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CONTRACT

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DATED:

This 15TH day of MAY, 1985

BETWEEN:

St. Paul Fire and Marine Insurance Co. (St. Paul)

AND:

Dorothy L. Hoyer ("Buyer")

WHEREAS, St. Paul was the purchaser at an execution sale held pursuant to order of the U.S. District Court for the District of Oregon, St. Paul Fire & Marine Insurance Company v. Melvin W. McGrew, et al., No. 84 6097-ME, confirmed by order of said court December 18, 1984 of the following-described property:

Lot 8, Block P, Lake O'Woods Summer Home Sites, Rogue River National Forest, Oregon, as shown on the approved plat on file in the office of the Forest Supervisor, Medford, Oregon.

In consideration for the mutual covenants and agreements contained herein, St. Paul agrees to sell to buyer, and buyer agrees to purchase from St. Paul, all of St. Paul's interest in the above-described property upon the following terms, covenants and conditions:

1. Purchase Price and Payment.

1.1 Buyer shall pay to St. Paul a purchase price of \$30,000 for said property, on account of which St. Paul acknowledges receipt of \$10,000 paid by Buyer as down payment.

1.2 The balance of the purchase price, being \$20,000, plus interest on the unpaid balance accruing at the rate of 10% per

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annum shall be paid by Buyer to St. Paul as follows:

(a) The sum of not less than \$300 monthly, with first payment to be made on or before ~~April~~ ^{June 15} 1, 1985 and a like payment to be made on or before the same day of the next 96 months.

(b) The entire unpaid principal balance plus accrued interest shall be paid in full on or before ~~March~~ ^{May 15} 1, 1993.

1.3 Buyer shall be entitled to pre-pay the balance of the purchase price without penalty therefor, except that no pre-payment of less than the entire unpaid balance shall excuse Buyer from making the regular monthly payments falling due as aforesaid.

1.4 Except as otherwise provided herein or hereafter directed by St. Paul, Buyer shall make all payments on the purchase price, as well as payment of any additional sums required to be paid to St. Paul by the terms of this contract, to St. Paul's address for the receipt of notices as hereinafter specified.

2. Possession; Condition of Property

2.1 St. Paul makes no warranties, representations or conditions concerning the title of the property other than it was the purchaser of the property at an execution sale as noted above. It is expressly understood by the Buyer that the Defendants and/or their heirs and assigns in the United States District Court case, St. Paul Fire & Marine Insurance Company v. McGrew, et al., 84-6097-ME, and others, have rights to said property under Oregon law, including, but not limited to, statutory

redemption rights. Should said redemption rights or other rights be exercised and said property redeemed from the execution sale, Buyer shall receive an amount proportionate to all payments it has made toward purchase. Aside from this payment, Buyer shall have no other rights against St. Paul for any and all alleged damages. Buyer shall have all rights to possession of the property that St. Paul currently possesses.

2.2 Buyer certifies that this contract is accepted and executed on the basis of Buyer's own examination and personal knowledge of the property and opinion of the value thereof; no attempt has been made to influence Buyer's judgment; that no representations as to the condition or repair of the property has been made by St. Paul or by any agent of St. Paul; that no agreement or promise to alter, repair or improve the property has been made by St. Paul or by any agent of St. Paul; and that Buyer takes the property and any improvements thereon in the condition existing at the time of this contract as subject to all applicable laws, ordinance, regulations and orders with respect to the manner in which the property may be used and enjoyed.

2.3 Buyer is licensed to sell real estate in the State of Oregon and is acting on her own behalf and will pay any brokerage fee which is due.

2.4 Buyer shall at all times keep the buildings on the property, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip thereof, nor make nor

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permit any waste or strip thereof, nor make nor permit any alterations or improvement thereof without St. Paul's prior written consent, which shall not be unreasonably refused. Buyer shall keep the property free from mechanics' liens and all other liens and save St. Paul harmless therefrom and reimburse St. Paul for all costs and attorneys fees incurred by it in defending against such liens; and will pay all taxes and assessments now or hereafter levied against the property, as well as all public charges and municipal liens which hereafter lawfully may be imposed upon the property, all promptly before the same or any part thereof becomes past due.

2.5 St. Paul may, at any reasonable time, with good cause, with at least forty-eight hours advance notice and with Buyers' presence, enter upon the property for the purpose of inspecting the property.

2.6 Buyer shall indemnify, defend and hold harmless St. Paul from any claim, loss or liability arising out of or relating to any activity of Buyer on the property or any condition of the property.

2.7 St. Paul makes no warranties, representations or covenants against existing violations of any statutes, codes or ordinances respecting the use of property or condition of the property or buildings except as may be expressly set forth in this contract.

2.8 Buyer intends, and Seller hereby specifically authorizes

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Buyer to repair dry-rot and install foundation and insulation at Buyer's convenience.

2.9 Seller further specifically authorizes Buyer to perform any reasonably necessary maintenance and upkeep of the premises as required in Buyer's discretion.

3. Taxes and Casualty Insurance

3.1 Buyer shall be responsible for and promptly pay all real estate taxes and assessments now due or hereafter levied against the property. Buyer shall satisfy Buyer's obligations to pay real property or personal property taxes by making payments directly to the appropriate taxing authority.

3.2 If, and to the extent that the property is now or hereafter improved, Buyer shall, at Buyer's expense, insure and at all times keep insured all improvements now or hereafter located on the property, commencing with the date of possession, against loss or damage by fire (with extended coverage) to the full extent of the insurable value thereof, and in no event less than the unpaid balance of the purchase price, in a company or companies satisfactory to St. Paul, of loss payable first to St. Paul, then to Buyer, as their respective interests may appear. All policies of insurance shall contain endorsement for non-cancellation without at least 10 days prior written notice to St. Paul and copies thereof or certificates thereof shall be delivered to St. Paul immediately upon issuance. This paragraph shall not be construed to permit Buyer to improve or alter the property in any manner whatsoever.

4. Deed.

4.1 Upon the Buyer's full payment of the purchase price, as well as any additional amounts which may then be owing by Buyer to St. Paul according to the provisions hereof, and upon Buyer's request and surrender of this contract, St. Paul shall deliver a bargain and sale deed conveying all of its interests in said property subject to any unpaid taxes, assessments and public charges which are the responsibility of Buyer hereunder, building and other restrictions, conditions, covenants and easements now of record, if any, all liens, encumbrances, charges or defects of title created, placed or permitted or arising by and through under Buyer or Buyer's successors or assigns; and such liens, encumbrances and other defects of title, if any, as may be of public record as of the date hereof or as may be otherwise disclosed by this contract.

5. Default.

5.1 Time is of the essence of this contract, and in case Buyer shall fail to make the payments above required, or any of them, punctually, within ten days of the time limited thereof, or fail to keep or perform any agreement, covenant or condition herein contained, then St. Paul, at St. Paul's sole option, shall

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have the following rights:

- (a) To declare this contract null and void;
- (b) To declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable;
- (c) To specifically enforce the terms of this contract by suit in equity; and/or
- (d) 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 Buyer as against St. Paul hereunder shall utterly cease and determine the right to possession of the property and all other rights acquired by Buyer hereunder shall revert to and revest in St. Paul without any act of re-entry, or any other act of St. Paul to be performed, and without any right of Buyer of return, reclamation or compensation for monies paid upon account of the purchase of the 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 St. Paul as the agreed and reasonable rent of the property up to the time of such default. St. Paul, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the property, without any process of law, and to take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

5.2 Buyer shall not be deemed in default for failure to per-

form any covenant, agreement or condition of this contract (except for failure to make payments of principal, interest and taxes, or for failure to keep the property insured, as provided in this contract) until St. Paul shall have given Buyer notice specifying the alleged default and Buyer shall have failed to remedy the same within 15 days thereafter.

6. Notices.

All notices required or desired to be given with respect to this contract and the property shall be in writing and shall be deemed given when deposited, in a postage paid envelope, in the United States registered or certified mails to the address of the party intended to receive the notice, at such addresses hereinafter set forth or to such other addresses as either party may hereinafter specify by notice to the other.

7. Non-Waiver.

St. Paul's failure at any time to require performance by Buyer of any provisions of this contract shall in no way affect St. Paul's rights hereunder to enforce the same, nor shall any waiver by St. Paul, which shall in any event be in writing, of any breach of any provision hereof be held to be a waiver of the provision itself.

8. Attorneys Fees.

In case suit or action is instituted to foreclose this contract or to otherwise enforce it or any of its provisions, the losing party therein shall pay to the prevailing party such sum as the court may adjudge reasonable attorneys fees in both the trial and appellate courts in such suit or action.

9. Sale And Assignment Restricted.

9.1 Buyer shall not wholly or partially sell, contract to sell or assign this contract, buyer's rights hereunder or in the property, without the prior written consent of St. Paul, which consent will not be unreasonably withheld in the case of a proposed transfer to a financially qualified third party who agrees in writing to be directly obligated to St. Paul for payment and performance of all Buyer's obligations hereunder. It shall not be unreasonable for St. Paul to condition consent upon the agreement of Buyer and the proposed transferee to increase the interest rate to a level which is equivalent to then prevailing rates charged by institutional mortgage lenders. In no event shall any such consent operate to relieve buyer continuing personal responsibility for payment of the unpaid balance of the purchase price.

9.2 If Buyer's note is sold or offered for sale at face or discounted value, upon deposit in escrow of the full purchase price for such sale, Buyer shall be given first right of written refusal to buy the note for the same amount as has been deposited

in escrow for such purchase. Buyer shall have thirty days from the date Buyer received notice by registered or certified mail of the pending sale and verification of deposit in escrow of the full purchase price to secure financing and exercise Buyer's first right of written refusal.

10. Successors.

The provisions, covenants and conditions of this contract shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permissible assigns of the parties hereto.

11. Seller's Rights To Make Payments.

If Buyer fails to make any payment required by the terms of this contract to be paid by Buyer, whether such payment is to be made to St. Paul or to some other party, as, for instance, in the case of casualty insurance or taxes, St. Paul may do so; any payment so made shall be added to and become part of the debt secured by this contract, shall bear interest at the rate of 10% per annum and shall be immediately reimbursed by Buyer to St. Paul, without waiver, however, of any right arising to St. Paul for Buyer's breach of this contract.

12. Special Provisions.

12.1 St. Paul makes no representations as to the existence, quality or title to any and all personal property on the premises.

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12.2 To the extent that Buyer has been in possession of the premises prior to the signing of this contract, St. Paul has not waived any of its rights under this contract, and Buyer expressly waives any of its rights under the doctrine of adverse possession.

12.3 Respective addresses of the parties for the purpose of sending notices and making payments as hereinafter provided are as follows:

St. Paul Fire & Marine Insurance
385 Washington Street
St. Paul, Minnesota 55102

Attention: Charles R. Stephenson
Buyer:

4825 West Griffin Creek Road
Medford, Oregon 97501

Provided that St. Paul may designate, at any time, a commercial bank or other financial institution or title insurance company in the United States as collection agent for the receipt of Buyer's monthly payments of the purchase price, and all charges therefor shall be at seller's expense.

12.4 Buyer has satisfied herself as to the state of the title of this property. St. Paul makes no representations or warranties as to the title.

12.5 In addition to and without limitation of St. Paul's rights in the event of a default by Buyer, Buyer shall pay to St. Paul late penalty equal to 5% of any amount not paid by Buyer within 10 days of the time required for such payment (including

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any and all payments of principal and/or interest to St. Paul, as well as payments of such matters as taxes and insurance premiums which are required to be made by Buyer to other parties).

Buyer's obligations for payment of any late payment penalties shall be automatic and immediately due and payable without notice or demand by St. Paul. For purposes hereof, as distinct from the question of default, "the time required for such payment" does not include any grace period which is afforded to Buyer under this contract.

IN WITNESS WHEREOF the parties have executed the foregoing contract effective as of the date and year first written above.

ST. PAUL FIRE & MARINE INSURANCE COMPANY

By

James L. St. John

Title: CLAIM REPRESENTATIVE

STATE OF

)

County of

) ss.

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On the 15th day of MAY, 1985, personally appeared JAMES L. ST. JOHN and /, 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 the Secretary of St. Paul Fire & Marine Insurance Company, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors; and each of them

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acknowledged said instrument to be its voluntary act and deed.

Before me:

Elinor E. Wainwright
Notary Public for
My Commission Expires: 1-29-89

Buyer:

Dorothy L. Hoyer
DOROTHY L. HOYER

STATE OF OREGON)

County of Jackson) ss.

Personally appeared before me this 3rd day of May, 1985, the above-named DOROTHY L. HOYER and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me:

Robyn L. Davidson
Notary Public for Oregon
My Commission Expires: 06-28-88

Ret send all tax statements to:

Dorothy L. Hoyer
4825 West Griffin Creek Road
Medford, Oregon 97501

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of September A.D., 19 85 at 2:34 o'clock P M., and duly recorded in Vol. M85
of Deeds on Page 14665

FEE \$53.00

Evelyn Biehn, County Clerk
By Frank Smith