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THIS CONTRACT, Made this 15th day of December, 1986, between John A. Morrow and Shirley E. Morrow, husband and wife, and David E. Morrow and Tammy R. Morrow, husband and wife, hereinafter called the seller, hereinafter called the buyer, WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell unto the buyer and the buyer agrees to purchase from the seller all of the following described lands and premises situated in Klamath County, State of Oregon, to-wit:

Lots 13 and 14 in Block 6 of CHILOQUIN DRIVE ADDITION, Klamath County, Oregon.

Subject to:

1. Right of way, as shown in deed from Paul A. Mudge and Marion H. Mudge, husband and wife, to Alex Parsons, dated September 29, 1930, and recorded November 12, 1930, in Deed Book 92 at page 135.
2. Contract dated July, 1974, recorded August 3, 1979 in Vol. M79, of Deeds on page 18502. Buyer does not assume or agree to pay said existing contract and seller agrees to hold buyer harmless therefrom.

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.

for the sum of Twenty Thousand and 00/100 Dollars (\$ 20,000.00) (hereinafter called the purchase price) on account of which none Dollars (\$ -0-) is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller), and the remainder to be paid to the order of the seller at the times and in amounts as follows, to-wit:

In monthly payments of not less than One Hundred Seventy Five and 00/100 Dollars (\$175.00) each, payable on the 5th day of each month hereafter beginning with the month of January, 1987 and continuing until said purchase price is fully paid. A single additional payment of not less than \$2,000.00 shall be due and payable January 5, 1989.

The buyer warrants to and covenants with the seller that the real property described in this contract is (A) primarily for buyer's personal, family, household or agricultural purposes. All of said purchase price may be paid at any time; all deferred balances of said purchase price shall bear interest at the rate of nine per cent per annum from December 15, 1986 until paid, interest to be paid monthly. The buyer shall be entitled to possession of said lands on December 15, 1986, and may retain such possession so long as he is not in default under the terms of this contract. The buyer agrees that at all times he will keep the buildings on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said premises free from mechanic's and all other liens and save the seller harmless therefrom and reimburse seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due; that at buyer's expense, he will insure and keep insured all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount not less than \$ insurable value. The buyer shall procure and pay for such insurance, the seller may do so and any payment so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the seller for buyer's breach of contract. The buyer also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, he will deliver a good and sufficient deed conveying said premises in fee simple unto the buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.

IMPORTANT NOTICE: Delete, by lining out, whichever phrase and whichever warranty (A) or (B) is not applicable. If warranty (A) is applicable and if the seller is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the seller MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-ness Form No. 1308 or similar unless the contract will become a first lien to finance the purchase of a dwelling in which event use Stevens-ness Form No. 1307 or similar.

Mr. and Mrs. John A. MORROW
208 Main Street
Klamath Falls, OR 97601
SELLER'S NAME AND ADDRESS

Mr. and Mrs. David E. MORROW
P. O. Box 886
Chiloquin, OR 97624
BUYER'S NAME AND ADDRESS

After recording return to:
Mr. and Mrs. David E. MORROW
P. O. Box 886
Chiloquin, OR 97624
NAME, ADDRESS, ZIP

Until a change is requested all tax statements shall be sent to the following address:
Mr. and Mrs. David E. MORROW
P. O. Box 886
Chiloquin, OR 97624
NAME, ADDRESS, ZIP

STATE OF OREGON,

County of _____
I certify that the within instru-
ment was received for record on the
day of _____, 19____,
at _____ o'clock _____ M., and recorded
in book _____ on page _____ or as
file/reel number _____
Record of Deeds of said county.
Witness my hand and seal of
County affixed.

SPACE RESERVED
FOR
RECORDER'S USE

By _____
Recording Officer
Deputy

23415

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall fail to make the payments above required, or any of them, punctually within ten days of the time limited therefor, or fail to keep any agreement herein contained, then the seller at his option shall have the following rights: (1) to declare this contract null and void; (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable and/or (3) 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 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 the buyer of return, reclamation or compensation for moneys 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. And 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 the improvements and appurtenances thereon or thereto belonging.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said 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.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$ 20,000.00

In case suit or action is instituted to foreclose this contract or to enforce any of the provisions hereof, the buyer agrees to pay such sum as the court may adjudge reasonable as attorney's fees to be allowed plaintiff in said suit or action and if an appeal is taken from any judgment or decree of the trial court, the buyer further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal.

In construing this contract, it is understood that the seller or the buyer 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.

IN WITNESS WHEREOF, said parties have executed this instrument in duplicate; if either of the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal affixed hereto by its officers duly authorized thereunto by order of its board of directors.

x David E. Morrow
x Tammy R. Morrow

x John A. Morrow
x Shirley E. Morrow

NOTE—The sentence between the symbols Ⓢ, if not applicable, should be deleted. See ORS 93.030.

STATE OF OREGON,

County of Klamath

December 15

19 86

STATE OF OREGON, County of

19

Personally appeared

and

who, being duly sworn,

each for himself and not one for the other, did say that the former is the

president and that the latter is the

secretary of

Personally appeared the above named David E. Morrow, Tammy R. Morrow, John A. Morrow and Shirley E. Morrow

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

Before me
(OFFICIAL SEAL) William K. Falita
Notary Public for Oregon
My commission expires 12/25/88

Notary Public for Oregon
My commission expires:

(OFFICIAL SEAL)

Section 4 of Chapter 648, Oregon Laws 1975, provides:

(1) All instruments contracting to convey fee title to any real property, at a time more than 12 months from the date that the instrument is executed, and the parties are bound, shall be acknowledged, in the manner provided for acknowledgment of deeds, by the owner of the title being conveyed. Such instruments, or a memorandum thereof, shall be recorded by the conveyor not later than 15 days after the instrument is executed and the parties are bound thereby.

(2) Violation of subsection (1) of this section is a Class B misdemeanor.

(DESCRIPTION CONTINUED)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 13th day of December A.D., 19 86 at 11:10 o'clock A.M., and duly recorded in Vol. M86 of Deeds on Page 23414.

FEE \$9.00

Evelyn Blehn, County Clerk
By _____