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CONTRACT FOR THE SALE OF REAL ESTATE AND A MOBILE HOME

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THIS AGREEMENT is made and entered into this 22nd day of July, 1986 by and between HARLEY R. PEPPERS, hereincalled Vendor, and GALE S. ABERNATHEY and MARION M. ABERNATHEY, hereincalled Vendee.

WITNESSETH:

Vendor agrees to sell to the Vendee and the Vendee agrees to buy from the Vendor all of the following described property situated in Klamath County, State of Oregon, to-wit:

Lot 7 in Block 2, RAINBOW PARK ON THE WILLIAMSON, TOGETHER WITH an undivided 1/68th interest in Lots 4 and 5 in Block 1 of said Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon;

SUBJECT TO: Reservations, restrictions, easements and rights of way of record and those apparent on the land; and real property taxes and assessments for 1985-86 which are now a lien but are not yet payable; TOGETHER WITH a 1981 Pacific Mobile Home, Oregon Title No. 8403052815, which Vendee has had full and complete opportunity to inspect and which Vendee is purchasing in its "AS IS" condition and without recourse against Vendor;

at and for the price of \$31,000.00 payable as follows; to-wit:

\$15,000.00, which includes \$500 earnest money previously paid by Vendee to Vendor; shall be paid by Vendee to Vendor at the time of execution of this Agreement, receipt of which is hereby acknowledged by Vendor; and the balance of \$16,000.00 shall be paid by Vendee to Vendors together with interest at the rate of 10.0% per annum from July 18, 1986 until paid, in monthly installment payments of not less than \$211.45 each, with the first such installment due and payable on or before August 18, 1986 and a like payment due and payable on the 18th day of each month thereafter until the 18th day of July, 1996 when the entire remaining unpaid principal and interest shall be due and payable.

Any portion or all of the unpaid principal balance may be paid at any time without penalty. However, any partial prepayment shall not excuse the Vendee from making the regularly scheduled monthly installment payments until such time as the principal balance and accrued interest have been paid in full.

Vendee agrees to make said payments promptly on the dates above named to the order of the Vendor at Mountain Title Company, 407 Main Street, Klamath Falls, Oregon 97601. The parties mutually designate said Title Company as the collection escrow company and agree to enter into written instructions directing said escrow agent to hold this Agreement, the Vendor's Warranty Deed to the above described real property, and the certificate of title to the above described mobile home to be delivered to the Vendee upon full payment of the above said principal and interest or to be delivered to Vendor in the event of the default by Vendee of the terms of this Agreement.

Vendee agrees 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 Vendor 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, said policy or policies of insurance to be held by Vendor; that Vendee 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 agrees 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. Vendee shall be entitled to the possession of said property at the time of execution of this Agreement.

Vendor will on the execution hereof make and execute in favor of Vendee 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 the escrow agent named above.

In the event Vendee 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 vendor 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; and (5) to exercise any and all rights and remedies granted to Vendor by the Uniform Commercial Code of Oregon.

Should Vendee, while in default, permit the premises to become vacant, Vendor 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 Vendor 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 on appeal is taken, may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and or appeal, if an appeal is taken.

Vendee further agrees that failure by Vendor at any time to require performance by Vendee of any provision hereof shall in no way affect Vendor's rights hereunder to enforce the same, nor shall any waiver by Vendor 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.

In construing this contract, it is understood that Vendor or the Vendee may be more than one person; 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.

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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.

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.

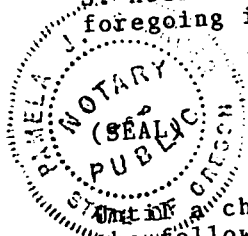
Harley R. Peppers
Harley R. Peppers

Gale S. Abernathey
Gale S. Abernathey

Marion M. Abernathey
Marion M. Abernathey

STATE OF OREGON)
) SS
County of Klamath)

Personally appeared the above named Harley R. Peppers, Gale S. Abernathey and Marion M. Abernathey and acknowledged the foregoing instrument to be their act and deed. Before Me:



Pamela Spanna
Notary Public for Oregon
my commission expires 8/16/88

Should a change is requested, all tax statements shall be sent to the following name and address:

Mr. & Mrs. Gale S. Abernathey

PO Box 431
Brownsville OR 97327

After recording return to:
Mountain Title

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ 23rd day
of _____ July _____ A.D., 19 86 at 11:24 o'clock _____ A.M., and duly recorded in Vol. _____ M86
of _____ Deeds _____ on Page _____ 12861.

Evelyn Biehn, County Clerk
By Pam Smith

FEE \$13.00