

KCTC-39725

78666

REAL ESTATE CONTRACT

Vol. 1487 Page 15649

THIS AGREEMENT Made this 26th day of August, 1987, by and between THE FEDERAL LAND BANK OF SPOKANE, a corporation, with its office and principal place of business at Spokane, Washington, as Seller, and JAMES T. SHUGRUE and JUDITH M. SHUGRUE, husband and wife, as Purchaser;

W I T N E S S E T H:

Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller, upon the terms and conditions hereinafter set forth, the following described real estate situate in Klamath County, Oregon, to-wit:

Township 39 South, Range 12 East, Willamette Meridian  
Section 28: NW1/4, S1/4S1/4NW1/4, SW1/4, SE1/4NW1/4

All water and water rights used upon or appurtenant to said property, however evidenced; together with all tenements, hereditaments, and appurtenances thereunto belonging or any wise appertaining.

SUBJECT TO:

1. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Purchaser assumes and agrees to pay and perform.
2. Acreage and use limitations under provisions of United States Statutes and regulations issued thereunder.
3. Liens and assessments of Klamath Project and Langell Valley Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.
4. Any and all easements, rights of way, reservations, or restrictions of record, and the exceptions, provisions and reservations contained in patents or deeds from the United States of America, or the State of Oregon, or in other deeds of record.

1. Purchase Price: The total purchase price shall be the sum of \$76,500.00 and shall be payable as follows:

A. The sum of \$15,300.00, upon the execution of this Contract, receipt of which is hereby acknowledged.

B. The balance of \$61,200.00, shall be payable in annual installments as follows: The sum of ~~\$10,000.00, or more, principal~~ ~~and interest~~ ~~on or before the 1st day of January, 1988, and the sum of~~ \$10,000.00, or more, principal and interest on before the 1st day of January each and every year thereafter until all sums, both principal and interest, due hereunder are paid in full.

C. Commencing June 15, 1987, the unpaid principal balance hereof shall bear interest at the rate of 10% per annum for a period of five years. Upon the commencement of the sixth year of this Contract the unpaid principal balance hereof shall bear interest at the rate then in effect under Seller's variable new loan interest rate on declining balances. Each payment shall be applied first to accrued

interest and then to principal. The interest rate provided above shall increase or decrease whenever Seller establishes a higher or lower new loan rate applicable to its current variable rate loans. The increment of increase or decrease shall be the same increment applicable to such loans, but not in excess of the maximum rate allowed by applicable state or preemptive federal law. Different variable loan rates are established by Seller in accordance with the provisions of the Farm Credit Act of 1971 and the regulations of the Farm Credit Administration. As and when any different rate is established as provided above, the amount of each subsequent installment shall be increased or decreased to reflect the different rate of interest, but the due date of any installment so increased or decreased shall remain the same.

D. All installments not made when due shall thereafter bear interest until paid at a default rate which is the rate then in effect for this Contract, plus 2% per annum.

E. All payments due hereunder shall be made in accordance with billing statements mailed periodically to Purchaser.

F. Provided further that Purchaser may at any time pay the principal balance or any part thereof without penalty.

II. Taxes And Assessments: Purchaser assumes and agrees to pay before delinquency all taxes and assessments that may, as between Seller and Purchaser, become a lien on the real estate until the principal and interest on this Contract are paid in full. Should Purchaser fail to make any payments as provided in this paragraph, Seller may make such payment and any amount so paid by Seller, together with interest at the rate specified herein, with interest to be charged from the date of payment until paid, and said payment together with interest shall be repayable by Purchaser on Seller's demand, all without prejudice to any other right Seller may have by reason of such default.

III. Insurance: Purchaser assumes all risk of loss or damage to the buildings or improvements on said real estate by fire, act of God, lawful condemnation, or any other cause and agrees to make the payments herein described as they severally become due, notwithstanding any loss that may occur. Purchaser agrees that at his own cost he will constantly keep all insurable improvements insured against loss or damage by fire to the extent of their full insurable value and in manner and form satisfactory to Seller. All insurance policies whatsoever affecting buildings or improvements on said premises shall be delivered to Seller and each shall have attached thereto a loss payable clause in favor of Seller as its interest may appear. The proceeds of any loss thereunder shall be paid to Seller for application toward the purchase price or for rebuilding such building or improvements at the option of Seller. Should Purchaser fail to pay any said premiums as provided in this paragraph, Seller may, at any amount so paid by Seller, together with interest at the rate specified herein, with interest to be charged from the date of payment until paid, and said payment, together with interest, shall be repayable by Purchaser on Seller's demand, all without prejudice to any other right Seller may have by reason of such default.

IV. Defense of Security: Seller may appear in or defend any action or proceeding at law, in equity, or in bankruptcy affecting, in any way, the security hereof and, in such event, Seller shall be allowed and paid, and Purchaser hereby agrees to pay, all costs, charges and expenses, including costs of evidence of title or validity and priority of the security and attorney fees in a reasonable sum, incurred in any such action or proceeding in which Seller may appear, which shall bear interest at the rate specified herein from date of demand therefor. Failure of Purchaser to pay Seller for such costs, charges and expenses within 30 days from the date of demand therefor shall constitute a breach of this Contract.

V. Eminent Domain: In case any of the premises are taken under eminent domain or through conveyance executed in lieu of condemnation, the damages paid or consideration received therefore shall be paid to Seller for application on the purchase price.

VI. Use and Care of Premises: Purchaser agrees that he will neither use nor permit the said premises to be used for any unlawful nor objectionable purpose; that he will at his own expense keep all buildings, fences, and other improvements upon said premises in good repair; that he will at all times care for the premises in a manner consistent with good management practices in the community; that he will not, without the written consent of Seller, cut or remove any trees or remove any sand, gravel, or minerals of any nature, nor permit the same to be done; that he will not permit nor suffer waste to be committed on said premises. All farming operations upon the property shall be in accordance with the practices of good husbandry and the best soil conservation practices, observing accepted methods of crop rotation. Purchaser will constantly take precautions to prevent undue depletion of the soil from erosion by wind or water and shall use all reasonable efforts to keep the property free from noxious weeds or plants.

VII. Possession: Possession of the premises has been heretofor delivered to Purchaser. Such possession shall continue so long as the terms of this Contract are fully complied with.

VIII. Default: Time is of the essence of this Contract and should Purchaser fail to make the payments or to keep and perform any of the covenants and agreements herein mentioned, the same shall constitute a forfeiture of this Contract and thereupon Seller, at its option, may declare such forfeiture by written notice to Purchaser in accordance with Oregon statute, and at the expiration of the required notice, the terms of this Contract meanwhile not having been complied with, Seller may enter into said premises and take possession of them, and this Contract shall be at an end and null and void, and Purchaser shall forfeit to Seller, as liquidated damages, all payments made hereunder and all improvements placed upon the premises, and immediately surrender possession of said premises. The failure of Seller to declare a forfeiture at any time upon violation of any of the terms of this Contract by Purchaser shall be deemed only an indulgence by Seller of that particular default and shall not be construed to be a waiver of any rights of Seller specified herein. This remedy is not exclusive and Seller, at its option, may exercise any legal rights available to it.

IX. Notice: Any notice, demand, or communication to be given by either party to this Contract to the other party shall be in writing and

15652

transmitted to the other party by registered or certified mail addressed to said party at their address shown below, provided that either party may change his place of address by notice to the other party as herein provided. The mailing and registering or certifying of any such notice, demand, or communication as herein provided shall be sufficient service thereof. In the event notice of default of any nature is sent by Seller after such default has existed for 15 days or more, Purchaser agrees to pay the sum of \$75.00 in addition to all other demands in said notice, before said forfeiture is released, such amount being a reasonable attorney's fee and cost of said notice. Any payments coming due during the time that a notice of forfeiture is in effect shall be automatically included in said notice of forfeiture the Purchaser must pay said payment or payments in addition to the amounts called for in the notice.

Address of Purchaser

Mr. & Mrs. James T. Shugrue  
Route 1, Box 142 37802  
Bonanza, Oregon 97623

Address of Seller

THE FEDERAL LAND BANK OF SPOKANE  
W. 601 First Avenue  
Spokane, Washington 99204

X. Attorney's Fees: In case suit or action is instituted for declaration of rights hereunder or to foreclose this Contract, or to enforce any of the provisions hereof, the parties agree to pay the costs of title reports and such sums as the trial court may judge reasonable as attorney's fees and collection costs to be awarded the prevailing party in that suit or action, and, if any appeal is taken from any judgment or decree, further attorney's fees and costs as may be adjudged reasonable by the court to be awarded the prevailing party.

XI. Fulfillment Deed: When full payment has been made under the terms of this Contract, Seller agrees to execute and deliver to Purchaser a Special Warranty Deed, warranting only against encumbrances suffered or created by Seller, subject to the servitudes, exceptions, provisions and reservations hereinabove mentioned, free and clear of encumbrances, except all taxes, assessments, and charges herein provided to be paid by Purchaser, and except any lien or encumbrances revived or placed on said premises by or through or under Purchaser, and except any other encumbrances or defects which Purchaser has assumed.

XII. Assignment: This Contract shall not be assigned nor the premises be transferred to the possession of any third party without the written consent of Seller. Seller agrees not to unreasonably withhold such consent.

XIII. Inspection: Purchaser acknowledges that he has made a personal inspection of the property herein described and has otherwise informed himself concerning the true conditions of said property and its appurtenances, and that in executing this Contract he has relied solely on information and knowledge obtained from a personal inspection and investigation of said property; parties also acknowledge that this Contract constitutes the only agreement between them and that no warranties, agreements, or representations have been made or shall be binding upon either of the parties unless set forth herein.

XIV. Closing Costs: Purchaser agrees to pay the cost of recording this Contract. Each party agrees to pay one-half of the escrow closing fee.



15653

Seller agrees to pay all other closing costs, including any taxes assessed upon this transaction, and the cost of title insurance.

XV. Title Insurance: Seller agrees to furnish a standard form of Purchaser's Policy of Title Insurance issued by Klamath County Title Company, 422 Main Street, Klamath Falls, Oregon 97601, showing title free of encumbrances or defects except easements and restrictions of record.

XVI. Succession: This Contract shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

XVII. Favorable Classification: Purchaser is liable for any deferred real property taxation resulting from change of favorable land classification.

XVIII. Pronouns: Pronouns used in this Contract shall be construed in accordance with the appropriate gender or neuter, and as either singular or plural as the context requires.

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.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year hereinabove first written.

PURCHASER

James T. Shugrue  
JAMES T. SHUGRUE  
Judith M. Shugrue  
JUDITH M. SHUGRUE

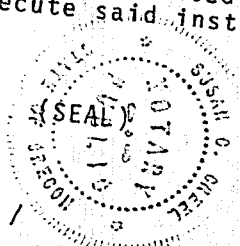
SELLER

THE FEDERAL LAND BANK OF SPOKANE  
By: Michael J. Chase  
Michael J. Chase, Senior Credit Officer

STATE OF OREGON, County of Klamath) ss:

Personally appeared before me, MICHAEL J. CHASE, known to me to be the Senior Credit Officer of the corporation that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and that it executed the same, and on oath stated that he was authorized to execute said instrument.

August 26, 1987



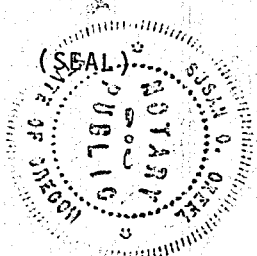
Susan C. Creel  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 6-21-88

15654

STATE OF OREGON, County of Klamath) ss:

August 28, 1987

Personally appeared before me the above-named JAMES T. SHUGRUE and JUDITH M. SHUGRUE and acknowledged the foregoing instrument to be their voluntary act and deed.

Susan C. Creel  
NOTARY PUBLIC FOR OREGON

My Commission Expires: 6-21-88

## WHEN RECORDED MAIL TO:

The Federal Land Bank  
900 Klamath Avenue  
Klamath Falls, Oregon 97601

STATE OF OREGON

County of Klamath

) ss:

I certify that the within instrument was received for record on the 28th day of August, 1987, at 3:03 o'clock P. M., and recorded in Book M87 on Page 15649 or as filing fee number 78666.

Record of Deeds of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn,

Klamath County Clerk

Title

BY: Sam Smith

Deputy

## MAIL TAX STATEMENTS TO:

JAMES T. & JUDITH M. SHUGRUE  
ROUTE 1, BOX 142-37 sec.  
BONANZA, OR 97623

Fee: \$25.00