

1588  
88230

K-40624

Vol. 188 Page 9223

## DEPARTMENT OF VETERANS' AFFAIRS

## CONTRACT OF SALE

C-20747

CONTRACT NO.

DATED:

June 14, 1968

BETWEEN:

The State of Oregon  
by and through the  
Director of Veterans' Affairs

SELLER

AND:

SAM A. HENZEL

THURSTON K. HENZEL

BUYER(S)

On the terms and conditions set forth below, Seller agrees to sell and Buyer agrees to buy the following described real property (the "property"):

Parcel 1: The E $\frac{1}{2}$  of Section 29, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 2: The SW $\frac{1}{4}$  of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH  
A perpetual non-exclusive easement for roadway purposes being 22 feet wide along the West boundary of the E $\frac{1}{2}$  of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, extending from Lower Klamath Lake Road to a point 22 feet South of the South

line of the N $\frac{1}{2}$  of said Section 28.

Tax Account Nos. 4009-4200 and 4009-2800-1800.

Subject only to the following encumbrances:

SEE ATTACHED ADDENDUM

## TAX STATEMENT

Until a change is requested, all tax statements shall be sent to:

Sam A. Henzel

10020 Washburn Way

Klamath Falls, Oregon 97603

City State Zip

**SECTION 1. PURCHASE PRICE; PAYMENT**

DEPARTMENT OF VETERANS' AFFAIRS  
PROPERTY. TOTAL PURCHASE PRICE. Buyer agrees to pay Seller the sum of \$ 270,400.00 as the total purchase price for the

1.2 PAYMENT OF TOTAL PURCHASE PRICE. The total purchase price shall be paid as follows:  
Seller acknowledges receipt of the sum of \$ 27,040.00 from Buyer, as down payment on the purchase price.

Buyer shall make improvements to the property in accordance with the Property Improvement Agreement, Form 590-M, signed this date. Completion of the agreed-upon improvements will satisfy the equity requirements of ORS 407.375(3). The value of the improvements will not be subtracted from the purchase price nor subtracted from the contract balance.

The balance due on the Contract of \$ 243,360.00 shall be paid in payments beginning on the first day of July, 19 89. The initial payments shall be \$ 23,688.00 each, including interest. In addition to that amount, Buyer shall pay an amount estimated by Seller to be sufficient to pay taxes, when due. Buyer also shall pay to Seller on demand any additional amounts which may be necessary for payment of the taxes or assessments.

The total monthly payments on this Contract shall change if the interest rate changes or if the taxes and assessments change. The money paid by Buyer to Seller for the payment of taxes and assessments will not be held in reserve by Seller. When Buyer pays Seller for taxes and assessments, that payment will be subtracted from the balance due on the Contract. When Seller pays the taxes or assessments, that amount will be added to the balance due on the Contract.

1.3 TERM OF CONTRACT. This is a 30 year Contract and the final payment is due July 1, 2018 (month, day) (year).

1.4 INTEREST RATE. The annual interest rate during the term of this Contract is variable; it cannot increase by more than one (1) percent except to maintain the solvency of the Department of Veterans' Affairs. The Seller may periodically change the interest rate by Administrative Rule pursuant to the provisions of ORS 407.375 (4). The initial annual interest rate shall be 9.0 percent per annum.

1.5 PRE-PAYMENTS. Buyer may prepay all or any portion of the balance due on the Contract at any time without penalty.

1.6 PLACE OF PAYMENTS. All payments to Seller shall be made to Department of Veterans' Affairs at 700 Summer Street, N.E., Salem, Oregon 97310-1201, unless Seller gives written notice to Buyer to make payments at some other place.

1.7 WARRANTY DEED. Upon payment of the total purchase price for the property as provided for by this Contract and performances by Buyer of all other terms, conditions, and provisions of the Contract, Seller shall deliver to Buyer a Warranty Deed. Such Warranty Deed shall warrant marketable title, except for those liens and encumbrances referred to on page one of this Contract and those placed upon the property or suffered by Buyer after the date of this Contract.

**SECTION 2. POSSESSION; MAINTENANCE**

2.1 POSSESSION. Buyer shall be entitled to possession of the property from and after the date of this Contract. It is understood, and agreed, however, that Buyer will permit Seller and its agents to enter the property at reasonable times, to inspect the property. Buyer shall not permit the premises to be vacant for more than thirty (30) consecutive days.

2.2 MAINTENANCE. Buyer shall keep all buildings, other improvements, and landscape now existing, or which shall be placed on the property, in good condition and repair. Buyer shall not permit any waste or removal of the improvements, nor make any substantial improvements or alterations without the prior written consent of Seller. Except for domestic use, Buyer shall not permit the cutting or removal of any trees, nor removal of any sand and gravel, without prior written consent of Seller.

2.3 COMPLIANCE WITH LAWS. Buyer shall promptly comply with all laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities applicable to the use or occupancy of the property. In this compliance, Buyer shall promptly make all required repairs, alterations, and additions. Buyer may contest in good faith any such requirements and withhold compliance during any proceeding, including appropriate appeals, so long as Seller's interest in the property is not jeopardized.

**SECTION 3. INSURANCE**

3.1 PROPERTY DAMAGE INSURANCE. Buyer shall get and keep policies of fire insurance with standard extended coverage endorsements (and any other endorsements required by Seller) on an actual cash value basis covering all improvements on the property. Such insurance shall be in an amount sufficient to avoid application of any co-insurance clause. Insurance shall be made with loss payable to Seller and Buyer, as their respective interests may appear. In the event of loss, Buyer shall give immediate notice to Seller. Seller may make proof of loss if Buyer fails to do so within fifteen (15) days of the loss. If Buyer fails to keep insurance in force, Seller may obtain insurance, and add the cost to the balance due on the Contract. The insurance cost shall be payable to Seller on demand.

3.2 APPLICATION OF PROCEEDS. All proceeds of any insurance on the property shall be held by Seller. If Buyer chooses to restore the property, Buyer shall repair or replace the damaged or destroyed portion of the property in a manner satisfactory to Seller. Upon satisfactory proof of restoration, Seller shall pay or reimburse Buyer from the insurance proceeds for the reasonable cost of repair or restoration. If Buyer chooses not to restore the property, Seller shall keep a sufficient amount of the proceeds to pay all amounts due under this Contract, and shall pay the balance of the insurance proceeds to Buyer. Any proceeds which have not been paid out within 180 days after their receipt, and which Buyer has not committed to the repair or restoration of the property, shall be used to pay first accrued interest and then the principal balance due on the Contract.

**SECTION 4. EMINENT DOMAIN**

If a condemning authority takes all or any portion of the property, Buyer and Seller shall share in the condemnation proceeds in proportion to the values of their respective interests in the property. Sale of the property in lieu of condemnation shall be treated as a taking of the property.

**SECTION 5. SECURITY AGREEMENT**

This instrument shall constitute a security agreement within the meaning of the Uniform Commercial Code with respect to any personal property included within the description of the property. Upon request of Seller, Buyer shall execute any necessary financing statements in the form required by the Uniform Commercial Code and shall file the statements at Buyer's expense. Without further authorization from Buyer, Seller may at any time file copies of the Contract as financing statements. Upon default under the terms of this Contract, Buyer shall, within three (3) days of receipt of written demand from Seller, assemble the personal property and make it available to Seller.

**SECTION 6. DEFAULT**

- 6.1 EVENTS OF DEFAULT. Time is of the essence of this Contract. A default shall occur under any of the following circumstances:
- (a) Failure of Buyer to make any payment when payment is due. No notice of default and no opportunity to cure shall be required if during any twelve (12)-month period Seller has already sent three (3) notices to Buyer concerning non-payment or late payment under this Contract.
  - (b) Failure of Buyer to perform any other obligation in this Contract in addition to payment. Buyer must perform obligation within thirty (30) days after receiving Notice of Default from Seller. Such Notice shall specify the nature of the default.

C-20747

CONTRACT NO.