

THIS CONTRACT, made and entered into this 21st day of February, 1986 by and between ROBERT D. KINNAN and LOUISE E. KINNAN, husband and wife hereinafter called Seller, and JAMES E. SMITH hereinafter called Buyer (it being understood that the singular shall include the plural if there are two or more sellers and/or buyers).

WITNESSETH:

Seller agrees to sell to the Buyer and the Buyer agrees to buy from the Seller for the price and on the terms and conditions set forth hereafter all of the following described property and improvements legally described on Exhibit "A", attached hereto and incorporated by reference herein as if fully set forth, subject to the encumbrances also set forth on Exhibit "A."

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

It is mutually agreed as follows:

1. POSSESSION: Buyer shall be entitled to possession of the property as of the date hereof;
2. PREPAYMENT PRIVILEGE: After date hereof, Buyer shall have the privilege of increasing any payment or prepaying the entire balance provided for hereinafter with interest due thereon to the date of payment;
3. PAYMENT OF LIENS AND TAXES: Buyer shall pay promptly all indebtedness incurred by their acts which may become a lien or purported lien, upon said property, and shall regularly and before the same shall become delinquent, pay all taxes, including adjustment of same for any reason, assessments, liens, and encumbrances of whatsoever kind affecting said property after this date, provided, all such taxes, assessments and charges for the current year shall be pro-rated as of the date hereof, and in the event Buyer shall fail to so pay, when due, any such matters or amounts required by Buyer to be paid hereunder, or to procure and pay seasonably for insurance, Seller may pay any or all such amounts and any such payment shall be added to the purchase price of said property on the date such payments are made by Seller and such amount shall bear interest at the same rate as provided herein, without waiver, however, of any right arising to Seller for Buyer's breach of contract, and, in such event or events, the escrow holder is hereby directed and authorized to so add such amounts to the contract balance upon being tendered a property receipt therefor;
4. INSURANCE: Buyer shall keep any buildings on said property insured against loss or damage by fire or other casualty in an amount not less than the full insurable value thereof with loss payable to the parties hereto and the interests herein reflected, if any, all as their interests appear at the time of loss, all uninsured losses shall be borne by the Buyer on or after the date Buyer becomes entitled to possession; Buyer shall furnish Seller proof of such insurance coverage;
5. WASTE PROHIBITED: Buyer agrees that all improvements now located or which shall hereafter be placed on the property, shall remain a part of the real property and shall not be removed at any time prior to the expiration of this agreement without the written consent of Seller. Buyer shall not cut or remove any timber, trees or shrubbery without Sellers prior written consent. Buyer shall not commit or suffer any waste of the property, or any improvements thereon, or alteration thereof, and shall maintain the property, improvements and alterations thereof, in good condition and repair, provided, Buyer shall not make or cause to be made any major improvements or alterations to the property without first obtaining the written consent of Seller;

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6. TRANSFER OF TITLE: Seller shall upon the execution hereof make and execute in favor of Buyer a good and sufficient deed conveying said property free and clear of all liens and encumbrances, except as provided on Exhibit "A", together with a good and sufficient Bill of Sale or Certificate of Title as appropriate, and will place said documents, together with one of these agreements, in escrow at Klamath County Title, with collection at ~~Certified Mortgage Company~~, Klamath Falls, Oregon, and shall enter into written escrow instructions in form satisfactory to said escrow holder and the parties hereto, instructing said escrow holder that when, and if, Buyer shall have paid the balance of the purchase price in accordance with the terms and conditions of this contract, said escrow holder shall deliver said documents to Buyer, but in case of default by Buyer said escrow holder shall, on demand, surrender said documents to Seller;

7. TAX PAYMENT PROCEDURES: Until a change is requested, all tax statements shall be sent to the address designated by Seller hereinafter. Seller shall then forward such tax statements to Buyer and to the Escrow Agent named herein (Klamath County Title or its successors) for determination of the monthly payment provided by Paragraph 16, hereinafter.

8. PROPERTY TAKEN "AS IS": Buyer certifies that this contract of purchase is accepted and executed on the basis of his own examination and personal knowledge of the premises and opinion of the value thereof; that no attempt has been made to influence his judgment; that no representations as to the condition or repair of said premises have been made by Seller or by an agent of Seller; and that Buyer takes said property and the improvements thereon in the condition existing at the time of this agreement;

9. CONSENT TO ASSIGNMENT: Buyer shall not assign this agreement, his rights thereunder, or in the property covered thereby without the written consent of Seller. In the event the within described property, any part thereof, any interest therein (whether legal or equitable) is sold, agreed to be sold, conveyed, assigned or alienated by the Buyer without having first obtained the written consent or approval of the Seller, then, at the Seller's option, all obligations secured by this instrument, irrespective of the maturity date expressed herein, shall become immediately due and payable;

10. TIME OF ESSENCE: It is understood that and agreed between the parties that time is of the essence of this contract;

11. DEFAULT: In case Buyer shall fail to make the payments aforesaid, or any of them, punctually and upon the strict terms and at the times above-specified or fail to keep any of the terms or conditions of this agreement, then the Seller at his option shall have the following rights:

- a) To declare this contract null and void, after giving such notice as is then required by Oregon Revised Statutes; and/or
- b) To declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable; and/or
- c) To withdraw said deed and other documents from the escrow and/or;
- d) To foreclose this contract by suit or by strict foreclosure in equity.

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 Buyer of return, reclamation or compensation for monies 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. 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 of the improvements thereon; and alternatively, Buyer shall have the right to apply to the Court for appointment of a receiver as a matter of right and nothing in this contract shall preclude appointment of the Seller as such receiver;

12. ABANDONMENT: Should Buyer, while in default, permit the premises to become vacant for a period in excess of 20 days, Seller may take possession of same individually or by appointment of a receiver by self-help or by Court order for the purpose of protecting and preserving the property and his security interest herein, and in the event possession is so taken by Seller he shall not be deemed to have waived his right to exercise any of the foregoing rights;

13. ATTORNEY FEES: In the event suit or action is instituted to enforce any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorney's fees at trial or on appeal of such suit or action, in addition to all other sums provided by law;

14. NO WAIVER: Buyer further agrees that failure by Seller at any time to require performance by Buyer of any provision hereof shall in no way affect Seller's right hereunder to enforce the same, nor shall any waiver by 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;

15. BINDING ON SUCCESSORS: This agreement shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective heirs, executors, administrators, successors and assigns, subject to the foregoing;

16. PAYMENT TERMS: The purchase price of the interest conveyed by the within instrument shall be the sum of Twenty-Five Thousand Nine Hundred Ninety-Nine Dollars (\$25,999.00) payable as follows: Purchaser is to pay closing costs and one-half (1/2) of the title policy cost upon the execution hereof; the remaining balance of Twenty-Five Thousand Nine Hundred Ninety-Nine Dollars (\$25,999.00) shall be paid in monthly installments of Two Hundred Thirty-Six Dollars and 27/100s (\$236.27) per month including interest at the rate of Ten Percent (10%) per annum on the unpaid balance, which said sum includes principal and interest. In addition, Buyer shall be required to pay each month a sum equal to One-Twelfth (1/12th) of the real and personal property taxes and insurance billed for the next preceding term. The first of such combined payments shall be payable on the 1st day of March, 1986, with a further and like payment installment payable on the 1st day of every month thereafter until the full amount of principal and interest are paid in full. The amount of payments shall be amended annually as follows:

a) The escrow agent shall be empowered to add the real property taxes, personal property taxes, and insurance so as to arrive at the cumulative total; and

b) This cumulative total shall be in turn compared with the cumulative total in effect for the remainder of calendar year 1986; and Buyer and Seller agree that such sum shall be the amount of \$28.73 per month; and

c) The amount of payments shall be increased or decreased by One-Twelfth (1/12th) of the difference in such totals. Sellers shall be

required to furnish the escrow holder with satisfactory proofs of the amounts of real and personal property taxes and insurance, and the amount thereof shall be added to the unpaid balance of the contract.

17. LATE PAYMENT PENALTY: In addition to any other remedies afforded to Sellers herein, Sellers shall be entitled to receive payment in the amount of Eleven Dollars and 81/100s (\$11.81), in addition to the regularly scheduled payments set forth in paragraph 16 hereinabove (\$236.27 plus 1/12th of the taxes and insurance) as and for a late payment charge, should Buyer fail to make any payment required to be made hereunder within ten (10) days of the date due. Sellers shall be required to notify both Buyer and Klamath County Title Company (or the successor collection escrow agent) of the accrual of such late payment charge, which such charge shall be credited only as an additional charge to Buyer and not as a credit to either interest or principal.

18. INCLUSION OF PERSONAL PROPERTY: It is agreed between Buyer and Seller that the property conveyed by the within Land Sale Contract includes a certain mobile home, which said mobile home is located on the real property conveyed by the within instrument, and is legally described on the attached Exhibit "A". Buyer and Seller further agree that there shall be no specific conveyance of title on the said mobile home to Buyer, but that the title thereto shall be held in escrow by the escrow agent named in paragraph 6 hereinabove, and that the said personal property shall be treated as though attached to and an improvement on the real property conveyed hereby.

IN WITNESS WHEREOF the parties have caused this agreement to be executed this 21st day of February, 1986.

BUYER:

James E. Smith
JAMES E. SMITH

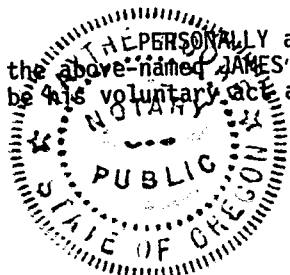
SELLERS:

Robert D. Kinnan
ROBERT D. KINNAN

Louis E. Kinnan
LOUIS E. KINNAN

STATE OF OREGON)
County of Klamath) ss.

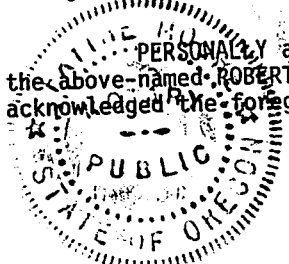
THE PERSONALLY appeared before me on this 21st day of February, 1986, the above-named JAMES E. SMITH, and acknowledged the foregoing instrument to be his voluntary act and deed.



Laurie Moore
NOTARY PUBLIC FOR THE STATE OF OREGON
My Commission Expires: 8/27/87

STATE OF OREGON)
County of Klamath) ss.

THE PERSONALLY appeared before me on this 21st day of February, 1986, the above-named ROBERT D. KINNAN and LOUIS E. KINNAN, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



Laurie Moore
NOTARY PUBLIC FOR THE STATE OF OREGON
My Commission Expires: 8/27/87

EXHIBIT "A"

Lot 27, Block 3, Riverview Addition to the City of Klamath Falls, Klamath County, Oregon TOGETHER WITH a certain 1982 Citation Mobile Home bearing license number X174628 and Vehicle Identification Number SF4056A.

SUBJECT TO contracts and/or liens for irrigation and/or drainage, the schedule of exclusions from coverage, together with any schedules contained in standard title policies, reservations, easements, restrictions and rights of way of record and those apparent on the land.

Robert D. Kinnan and
Louise E. Kinnan
5430 Delaware Avenue
Klamath Falls, OR 97601
Grantors Name and Address
James E. Smith
849 Riverside Drive
Klamath Falls, OR 97601
Grantee's Name and Address
After Recording Return to:
<i>Klamath Co. Title Co.</i>
Until a Change is Requested All Tax
Statements Shall be Sent to the
Following Address:
<i>Robert (Louise) Kinnan</i>
<i>5430 Delaware Ave</i>
<i>Klamath Falls, OR</i>
<i>97603</i>

STATE OF OREGON)
County of Klamath) ss.

I certify that the within instrument was received for record on the 24th day of February, 1986, at 10:42 o'clock A M., and recorded in book M86 on Page 3116 or as file/reel number 58504, Record of Deeds of said County.

WITNESS my hand and seal of County affixed.

Evelyn Biehn, County Clerk

Recording Officer

BY: *[Signature]*

Deputy

Fee: \$21.00