

30802

DEPARTMENT OF VETERANS' AFFAIRS

MTC-20178D

CONTRACT OF SALE

Vol. 1188 Page 13958

C-20981

CONTRACT NO.

DATED:

Aug 19, 1988

BETWEEN:

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

SELLER

AND:

Susan Krouse

September 1, 1988

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"):

Tract 43 of YALTA GARDENS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Tax Account No. 3909 002AB 08600

Subject only to the following encumbrances:

SEE ATTACHED ADDENDUM

TAX STATEMENT

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

Susan Krouse

Name of Buyer

11490 New Ave.

Mailing Address

Gilroy, CA 95020

City State Zip

SECTION 1. PURCHASE PRICE; PAYMENT

1.1 TOTAL PURCHASE PRICE. Buyer agrees to pay Seller the sum of \$42,500.00 as the total purchase price for the property.

1.2 PAYMENT OF TOTAL PURCHASE PRICE. The total purchase price shall be paid as follows:
Seller acknowledges receipt of the sum of \$1,080.00 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 \$41,420.00 shall be paid in payments beginning on the first day of October 1988. The initial payments shall be \$348.00 each, including interest. In addition to that amount, 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 25 year Contract and the final payment is due September 1, 2013 (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 solvent 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.

1.7 WARRANTY DEED. Upon payment of the total purchase price for the property as provided for by this Contract and performance 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.

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 vacated 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.

2.3 COMPLIANCE WITH LAWS. Buyer shall 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 with any such requirements and withhold compliance during any proceeding, including appropriate appeals; so long as Seller's interests in the property is not jeopardized.

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.

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.
(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) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

98 WNO 52 PM 15 31

ADDENDUM TO CONTRACT OF SALELEGAL

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. Subject to a 30 foot building setback from Bryant Avenue as shown on dedicated plat.
4. Reservations and restrictions as contained in plat dedication, to wit:

"Hereby dedicate, donate and convey to the Public, for Public use forever the roads, Irrigation Laterals, Underground Irrigation System and Lot 66 for a Park subject to the setback lines as shown on annexed plat and an easement over all lots for future sewers or utilities along the back line of all lots."

And, "the underground irrigation distribution system shown on annexed plat and mentioned in a contract dated March 26, 1946, to which reference is hereby made, is approved subject to said contract Enterprise Irrigation District."

5. Agreements as to irrigation between Irving E. Gray et al, and the Enterprise Irrigation District recorded August 5, 1946 in Book 193, page 346, Deed Records, subject to the terms and provisions thereof.
6. Reservations and restrictions as contained in Deed recorded June 21, 1948 in Book 222, page 47, Deed Records of Klamath County, Oregon;
 Grantors: Harvey C. Martin and Violet L. Martin, husband and wife and
 Irving E. Gray and Rosie Gray, husband and wife
 Grantees: George F. Morin and Daisy Mae Morin, husband and wife

To wit, "Principal buildings shall be single family dwellings with not less than 650 square feet floor area. Temporary structures and occupancy of same for living quarters shall not be permitted. House shall be of standard construction with floor plans and designs meeting with grantors' approval.

No building shall be located nearer to the front tract line than 30 feet, nor nearer to the side tract lines than 5 feet.

The side line restriction shall not apply to garages or other buildings in the rear.

Subject, however, to an easement for ditches and pipe lines to convey water for irrigation and domestic use for benefit of adjacent property owners.

Tract shall not be subdivided.

Animals shall be restricted to household pets. Fowls limited to 150."

6.2 REMEDIES ON DEFAULT. In the event of a default, Seller may take any one or more of the following steps:

- (a) Declare the entire balance due on the Contract, including interest, immediately due and payable;
- (b) Foreclose this Contract by suit in equity;
- (c) Specifically enforce the terms of this Contract by suit in equity;
- (d) Exercise the rights and remedies of a secured party as provided by the Uniform Commercial Code. Seller may exercise these rights and remedies with respect to any part of the property which constitutes personal property in which Seller has a security interest.
- (e) Choose to impose a late charge. The charge will not exceed five (5) cents per dollar of the payment in the event Buyer fails to make any payment within 10 days after it is due.
- (f) Declare this Contract to be void thirty (30) or more days after Seller gives written notice to Buyer of Seller's intention to do so, unless the performance then due under this Contract is tendered or accomplished prior to the time stated. At the end of the thirty (30) days, all of Buyer's rights under this Contract shall cease without further act by Seller. Seller shall then be entitled to immediate possession of the property. All payments previously made to Seller by Buyer may be kept by Seller as reasonable rental of the property up to the time of default.
- (g) Appoint a receiver. Seller shall be entitled to the appointment of a receiver as a matter of right. It does not matter whether or not the apparent value of the property exceeds the amount of the balance due on the Contract. Any receiver appointed may serve without bond. Employment by Seller shall not disqualify a person from serving as a receiver. Upon taking possession of all or any part of the property, the receiver may:
 - (i) Use, operate, manage, control, and conduct business on the property and make necessary expenditures for all maintenance and improvements that in the receiver's judgement are proper;
 - (ii) Collect all rents, revenues, income, issues, and profits from the property and apply such sums to the necessary expenses of use, operation, and management;
 - (iii) Complete any construction in progress on the property, in the event of the property, in the event of default, and at any time hereafter, Seller may revoke Buyer's right to collect the income from the property. Seller may collect the income either through itself or a receiver. Seller may notify any tenant or other user to make payments of rents or use fees directly to Seller. If the income is collected by Seller, then Buyer irrevocably designates Seller as Buyer's attorney-in-fact and gives Seller permission to endorse rent or fee checks in Buyer's name. Buyer also gives Seller permission to negotiate and collect such rents or fees. Payments by tenants or other users to Seller in response to Seller's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Seller shall apply the income first to the expenses of renting or collection and the balance (if any) to payment of sums due from Buyer to Seller under this Contract.
- (h) Elect to collect all rents, revenues, income, issues, and profits (the "Income") from the property, whether due now or later. Prior to default, Buyer may operate and manage the property and collect the income from the property. In the event of default and at any time hereafter, Seller may revoke Buyer's right to collect the income from the property. Seller may collect the income either through itself or a receiver. Seller may notify any tenant or other user to make payments of rents or use fees directly to Seller. If the income is collected by Seller, then Buyer irrevocably designates Seller as Buyer's attorney-in-fact and gives Seller permission to endorse rent or fee checks in Buyer's name. Buyer also gives Seller permission to negotiate and collect such rents or fees. Payments by tenants or other users to Seller in response to Seller's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Seller shall apply the income first to the expenses of renting or collection and the balance (if any) to payment of sums due from Buyer to Seller under this Contract.

6.3 REMEDIES NONEXCLUSIVE. The remedies provided above shall not exclude any other remedies provided by law. They are in addition to any other such remedies.

SECTION 7. SELLER'S RIGHT TO CURE

If Buyer fails to perform any obligation required of it under this Contract, Seller may, without notice, take any steps necessary to remedy such failure. Buyer shall reimburse Seller for all amounts expended in so doing on demand. Such action by Seller shall not constitute a waiver of the default or any other right or remedy which Seller may have on account of Buyer's default.

SECTION 8. WAIVER

Failure of either party at any time to require performance of any provision of this Contract shall not limit the party's right to enforce the provision. If a party waives a breach of any provision of this Contract, the waiver applies only to that specific breach. It does not apply to the provision itself.

SECTION 9. INDEMNIFICATION

Buyer shall forever defend, indemnify, and hold Seller harmless from any claim, loss, or liability arising out of or in any way connected with Buyer's possession or use of the property; Buyer's conduct with respect to the property; or any condition of the property. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Buyer agrees to defend Seller, Buyer shall, upon notice from Seller, vigorously resist and defend such actions or proceedings through legal counsel reasonably satisfactory to Seller.

SECTION 10. SUCCESSOR INTERESTS

This Contract shall be binding upon and for the benefit of the parties, their successors, and assigns. But no interest of Buyer shall be assigned, subcontracted, or otherwise transferred, voluntarily or involuntarily, without the prior written consent of Seller. Consent by Seller to one transfer shall not constitute consent to other transfers, or waiver of this section.

As a condition to such consent, Seller may increase the interest rate under this Contract from the date of the transfer. Any increase in the interest rate under this Contract shall entitle the Seller to increase monthly payments. Monthly payments may be increased to the amount necessary to retire the obligation within the time provided for in Section 1, 1.3, in this Contract. Any attempted assignment in violation of this provision shall be void and of no effect with respect to Seller. Buyer hereby waives notice of and consent to any and all extensions and modifications of this Contract granted by Seller. Any other person at any time obligated for the performance of the terms of this Contract also hereby waives such notice and consent. Any such extensions or modifications will not in any way release, discharge, or otherwise affect the liability of any person at any time obligated under this Contract.

SECTION 11. TRANSFER FEE

If any interest of the Buyer under this Contract is assigned, subcontracted, or otherwise transferred, a fee to cover administrative costs will be immediately due and payable to Seller. The amount of the fee shall be prescribed by Seller's duly adopted Oregon Administrative Rule 274-20-440.

SECTION 12. NOTICE

Any notice under this Contract shall be in writing and shall be effective when actually delivered in person or ten (10) days after being deposited in the U.S. mail, postage prepaid and addressed to the party at the address stated in this Contract or such other address as either party may designate by written notice to the other.

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SECTION 13. COSTS AND ATTORNEY FEES

Events may occur that would cause Seller or Buyer to take some action, judicial or otherwise, to enforce or interpret terms of this Contract. Should such actions be taken, the prevailing party shall be entitled to recover from the other party all expenses reasonably incurred in taking such action. Such expenses shall include, but are not limited to the following costs:

- Cost of searching records,
- Cost of title reports,
- Cost of surveyors' reports,
- Cost of foreclosure reports,
- Cost of attorney fees.

whether incurred in a suit or action, in an appeal from a judgement or decree therein, or in connection with nonjudicial action.

SECTION 14. SURVIVAL OF COVENANTS

Any covenants, the full performance of which is not required prior to the closing or final payment of the purchase price, shall survive the closing and the final payment of the purchase price. Such covenants shall be fully enforceable thereafter in accordance with their terms.

SECTION 15. GOVERNING LAW; SEVERABILITY

This Contract shall be governed by the laws of the State of Oregon. In the event that any provision or clause of this Contract conflicts with applicable law, such conflict shall not affect any other provision and, to this end, the provisions of this Contract are severable.

SECTION 16. REPRESENTATIONS; CONDITION OF PROPERTY

Buyer accepts the land, buildings, improvements, and all other aspects of the property, and any personal property sold under this Contract, in their present condition, AS IS. Present condition includes latent defects, without any representations or warranties, expressed or implied, unless they are expressly set forth in this Contract or are in writing signed by Seller. Buyer agrees that Buyer has ascertained, from sources other than Seller, the applicable zoning, building, housing, and other regulatory ordinances and laws. Buyer also agrees to accept the property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the property. Buyer agrees that Seller has made no representations with respect to such laws or ordinances.

Subject to the right of redemption arising from a Decree of Foreclosure in Case Number 87-222CV in the Circuit Court of the State of Oregon for the County of Klamath. Said redemption period ends in accordance with ORS 23.560.

In the case of such redemption, seller shall refund buyer the purchase price, plus interest at the rate of 9.0 per annum. This amount will be reduced by \$406.00 per month as a reasonable rental for the use of the property.

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. This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the property. The document supersedes and replaces all prior or existing written and oral agreements (including any sale or earnest money agreement) between the parties or their representatives relating to the property.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate as of the first day and year above written.

BUYER(S):

Susan Krouse
SUSAN KROUSE

CAT. NO. NN00627
TO 1944 CA (9-84)

(Individual)

STATE OF CALIFORNIA
COUNTY OF *Santa Clara*

ss.

On *August 19, 1988*

said State, personally appeared *Susan Krouse* before me, the undersigned, a Notary Public in and for

, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

WITNESS my hand and official seal.

Signature

Janice Giammona



JANICE GIAMMONA
NOTARY PUBLIC-CALIFORNIA
SANTA CLARA COUNTY
My Commission Expires Sept. 15, 1989

(This area for official notarial seal)

STATE OF OREGON

13963

County of _____

ss

19____

Personally appeared the above named _____
and acknowledged the foregoing Contract to be his (their) voluntary act and deed.

Before me: _____

My Commission Expires: _____

Notary Public For Oregon

SELLER:

Director of Veterans' Affairs

By

Cliff Jones
Supervisor, Loan Processing

Title

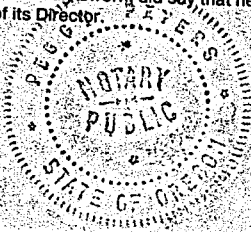
STATE OF OREGON

County of Marion

ss

August 9 1988

Personally appeared the above named Cliff Jones
and, being first duly sworn, did say that he (she) is duly authorized to sign the foregoing Contract on behalf of the Department of Veterans' Affairs by
authority of its Director.



Before me: Peggy Peters

My Commission Expires: 3-2-90

Notary Public For Oregon

CONTRACT OF SALE

FOR COUNTY RECORDING INFORMATION ONLY

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 29th day
of Aug. A.D. 19 88 at 12:37 o'clock P.M., and duly recorded in Vol. M88
of Deeds on Page 13958

FEE \$33.00

Evelyn Biehn County Clerk

By Caroline Mullendore

AFTER RECORDING RETURN TO:

Department of Veterans Affairs
Oregon Veterans Building

700 Summer St., N.E., Suite 100

Salem, OR 97310-1239

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bcd