of such foreclosure proceeding 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.

23. Title Reports, Etc.: Upon the commencement of any suit or action to collect the indebtedness or disbursements secured hereby, or any part thereof, or to enforce any provision of this Contract by specific performance, foreclosure, or otherwise, there shall become due, and

Purchaser agrees to 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 any of the Real Property above described and this Contract shall be security for the payment thereof.

24. Prevailing Party Attorney Fees: In the event any suit or action is instituted by either party against the other relating to any provision of this Contract 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.

25. No Oral Modification Binding: This Contract contains the full understanding of the parties with respect to the subject hereof and no modification hereof shall be given effect unless the same be in writing subscribed by the parties hereto or their successors in interest.

26. Binding Effect: This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, executors, administrators, and assigns.

27. Construction of Contract: In construing this Contract, the following shall control:

a. Severability: All covenants, terms and provisions of 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 said invalid covenants, terms, and provisions were not contained herein.

b. Prepared by Both Parties: This Contract shall be construed as though prepared by both parties and shall be governed by the laws of the State of Oregon.

c. Number and Gender: 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.

d. Paragraph Headings for Convenience Only: Paragraph headings are for convenience only and shall not be used in construing the covenants, terms and provisions of this Contract.

SIGNED by the parties hereto on the date set opposite their respective signatures.

DATE

6/29/83

6/29/83

7-1-82

7-1-82

7-1-82

7-1-83

SIGNATURE

JOSEPH DRAZIL, Vendor

MARY DRAZIL, Vendor

PATRICK D. RATLIFF, Purchaser

MICHELLE RATLIFF, Purchaser

CHRIS RATLIFF, Purchaser

GAYLE S. RATLIFF, Purchaser

STATE OF OREGON, County of Klamath ) ss:

Personally before me appeared the above named JOSEPH DRAZIL and MARY.

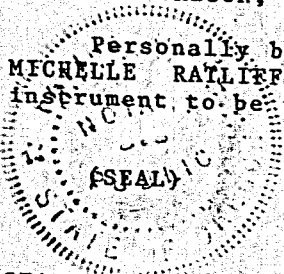
DRAZIL, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

Eda Gilbert  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 6-1-85

STATE OF OREGON, County of Klamath ) ss:

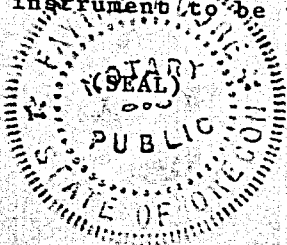
Personally before me appeared the above named PATRICK D. RATLIFF and MICHELLE RATLIFF, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



Lynette Moore  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 8-27-83

STATE OF OREGON, County of Klamath ) ss:

Personally before me appeared the above named CHRISTINE RATLIFF and GAYLE S. RATLIFF, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



Lynette Moore  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 7-1-83

Return to:

KCTC - Collection #4103

Tax Statements to:

Mr. & Mrs. Patrick Ratliff  
Mr. & Mrs. Chris Ratliff  
P. O. Box 436  
Merrill, OR 97633

STATE OF OREGON, )  
County of Klamath )

Filed for record at request of

Klamath County Title Co.

on this 5th day of July A.D. 19 83  
at 2:30 o'clock P M, and duly  
recorded in Vol. M83 of Deeds  
age 10544

EVELYN BIEHN, County Clerk

By Dea Xxxxx Deputy

Fee \$32.00