

THIS AGREEMENT is made this 24th day of June, 1986, by and between DAVID E. CARMICHAEL and LINDA ANN CARMICHAEL, husband and wife, Vendors, and MELVIN D. ARNOLD and LOUISE ARNOLD, husband and wife, Vendees.

WITNESSETH:

Vendors agree to sell to the Vendees and the Vendees agree to buy from the Vendors all of the following described property situated in Klamath County, State of Oregon, to-wit:

A portion of the SE1/4 NW1/4 of Section 5, Township 39 South, Range 9, East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:  
Beginning at a point from which the Northwest corner of said Section 5, bears North 30°33' West 2535.56 feet distant; thence East 978.78 feet; thence South 348.48 feet; thence West 978.78 feet; thence North 348.48 feet to the place of beginning;

EXCEPT THEREFROM that portion acquired by State of Oregon, by and through its State Highway Commission through Case No. 67-201L in the Circuit Court of the State of Oregon, County of Klamath;

SUBJECT to reservations, restrictions, easements and rights of way of record and those apparent on the land;

ALSO SUBJECT TO the terms and conditions of that certain promissory note and Trust Deed given by David Eugene Carmichael and Linda Ann Carmichael, husband and wife, to William Sisemore as trustee for Klamath First Federal Savings and Loan Association, dated March 18, 1981 and recorded March 19, 1981 in M-81 on page 5034, records of Klamath County, Oregon, to secure the payment of \$49,000.00.

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.

Vendees acknowledge that they have had an adequate opportunity to inspect the subject property and the improvements located thereon; that Vendors have made no representations as to the condition or quality of the land or the improvements thereon; and that Vendees are purchasing the subject property and improvements in their "as is" condition.

In consideration for the sale of the above described property, Vendees agree to pay to Vendors the sum of \$57,500.00 upon the following terms and conditions:

Vendees shall pay to the Vendors the sum of \$ 2,586.43 at the time of execution of this Agreement, receipt of which is hereby acknowledged by Vendors; Vendees shall pay the further sum of \$5,000.00 to Vendors on or before the 23rd day of June, 1987; and Vendees shall pay the remaining principal sum of \$ 49,913.57 together with interest thereon by paying to Klamath First Federal Savings & Loan Association the monthly installment payments required by the promissory note made by Vendors and described hereinabove. Vendees agree to make said payments promptly according to the terms of said Note. In the event that the amount of the monthly installment payments required by said Note change, then Vendees monthly payments required hereby shall change accordingly. Vendees shall make said payments on behalf of Vendors directly to said Klamath First Federal Savings & Loan Association. Vendees agree to indemnify and hold Vendors harmless from any liability arising from Vendees failure to pay said Note according to the terms thereof. In addition, Vendees agree to perform all of the obligations and covenants required to be performed by the Grantors under the terms of the Trust Deed described hereinabove.

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Vendees agree to pay in full on or before June 23, 1989 the remaining principal balance and accrued interest of said Note or, in the alternative, secure from said Association a full and complete release of Vendors' liability for the performance and payment of said Note and Trust Deed.

Vendees covenant and agree to keep said property at all times in as good condition as the same now are, that no improvement, now on or which may hereafter be placed on said property shall be removed or destroyed before the entire purchase price has been paid and that said property will be kept insured in companies approved by Vendors against loss or damage by fire in a sum not less than the full insurable value of the property with loss payable to the parties as their respective interests may appear; that Vendees shall pay regularly and seasonably and before the same shall become subject to interest charges, all taxes, assessments, liens and incumbrances of whatsoever nature and kind and agree not to suffer or permit any part of said property to become subject to any taxes, assessments, liens, charges, or incumbrances whatsoever having precedence over rights of the vendor in and to said property. Vendees shall be entitled to the possession of said property at the time of execution of this Agreement.

Vendors will on the execution hereof make and execute in favor of Vendees a good and sufficient warranty deed conveying a fee simple title to said property free and clear as of this date of all incumbrances whatsoever, except those reservations, restrictions, easements and rights of way of record and those apparent on the land referred to above, and will promptly deliver said deed to Klamath County Title Co. together with instructions directing said Title Company to deliver said deed to Vendees at such time as Vendees have made the payments hereinabove provided and secured the release of Vendors for the payment of the Note described hereinabove.

In the event Vendees shall fail to make the payments aforesaid, or any of them, punctually and upon the strict terms and or the times above specified, or fail to keep any of the other terms or conditions of this agreement, time of payment and strict performance being declared to be the essence of this agreement, then vendors shall have the following rights: (1) To foreclose this contract by strict foreclosure in equity; (2) To declare the full unpaid balance immediately due and payable; (3) To specifically enforce the terms of the agreement by suit in equity; (4) To declare a forfeiture of this Contract.

Should Vendees, while in default, permit the premises to become vacant, Vendors may take possession of same for the purpose of protecting and preserving the property and his security interest therein, and in the event possession is so taken by Vendors he shall not be deemed to have waived his right to exercise any of the foregoing rights.

In the event suit or action is instituted to foreclose or to enforce any of the provisions hereof, the prevailing party in such suit or action shall be entitled to receive from the other party his costs which shall include the reasonable cost of title report and title search and such sums as the trial court and or appellate court, if an appeal is taken, may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and appeal.

Vendees further agree that failure by Vendors at any time to require performance by Vendees of any provision hereof shall in no way affect Vendors' rights hereunder to enforce the same, nor shall any waiver by Vendors of such 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.

This Agreement shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective heirs, executors, administrators and assigns.

Witness the hands of the parties the day and year first herein written.

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VENDORS:

David Eugene Carmichael

By Linda Ann Carmichael  
Linda Ann Carmichael, his  
Attorney in Fact

Linda Ann Carmichael  
Linda Ann Carmichael

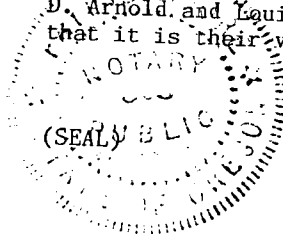
VENDEES:

Melvin D. Arnold  
Melvin D. Arnold

B. Louise Arnold  
Louise Arnold

STATE OF OREGON )  
                          ) SS  
County of Klamath )

Personally appeared this 25th day of June, 1986, Linda Ann Carmichael, who acknowledges that she is the attorney in fact for David E. Carmichael, Melvin D. Arnold, and Louise Arnold, that they executed the foregoing Instrument, and that it is their voluntary act and deed of said parties.



Laythel Moore  
Notary Public for Oregon  
My commission expires: 8/27/87

Return To:  
Klamath County Title Co.  
Collection Escrow #

Tax Statements to:  
Melvin D. & B. Louise Arnold  
1124 Frontage Road  
Klamath Falls, OR 97603

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ the \_\_\_\_\_ day  
of June A.D., 19 86 at 3:47 o'clock P M., and duly recorded in Vol. M86  
of \_\_\_\_\_ Deeds on Page 11139.

FEE \$13.00

By Evelyn Biehn, County Clerk  
[Signature]