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OPTION AGREEMENT

Vol. 184 Page 4538

DATED: December 30, 1983

FROM: LINCOLN SAVINGS AND LOAN ASSOCIATION, an Oregon
banking corporation, hereinafter called "Lincoln",

TO: HARRY R. WAGGONER, hereinafter called "Optionee".

W I T N E S S E T H :

Lincoln is the owner of the following mortgages
and notes:

1. That certain mortgage, dated the 24th day of October, 1979, made and executed by NORCO, a partnership consisting of Ronald D. Cone, Bethel M. Cone, and Robert S. Gaddis, and Walter E. Remstedt, as his sole property, and mortgagors to Harry R. Waggoner, as mortgagee, to secure the payment of the sum of Nine Hundred Eighty Thousand and No/100 Dollars (\$980,000.00), together with the notes or obligations therein described and the money due or to grow due thereon, with the interest, which said indenture of mortgage was recorded in the office of the clerk of the County of Klamath, State of Oregon, in Book M-79 of Mortgages, Page 25155 on the 25th day of October, 1979, and re-recorded on the 17th day of February, 1982 in the office of the clerk of Klamath County, State of Oregon in Book M-82 of Mortgages, Page 1991;
2. That certain mortgage, dated the 24th day of October, 1979, made and executed by NORCO, a partnership consisting of Ronald D. Cone, Bethel M. Cone, and Robert S. Gaddis, and Walter E. Remstedt, as his sole property, as mortgagors to Harry R. Waggoner, as mortgagee, to secure the payment of the sum of Two Hundred Sixteen Thousand and No/100 Dollars (\$216,000.00), together with the note or obligation therein described and the money due or to grow due thereon, with the interest, which said indenture of mortgage was recorded in the office of the clerk of the County of Klamath, State of Oregon, in Book M-79 of Mortgages, Page 25150 on the 25th day of October, 1979, and re-recorded on the 17th day of February, 1982 in the office of the clerk of Klamath County, State of Oregon in Book M-82 of Mortgages, Page 1986;

EXHIBIT E

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3. That certain mortgage, dated the 24th day of October, 1979, made and executed by NORCO, a partnership consisting of Ronald D. Cone, Bethel M. Cone, and Robert S. Gaddis, and Walter E. Remstedt, as his sole property, as mortgagors to Harry R. Waggoner, as mortgagee, to secure the payment of the sum of Eight Hundred Sixty-Four Thousand and No/100 Dollars (\$864,000.00), together with the note or obligation therein described and the money due or to grow due thereon, with the interest, which said indenture of mortgage was recorded in the office of the clerk of the County of Klamath, State of Oregon, in Book M-79 of Mortgages, Page 25160 on the 25th day of October, 1979, and re-recorded on the 17th day of February, 1982 in the office of the clerk of Klamath County, State of Oregon in Book M-82 of Mortgages, Page 1996.

For purposes of this agreement, said mortgages and notes will be referred to herein as the "mortgages and notes".

Lincoln desires to give and optionee desires to obtain an exclusive and irrevocable option to acquire the mortgages and notes under the terms provided herein.

NOW, THEREFORE, it is mutually agreed as follows:

1. GRANT AND EXERCISE OF OPTION

1.1 Grant of Option. In consideration of the payment of \$70,000 to Lincoln by optionee, the receipt of which is hereby acknowledged, Lincoln hereby grants to optionee the exclusive and irrevocable option to acquire the mortgages and notes under the terms set forth in this agreement.

1.2 Term. This option may be exercised by optionee at any time prior to 11:59 p.m. on July 1, 1985. Said payment of \$70,000 shall be retained by Lincoln in the form of a Certificate of Deposit during the term of this agreement.

1.3 Manner of Exercise. This option may be exercised by optionee at any time during the term of this agreement, by the deposit of written notice of exercise of the option in the United States mail, as certified mail, addressed to Lincoln at the address set forth in paragraph 6 below, or by actual delivery of such written notice to the person named to receive notice on behalf of Lincoln in such paragraph.

2. PURCHASE PRICE AND MANNER OF PAYMENT. The purchase price for the mortgages and notes shall be \$938,300.00 and shall be paid in cash at closing. Optionee shall be entitled to a credit toward such purchase price in the amount of the total sums paid to Lincoln as consideration for this option.

3. CLOSING.

3.1 The sale shall be closed in escrow at _____ at a date to be fixed by Lincoln, which date shall be not less than 15 nor more than 30 days after the date of exercise of this option.

3.2 At closing, optionee shall pay into escrow the balance of the purchase price as described in paragraph 2 above. Lincoln shall deliver to the escrow agent the mortgages and notes.

3.3 Optionee shall be responsible for the premium for any title insurance policy, recording fees, commissions, escrow fees, reasonable legal fees for the preparation

examination of documents, and all other reasonable fees and/or costs incidental to the closing of said sale.

4. DEFAULT.

4.1 Time is of the essence of this agreement. If either party neglects or refuses to carry out this agreement according to its terms, the other party shall be entitled to such remedies for breach of contract as may be available under applicable law, including, without limitation, the remedy of specific performance.

4.2 In the event suit or action is instituted to enforce any of the terms of this agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal therefrom.

4.3 Failure of either party at any time to require performance of any provision of this agreement shall not limit the right of such party to enforce the provision, nor shall any waiver of any breach of any provision be a waiver of any succeeding breach of the provision or waiver of the provision itself or any other provisions.

5. FAILURE TO EXERCISE. If optionee does not exercise this option within the time permitted, all sums paid and held as a certificate of deposit under the terms of this option shall be retained by Lincoln. *except interest on c d*

6. NOTICE. Any notice under this agreement shall be in writing and shall be effective when actually delivered or deposited in the mail as certified mail addressed as follows or at such other address as the parties may designate:

Optionee: Harry R. Waggoner
3926 South Sixth Street
Klamath Falls, Oregon 97601

4542

Lincoln: Betty W. Thornton
Vice President, Commercial Loans
10250 SW Greenburg Rd.
Portland, Oregon 97223

7. BINDING EFFECT. This agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

IN WITNESS WHEREOF, Lincoln has caused this option agreement to be executed as of the day and year first set forth above.

LINCOLN SAVINGS AND LOAN ASSOCIATION

By [Signature]
T. B. Dame, its President

Accepted this 30 day of
December, 1983.

By [Signature]
Harry R. Waggoner

STATE OF OREGON,

County of Klamath

ss.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 13th day of February, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Harry R. Waggoner

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

[Signature]
Notary Public for Oregon.
My Commission expires 9/23/85

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Return to:
Harry Waggoner
P.O. Box 664
Klamath Falls, Or

EXEMPT E
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STATE OF OREGON: COUNTY OF KLAMATH: ss
I hereby certify that the within instrument was received and filed for record on the 20th day of March A.D., 19 84 at 2:57 o'clock P.M. and duly recorded in Vol 184 of Mortgages on page 4538.

Fee: \$ 20.00

EVELYN BIERK, COUNTY CLERK
by: [Signature] Deputy