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This Agreement, made and entered into this 3d day of September, 1986 by and between Vol. M86 Page 17457

RONALD LYNN and KATHLEEN MARIE LYNN, husband and wife,

hereinafter called the vendor, and

MICHAEL W. SKELTON,

hereinafter called the vendee.

WITNESSETH

Vendor agrees to sell to the vendee and the vendee agrees to buy from the vendor all of the following described property situate in Klamath County, State of Oregon, to-wit: Beginning at an iron pin on the Southerly line of Upham Street at the Northeast corner of Lot 1, Block 5, FIRST ADDITION TO THE CITY OF KLAMATH FALLS, OREGON; thence along said line of Lot 1 and the Westerly line of the alley 83.5 feet to an iron pin at the most Southerly corner of said Lot 1; thence at right angles on line between said Lot 1 and Lot 2, 14.08 feet to an iron pin; thence at an angle to the right of 50°53' a distance of 56.4 feet to an iron pin on the Southerly line of Upham Street 61.5 feet to the place of beginning, being a part of said Lot 1, Block 5, First Addition to the City of Klamath Falls, Oregon; in the County of Klamath, State of Oregon. TOGETHER WITH that portion of vacated alley-way which inures to the above-described property. SUBJECT TO taxes for 1986-87 which are now a lien but not yet payable; Conditions, restrictions as shown on the recorded plat of First Addition to the City of Klamath Falls; Regulations, including levies, liens and utility assessments of the City of Klamath Falls; Easements and rights of way of record and those apparent on the land, if any; and to a Trust Deed recorded March 24, 1986, in M86 at page 4852, which said Trust Deed vendee DOES NOT assume, and vendors covenant and agree to hold him harmless therefrom;

(NOTE: 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 persons acquiring fee title to the property should check with the appropriate city or county planning department to verify approved uses;)

at and for a price of \$ 16,000.00

, payable as follows, to-wit:

of this agreement, the receipt of which is hereby acknowledged; \$ 1,500.00 at the time of the execution of this agreement, and the balance of \$ 14,500.00 with interest at the rate of 10 % per annum from September 26, 1986, payable in installments of not less than \$ 200.00 per month inclusive of interest, the first installment to be paid on the 26th day of October 1986, and a further installment on the 26th day of every month thereafter until the whole balance is due and payable. ** (see reverse side)

Vendee agrees to make said payments promptly on the dates above named to the order of the vendor, or the survivors of them, at the Aspen Title & Escrow Company,

Oregon; 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 \$ full insurable value with loss payable to the parties as their respective interests may appear, said policy or policies of insurance to be held by vendee, copy to vendors, 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 not cut or remove any timber on the premises without written consent of vendor. Vendee shall be entitled to the possession of said property September 26, 1986.

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 above set forth,

EXCEPT said above-described mortgage, which vendee assumes, and will place said deed

together with one of these agreements in escrow at the Aspen Title & Escrow Company

at Klamath Falls, Oregon

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and shall enter into written escrow instruction in form satisfactory to said escrow holder, instructing said holder that when, and if, vendee 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 instruments to vendee, but that in case of default by vendee said escrow holder shall, on demand, surrender said instruments to vendor.

But in case vendee 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 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 this contract null and void, and in any of such cases, except exercise of the right to specifically enforce this agreement by suit in equity, all the right and interest hereby created or then existing in favor of vendee derived under this agreement shall utterly cease and determine, and the premises aforesaid shall revert and revest in vendor without any declaration of forfeiture, or act of reentry, and without any other act by vendor to be performed and without any right of vendee of reclamation or compensation for money paid or for improvements made, as absolutely, fully and perfectly as if this agreement had never been made.

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.

And in case 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 sum 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 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 right 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.

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.

**In the event the vendee is unable to obtain a loan to pay the balance due on the contract on September 26, 1992, then the vendee shall furnish to vendors copies of three written denials from financial institutions denying him a loan on the property of sufficient funds to pay the balance of the contract. In this event, the vendors will finance for the vendee the unpaid balance of the contract on the following terms and conditions: Vendee shall execute in favor of vendors a promissory note and trust deed for the unpaid balance of the contract; the interest rate on the trust deed shall be equal to the rate then charged by Klamath First Federal Savings and Loan Association on its conventional 80% owner-occupied fixed rate 30-year term loan.

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

Ronald Lynn
Kathleen Marie Lynn

Michael W. Skelton

WASHINGTON
STATE OF SNOHOMISH

County of Snohomish

September 19, 86

Personally appeared the above named RONALD LYNN and KATHLEEN MARIE LYNN, husband and wife,

and acknowledged the foregoing instrument to be their act and deed.

Before me:

Notary Public for Oregon

My commission expires: 9-15-87

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

State of Oregon, County of

I certify that the within instrument was received for record on the day of 19 at o'clock m and recorded in book on page Record of Deeds of said County.

Witness My Hand and Seal of County Affixed.

From the office of
WILLIAM L. SISEMORE
Attorney at Law
First Federal Bldg.
540 Main Street
Klamath Falls, Ore.

By

County Clerk - Recorder

Deputy

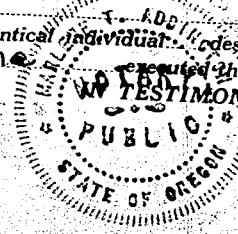
17459

STATE OF OREGON,

County of Klamath } ss.FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 26th day of September, 1986,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named Michael W. Skelton

known to me to be the identical individual described in and who executed the within instrument and
acknowledged to me that he executed the same freely and voluntarily.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year last above written.

Darlene P. Addington
Notary Public for Oregon.
My Commission expires 3-22-89

Ret. ATC

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ day
of September A.D., 19 86 at 11:01 o'clock A M., and duly recorded in Vol. M86,
of _____ Deeds on Page 17457

FEE \$13.00

By Evelyn Biehn, County ClerkBy Tom Smith