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MTL-19512P
 REAL ESTATE CONTRACT

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THIS AGREEMENT Made as of the last date set opposite the signatures of the parties hereto, 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 OREGON EDUCATION ASSOCIATION, an Oregon corporation, 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:

A tract of land situated in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, more particularly described as follows:

Beginning at the Southwest corner of Deed Volume 235, Page 198 of the Klamath County Deed Records, said point being North 00°51' West 462.3 feet, North 89°06' East 262.2 feet, and South 46°09' East 198.4 feet from the Southwest corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 1; thence North 43°51'00" East 150.00 feet to the true point of beginning of this description; thence continuing North 43°51'00" East 219.90 feet to a 3/4-inch iron pin on the Southerly right-of-way line of South Sixth Street (State Highway 140); thence along said right-of-way line, South 46°04'40" East 106.00 feet; thence South 43°51'00" West 220.02 feet; thence North 46°00'37" West 106.00 feet to the true point of beginning, with bearings based on Survey No. 1855 as recorded in the office of the Klamath County Surveyor. (Tax Account No. 3909 001CA. 01701.)

Together with all tenements, hereditaments, and appurtenances thereunto belonging or any wise appertaining; subject to any and all easements, rights of way, or restrictions of record or apparent thereon, and the exceptions, provisions and reservations contained in other deeds of record.

SUBJECT TO:

1. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Enterprise Irrigation District.
2. The premises herein described are within and subject to the statutory powers, including the power of assessment, of South Suburban Sanitary District.
3. An easement created by instrument, subject to the terms and provisions thereof, dated April 17, 1926, recorded May 22, 1926, in Volume 69, Page 577, Deed Records of Klamath County, Oregon, in favor of The California Oregon Power Company for a 10-foot wide electric transmission line.
4. An easement created by instrument, subject to the terms and provisions thereof, dated June 12, 1958, recorded June 17, 1958, in Volume 300, Page 176, Deed Records of Klamath County, Oregon, in favor of The California Oregon Power Company for electric circuits.

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5. An easement created by instrument, subject to the terms and provisions thereof, dated August 16, 1973, recorded November 26, 1973, in Volume M-73, Page 15377, Microfilm Records of Klamath County, Oregon, in favor of Pacific Power & Light Company for a 3-foot wide easement for wire overhang.

6. Limited access provisions contained in Deed to the State of Oregon, by and through its State Highway Commission, which provides that no right or easement of right of access to, from, or across the State Highway other than expressly therein provided for shall attach to the abutting property, recorded November 26, 1973, in Volume M-73, Page 15379, Microfilm Records of Klamath County, Oregon.

7. Well Agreement, subject to the terms and provisions thereof, dated July 16, 1984, recorded July 17, 1984, in Volume M-84, Page 12008, Microfilm Records of Klamath County, Oregon, between Joseph T. Riker and Federal Land Bank Association of Klamath Falls, which runs with the land.

I. Purchase Price: The total purchase price shall be the sum of \$72,000.00 and shall be payable as follows:

A. Down Payment: The sum of \$20,000.00, including Option Deposit heretofore paid, upon the execution of this Contract, receipt of which is hereby acknowledged.

B. Deferred Balance: The deferred balance of \$52,000.00 shall be payable on or before July 1, 1988.

C. Rate of Interest: The unpaid principal balances hereof shall bear interest at the rate of 10% per annum.

D. Interest On Delinquent Installments: 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. Commencement Date of Interest: Interest commences on the Closing Date, regardless of the date this Contract is signed.

F. Billing Statements: All payments due hereunder shall be made in accordance with any billing statements mailed to Purchaser.

G. Application of Payments: Any payment shall be applied first to accrued interest and then to principal.

H. Prepayment: 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.

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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 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. Proceeds of any loss thereunder shall be paid to Seller for application toward the purchase price or for rebuilding such building or improvements at option of Seller. Should Purchaser fail to pay any said premiums as provided herein, Seller may, at Seller's option, and without being obliged to do so, pay such premium, and any amount so paid by Seller, together with interest at the rate specified herein, with interest to be charged from 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 and that he will at his own expense keep all buildings and other improvements upon said premises in good repair.

VII. Seller's Miscellaneous Warranties and Covenants: Seller warrants, as of the date of execution of this Agreement, as follows:

A. That vehicle access is permitted to site from Klamath Falls-Lakeview Highway.

B. The Well Agreement described as Item No. 7 of the exceptions to title is in full force and effect, has not been cancelled by Riker, and shall run with the land.

VIII. Possession: Purchaser shall be entitled to possession of the premises no later than the Closing Date. Such possession shall continue so long as the terms of this Contract are fully complied with.

IX. 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.

X. Notice: Any notice, demand, or communication to be given by either party to this Contract to the other party shall be in writing and 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 Seller 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 + TAXES
Oregon Education Association
6900 S.W. Haines Road
Tigard, Oregon 97223

Address of Seller AND RETURN:
The Federal Land Bank of Spokane
P.O. Box 148
Klamath Falls, Oregon 97601

XI. 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.

XII. Fulfillment Deed: When full payment has been made under the terms of this Contract, Seller agrees to execute and deliver to Purchaser a 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.

XIII. 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.

XIV. 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.

XV. Closing Costs: Purchaser agrees to pay the cost of recording this Contract. Each party agrees to pay one-half of the escrow closing fee. Seller agrees to pay all other closing costs, including any taxes assessed upon this transaction, and the cost of title insurance.

XVI. Title Insurance: Seller agrees to furnish a standard form of Purchaser's Policy of Title Insurance issued by Mountain Title Company, 407 Main Street, Klamath Falls, Oregon 97601 showing title free of encumbrances or defects except easements and restrictions of record.

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

XVIII. Closing Date: The term "Closing Date" shall mean the last date set opposite the signatures of the parties hereto.

XIX. Governing Law: This Contract shall be construed by the law of the State of Oregon, regardless of where signed.

XX. Severability: All provisions contained in this Contract are severable, and in the event any provision shall be held to be invalid by any court of competent jurisdiction this Contract shall be interpreted as though the invalid provision was not contained in it.

XXI. Obligations Joint and Several: All obligations created by this Contract shall be joint and several.

XXII. Headings: The headings contained herein are for convenience only and are not to be construed as part of this Contract.

XXIII. Mutuality of Preparation: This Contract shall be construed as prepared by both parties.

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XXIV. 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.

XXV. Independent Counsel: Each party has had the opportunity to be represented by independent counsel of their own choice, which counsel has not been compensated directly or indirectly by the other party.

XXVI. Entire Agreement: This Contract embodies the entire agreement of the parties. It may not be modified or terminated except as provided herein, or by other written agreement.

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

OREGON EDUCATION ASSOCIATION,
an Oregon corporation

By: Robert G. Crumpton
Executive Secretary
(Name & Title)

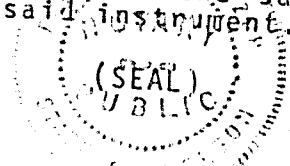
SELLER

THE FEDERAL LAND BANK OF SPOKANE
a corporation

By: Thomas A. Schultheis
CR. CREDIT OFFICER
(Name & Title)

STATE OF OREGON, County of Clatsop ss: 4-11, 1988

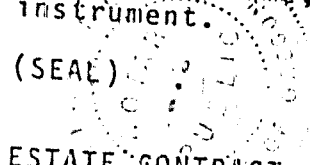
Personally appeared before me, ROBERT G. CRUMPTON, known to me to be the Executive Secretary of OREGON EDUCATION ASSOCIATION, and acknowledged said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and that it executed the same, and on oath stated that he was authorized to execute said instrument.



Frederick L. Seltzer
NOTARY PUBLIC FOR OREGON
My Commission Expires: 11/20/91

STATE OF OREGON, County of Klamath) ss: 4-12, 1988

Personally appeared before me, Thomas A. Schultheis, known to me to be the CR. Credit Officer of THE FEDERAL LAND BANK OF SPOKANE 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.



Linde Steller
NOTARY PUBLIC FOR OREGON
My Commission Expires: 7/13/89

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WHEN RECORDED MAIL TO:

mtc

MAIL TAX STATEMENTS TO:

OREGON EDUCATION ASSOCIATION
6900 S.W. HAINES ROAD
TIGARD, OREGON 97223

STATE OF OREGON

County of Klamath

ss:

I certify that the within
instrument was received for record
on the 14th day of April
19 88, at 12:42 o'clock P M., and
recorded in Book M88 on Page
5695 or as filing fee number
86231.

Record of Deeds of said County.
Witness my hand and seal of
County affixed.

Evelyn Biehn

County Clerk

Title

BY: Bernetha A. Keloch Deputy

Fee \$35.00