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CONTRACT OF SALE Made as of the last date set opposite the signatures of the parties hereto between JOAN L. PATTON, P.O. Box 103, Littlerock, California 93543 (herein called "Seller"), and FRANA MARIE ATWOOD as to an undivided one-half interest, and ELEANOR ZIMMERMAN and WILLARD MICHAEL BROWN, or the survivor of them, as to an undivided one-half interest (herein called "Buyer"), 1537 Wiard Street, Klamath Falls, Oregon 97603.

1. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following described real property (herein called "Real Property") as is, in its present condition, for the price and on the terms, covenants, conditions and provisions herein contained:

817 Mt. Whitney, Klamath Falls, Klamath County, Oregon, Lot and Map number at the Klamath County Recorder's Office and/or Assessor's Office and/or Tax Collector's Office (R 3809-029CD 05700); together with all tenements, hereditaments, and appurtenances thereunto belonging or any wise appertaining and subject to any and all easements, rights of way, or restrictions of record.

Seller hereby warrants to Buyer that as of the date of this Contract there are no liens outstanding against the Real Property.

2. Buyer agrees to pay Seller the sum of \$19,000.00 for the Real Property as follows: In the form of a promissory note in the amount of \$19,000.00, plus interest on declining principal balances at the rate of 9% per annum, in monthly installments of not less than \$207.00 each, including interest. The first of such installments shall be paid on the 20th day of April, 1988, and subsequent such installments shall be paid on the 20th day of each month thereafter, until the entire purchase price, including principal and interest, is paid in full. Interest shall commence on April 20, (1988). All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal. Buyer may prepay all, or any part of, the principal or interest at any time. Buyer may sell or refinance the Real Property at any time upon written approval of Seller.

3. All installments shall be paid, without demand, to Klamath First Federal Savings and Loan Association, Klamath Falls Branch, 540 Main Street, Klamath Falls, Oregon 97601, on Seller's Loan No. 03-10830. This provision can be amended at Seller's written request to pay \$100.00 directly to Seller and pay \$107.00 to Klamath First Federal Savings and Loan Association as set forth in this paragraph.

4. Buyer does not assume the lien in favor of Klamath First Federal Savings and Loan Association (herein referred to as "First Federal Lien"). Seller, therefore, covenants and agrees with Buyer, to hold Buyer harmless from, and indemnify Buyer against, any and all liability, loss, or damage Buyer might otherwise suffer by reason of said First Federal Lien. This covenant shall include (without limiting the generality of the foregoing) the following: To pay the debt secured by the First Federal Lien according to its terms, including payment in full of such debt contemporaneously with payment in full of the sums due Seller from Buyer under this Contract; not to increase the amount of the debt; to pay and/or discharge all claims, costs, attorney fees (both at trial and on appeal) or judgments arising out of or related to, the First Federal Lien; and to defend Buyer from any claims brought, or suits or actions filed, against Buyer by reason of the First Federal Lien. In addition to all remedies provided by law, or in equity, Buyer is hereby given the right of offset against the purchase price (principal and interest) all sums due Buyer under this covenant, together with interest at the rate of 25% per annum from date Buyer makes any expenditure to which this covenant applies.

5. Should Buyer fail to make the payments within 30 days of the due date, the same shall constitute a forfeiture of this Contract and thereupon Seller, at Seller's option, may declare such forfeiture by written notice to Buyer 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 Buyer 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 Seller 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 Seller's option, may exercise any legal rights available to Seller.

6. Seller is responsible for all taxes and assessments on the Real Property and for fire insurance on the Real Property prior to April 20, 1988, and insofar as there are any current delinquent taxes on the Real Property Seller agrees to have such delinquencies paid in full prior to April 20, 1988. Buyer and Seller agree that the amount of taxes and assessments on the Real Property and amount of fire insurance on the Real Property from August 5, 1987, to April 20, 1988, will be added to the principal balance of the purchase price and Buyer will pay the same. Buyer assumes and agrees to pay before delinquency all taxes and assessments on the Real Property from and after April 20, 1988 (on the condition that Seller promptly forward all tax notices to Buyer that Seller receives) and if Buyer should fail to make any such payments, Seller may make such payment and any amount so paid by Seller and said payment shall be added to the principal balance of the purchase price and shall be repayable by Buyer.

7. Buyer shall acquire homeowner's insurance covering the Real Property from April 20, 1988, shall place a binder to Seller on such insurance policy, and shall make all payments as necessary to keep such policy in full force and effect. Should Buyer fail to pay any said premiums Seller may, at Seller's option, and without being obliged to do so, pay such premium and add any amount so paid by Seller to the principal balance of the purchase price and such amount shall be repayable by Buyer.

8. Buyer agrees that Buyer will neither use nor permit the said premises to be used for any unlawful nor objectionable purpose and that Buyer will at Buyer's own expense keep all buildings and other improvements upon said premises in good repair and in a manner consistent with City standards or better.

9. 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.

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

11. Buyer warrants and covenants that the Real Property is being purchased primarily for personal, household or agricultural purposes.

12. Possession of the Real Property has been delivered as of August 5, 1987.

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

14. 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.

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THIS DOCUMENT CONSTITUTES A BINDING CONTRACT. THE PARTIES HAVE READ ALL THREE PAGES OF THIS CONTRACT.

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.

DATE

8-24-87

SIGNATURE

Joan L. Patton  
JOAN L. PATTON

Seller

8-13-87

Frana Marie Atwood  
FRANA MARIE ATWOOD

Buyer

8-13-87

Eleanor Zimmerman  
ELEANOR ZIMMERMAN

Buyer

8-13-87

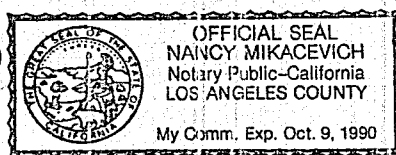
Willard Michael Brown  
WILLARD MICHAEL BROWN

Buyer

STATE OF CALIFORNIA, County of LOS ANGELES ) ss: August 24, 1987

Personally appeared before me the above-named JOAN L. PATTON and acknowledged the foregoing instrument to be her voluntary act and deed.

(SEAL)



Nancy Mikacevich  
NOTARY PUBLIC FOR CALIFORNIA  
My Commission Expires: 10/9/90

STATE OF OREGON, County of Klamath) ss:

August 13, 1987

Personally appeared before me the above-named FRANA MARIE ATWOOD, ELEANOR ZIMMERMAN, and WILLARD MICHAEL BROWN and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

KIRSTINE L. PROCK  
NOTARY PUBLIC — OREGON  
My Commission Expires

Kirstine L. Prock  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 12/16/88

WHEN RECORDED MAIL TO:

JOAN L. PATTON  
P.O. BOX 103  
LITTLEROCK, CA 93543

MAIL TAX STATEMENTS TO:

JOAN L. PATTON  
P.O. BOX 103  
LITTLEROCK, CA 93543

STATE OF OREGON

County of Klamath

) ss:

I certify that the within instrument was received for record on the 8th day of September, 1987, at 11:47 o'clock A M., and recorded in Book M87 on Page 16264 or as filing fee number 79024.

Record of Deeds of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn,

Klamath County Clerk

BY: Ann Smith

Title Deputy