

CONTRACT

SALE OF REAL ESTATE

For and in consideration of the premises hereinafter set out, this 25th day of April, 1985, ARSHAM D. ZAKARIAN and MAYETTA J. ZAKARIAN, Trustees under Revocable Declaration of Trust dated April 26, 1978, an undivided one-half interest and DAVID M. ZAKARIAN and CAROLYN H. ZAKARIAN, an undivided one-half interest, hereinafter called the SELLER, agrees to sell, and FRANK WATKINS, hereinafter called the BUYER, agrees to buy that real property in the County of Klamath, State of Oregon, more particularly described as follows:

Lots 19A, 19B, 20A, 20B and 21B, Block 3, RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

Subject to the following:

1. Regulations, including levies, liens and utility assessments of the City of Klamath Falls, Oregon.
2. Conditions, restrictions as shown on the recorded plat of Railroad Addition.

WITNESSETH

I

PURCHASE PRICE AND PAYMENT

The purchase price for the property which BUYER agrees to pay shall be the sum of EIGHTY THOUSAND and NO/100 DOLLARS (\$80,000.00), hereinafter called the purchase price, in part payment of which the BUYER assumes and agrees to pay a contract now on said land recorded in volume No. M-81 at page 3786, reference to which hereby is made, with an unpaid principal balance of \$ 22,057.38, together with the interest hereafter to accrue on said contract according to the terms thereof and hold SELLER harmless therefrom.

The BUYER agrees to pay the balance of said purchase price to the order of the SELLER, at the times and in amounts as follows:

(A) The sum of TEN THOUSAND and NO/100 DOLLARS (\$10,000.00) shall be paid to SELLER and the receipt of which is hereby acknowledged.

(B) The principal sum of TWENTY TWO THOUSAND FIFTY SEVEN AND 38/100 DOLLARS (\$ 22,057.38) shall be paid to SELLER as follows:

1. Monthly installments of not less than THREE HUNDRED SEVENTY SEVEN and NO/100 DOLLARS (\$377.00) per month, due on or before the 1st day of June, 1985, with interest beginning May 1, 1985 and a like payment on the 1st day of the month and each and every month thereafter, including interest at the rate of 9% per annum on the unpaid balance until paid.

There shall be no penalty for prepayment of any of said principal amounts.

Payment shall be made regardless of loss, destruction or damage to any of the improvements thereon to the extent such losses are not covered by insurance.

II

TAXES, ASSESSMENTS AND INSURANCE

The BUYER shall pay the real property taxes and/or assessments that come due on the property, and shall provide written proof of said payments to the SELLER.

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BUYER shall keep the improvements thereon insured against loss by fire in a reliable insurance company, in the sum of \$_____, with loss payable first to the SELLER and then to the BUYER, as their interests appear, all policies to be delivered to the SELLER. BUYER shall further furnish proof of insurance, upon request of the SELLER.

III

DEFAULT

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the BUYER shall fail to make the payments above required, or any of them, punctually within 20 days of the time limited therefor, or fail to keep any agreement herein contained, then the SELLER at his option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw said deed and other documents from escrow, and/or (4) to foreclose this contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the BUYER as against the SELLER hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the BUYER hereunder shall revert to and revest in said SELLER without any act of re-entry, or any other act of said SELLER to be performed and without any right of the BUYER of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and perfectly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said SELLER as the agreed and reasonable rent of said premises up to the time of such default. And the said SELLER, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

The BUYER further agrees that failure by the SELLER at any time to require performance by the BUYER of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said SELLER of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

IV

POSSESSION

This BUYER shall be entitled to possession of said lands on May 1, 19 85, and may retain such possession so long as he is not in default under the terms of this contract. The BUYER agrees that at all times he will keep the premises and the buildings, now or hereafter erected thereon, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said premises free from construction and all other liens and save the SELLER harmless therefrom and reimburse SELLER for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due.

Now if the BUYER shall fail to pay any such liens, costs, water rents, taxes, or charges or to procure and pay for such insurance, the SELLER may do so and any payment so made shall be added to and become part of the debt secured by this

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contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the SELLER for BUYER's breach of contract.

V

TITLE INSURANCE

The SELLER agrees that at his expense and within thirty days from the date hereof, he will furnish unto BUYER a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the SELLER on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any.

VI

CONVEYANCE

When the BUYER shall have paid the several sums of money aforesaid, then the SELLER will deliver to the BUYER a deed conveying said premises in fee simple with the usual covenants of warranty, excepting from such warranty such items as the BUYER has assumed and agreed to pay, or created by the BUYER.

VII

CONSIDERATION

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$80,000.00.

VIII

PROHIBITION AGAINST ASSIGNMENT

Although this contract shall be binding upon and inure to the benefit of the parties, their successors and assigns, this contract is personal and extended because of the special relationships of the SELLER and BUYER. Any attempt to transfer, convey or assign this contract or the property which is subject to the contract or any interest therein, is void and of no effect with respect to SELLER. SELLER reserves the right to increase interest rates or change the terms of the contract before consenting to any such assignment in the event he desires to so consent. Any such consent must be obtained in writing. The receipt of any payments, by SELLER, received from a source other than BUYER shall not be deemed a waiver of this provision.

IX

ACCELERATION ON TRANSFER AND ASSIGNMENT

If BUYER shall sell, transfer, encumber, convey or alienate the Property, or any part thereof, or any interest therein, or shall be divested of any interest therein in any manner, whether voluntarily or involuntarily, without the prior written consent of the SELLER, the SELLER shall have the right, at its option to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in the contract evidencing the same, immediately due and payable, whether or not any default exists otherwise.

JAMES D. MOSURAK reserves the option to demand the full amount due pursuant to his contract in the event the BUYER attempts to assign or transfer his interest in the property.

ATTORNEY FEES

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and if an appeal is taken from any judgment or decree of such trial court, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal.

XI

INTERPRETATION

In construing this contract, it is understood the the SELLER or the BUYER may be more than one person or a coporation; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

XII

DISCLAIMER

This instrument does not guarantee that any particular use may be made of the property described in this instrument. A BUYER should check with the appropriate city or county planning department to verify approved uses.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate; if either of the undersigned is a corporation, it has caused its corporate names to be signed and its corporate seal affixed hereto by its officers duly authorized thereunto by order of its board of directors.

Arsham D. Zakarian
ARSHAM D. ZAKARIAN

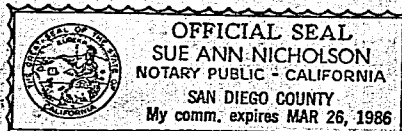
Mayetta J. Zakarian
MAYETTA J. ZAKARIAN

STATE OF CALIFORNIA
COUNTY OF San Diego

}SS

ON April 26, 1985

, 19....., before me, the undersigned, a Notary Public in and for said County and State, personally appeared
Arsham D. Zakarian and Mayetta J. Zakarian



known to me to be the person S whose name S are subscribed to the within instrument, and acknowledged to me that heY. executed the same.

GENERAL ACKNOWLEDGMENT
Form No. 16

Notary's Signature

Sue Ann Nicholson

DAVID M. ZAKARIAN

Carolyn H. Zakarian
CAROLYN H. ZAKARIAN
By: David M. Zakarian
Attorney-in-fact

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STATE OF OREGON)
County of Klamath) ss.
April 30, 1985.

Personally appeared the above named David M. Zakarian and
acknowledged the foregoing instrument to be his voluntary act
and deed before me:

[Signature]
NOTARY PUBLIC for Oregon
My Commission expires: 6-21-88

STATE OF OREGON)
County of Klamath) ss.
April 30, 1985.

Personally appeared David M. Zakarian, who, being duly
sworn, did say that he is the attorney in fact for Carolyn H.
Zakarian and that he executed the foregoing instrument by
authority of and in behalf of said principal; and he
acknowledged the foregoing instrument to be the act and deed of
said principal. Before me:

[Signature]
NOTARY PUBLIC for Oregon
My Commission expires: 6-21-88

STATE OF OREGON)
County of Klamath) ss.
April 29, 1985.

[Signature]
FRANK WATKINS

Personally appeared the above named Frank Watkins and
acknowledged the foregoing instrument to be his voluntary act
and deed before me:

[Signature]
NOTARY PUBLIC for Oregon
My Commission expires: 6-21-88

I, James D. Mosurak, hereby consent to the assumption of
the above listed contract.

STATE OF OREGON)
County of Klamath) ss.
April 24, 1985.

James D. Mosurak
JAMES D. MOSURAK

Personally appeared the above named James D. Mosurak and
acknowledged the foregoing instrument to be his voluntary act
and deed before me:

[Signature]
NOTARY PUBLIC for Oregon
My Commission expires: 6-21-88

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Ret: ATC

STATE OF OREGON,
County of Klamath
Filed for record at request of

on this 30th day of April A.D. 19 85
at 3:42 o'clock P M, and duly
recorded in Vol. M85 of Deeds
age 6300

EVELYN BEHN, County Clerk

By [Signature] Deputy

21.00