

41351
CONTRACT OF SALE

C-21758

CONTRACT NO.

DATED: May 15, 1989

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"):

SEE ATTACHED ADDENDUM

Subject only to the following encumbrances:

SEE ATTACHED ADDENDUM

TAX STATEMENT

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

TAX ACCOUNT NUMBER(s): 0098815R, 0099533R,
0099084R, 0053685M,
0099663R, 0806159R,
0787492R, 0774647R,
0774638R.

Sam A. Henzel

Name of Buyer

20201 Hwy 97 S.

Mailing Address

Klamath Falls, Oregon 97601

City State Zip

'89 MAY 17 AM 9 27

0828

8540 878

SECTION 1. PURCHASE PRICE; PAYMENT

1.1 **TOTAL PURCHASE PRICE.** Buyer agrees to pay Seller the sum of \$ 225,000.00 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 \$ 4,950.00 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 \$ 220,050.00 shall be paid in payments beginning on the first day of April, 19 90. The initial payments shall be \$ 21,419.00 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 April 1, 2019
(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 **RESERVATION OF MINERAL RIGHTS.** ☐ Mineral Rights are not being retained. ~~XXX~~ Mineral Rights are being retained. The property secured by this contract is 10 acres or more, or is 3 acres or more and located in Clatsop or Columbia County, so the Division of State Lands is withholding mineral rights. The legal description is amended to include the following reservation of mineral rights:

"Excepting and reserving to itself, its successors, and assigns all minerals, as defined in ORS 273.775(1), including soil, clay, stone, sand, and gravel, and all geothermal resources, as defined in ORS 273.775(2), together with the right to make such use of the surface as may be reasonably necessary for prospecting for, exploring for, mining, extracting, reinjecting, storing, drilling for, and removing, such minerals, materials, and geothermal resources. In the event use of the premises by a surface rights owner would be damaged by one or more of the activities described above, then such owner shall be entitled to compensation from state's lessee to the extent of the diminution in value of the real property, based on the actual use by the surface rights owner at the time the state's lessee conducts any of the above activities."

1.6 **RIGHT OF REDEMPTION.** Subject to the right of redemption arising from a Decree of Foreclosure in Case Number 87-190-CV 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 percent per annum. This amount will be reduced by \$ -0- per month as a reasonable rental for the use of the property.

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

1.8 **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.

1.9 **WARRANTY DEED.** Upon payment of the total purchase price for the property as provided 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 1 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.

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ADDENDUM TO CONTRACT OF SALELEGAL

A tract of land situated in the SW $\frac{1}{4}$ of Section 21, T 40 S. R. 10 E.W.M. Klamath County, Oregon, more particularly described as follows: Beginning at a point from which the east 1/4 corner of said Section 21 bears N. 72°53'24" E. 4666.77 feet and the southeast corner of a potato cellar bears N. 14°33'10" W. 22.3 feet; thence S. 49°10'30" W. 132.51 feet to a point from which the southwest corner of said potato cellar bears S. 67°36' W. 63.3 feet; thence South 189.73 feet to the north line of the John Hess property; thence East along said line 100.00 feet; thence North 276.12 feet to the point of beginning, containing 0.53 acres, more or less; Together with the right to construct and maintain a water line from the present well house, (from which the east 1/4 corner of said section 21 bears N. 72°42'49" E. 4202.32 feet) to the above described tract to land. The bearings of the above tract of land are based on a solar observation. The above tract of land is subject to all easements of record or apparent: Also subject to a road easement over and across to Fred Hess and Paul Hess. A tract of land situated in Sections 20, 21, 28, and 29, all in T. 40 S., R. 10 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at the point of intersection of the northeasterly right of way line of State Highway No. 39 (Merrill Highway) and the section line common to said section 28 and 29: thence Northwesterly along said Northeasterly right of way line to the West line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 20; thence Northerly along the West line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 20 to the centerline of the U.S.B.R. drain; thence Easterly along said drain to the Section line common to said sections 20 and 21; thence East to the East line of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said section 21; thence Southerly along the East line of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said section 21 and the east line of the W $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 28 to the southwesterly right of way line of the Southern Pacific Railroad; thence southeasterly along said railroad right of way line to the south line of the NW $\frac{1}{4}$ of said section 28; thence Westerly along the South line of the said NW $\frac{1}{4}$ to the Southwest corner of the NW $\frac{1}{4}$ of said section 28; thence Northerly along the West line of the NW $\frac{1}{4}$ of said Section 28 to the Point of Beginning. The above described tract of land includes the right of Fred Hess, John Hess and Paul Hess, their heirs or assigns to use and maintain the existing road beginning at the intersection of Highway 39 and the line common to sections 28 and 29, T. 40 S R. 10 E.W.M., running thence Northerly and Easterly to the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 21.

ADDENDUM TO CONTRACT OF SALELEGAL

SAVING And EXCEPTING, a Tract of land situate in the NW¼ of Section 28, T. 40 S.R. 10 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at the intersection of the East line of the W¼NW¼ of said Section 28 with the Northerly right of way line of State Highway No. 39; thence North along said East line 1744 feet more or less to the centerline of an irrigation ditch; thence S. 54°34' W. along said centerline 240 feet more or less; thence leaving said centerline, N. 81°32'41" W., 46.22 feet to the centerline of the U.S. B.R. Drain; thence Southwesterly along the centerline of said drain, the following courses and distances: S. 08°27'19" W. 865 feet; S. 38°35'09" W., 293 feet more or less to said Northerly right of way line of State Highway No. 39; thence S. 46°17'55" E., along said right of way line 762 feet more or less to the point of beginning.

SAVING AND EXCEPTING, All that portion of the NW¼ of Section 28 Township 40 South, Range 10 E.W.M., which lies Southwesterly of the Southwesterly line of the Southern Pacific Railroad right of way.

The following described real property situate in Klamath County, Oregon:

A tract of land situated in Section 21, Township 40 South, Range 10 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at the Northwest corner of the SW¼SW¼ of said Section 21; thence Southerly along the West line of the SW¼SW¼ of said Section 21 to the centerline of the U.S.B.R. drain; thence East to the Westerly bank of Lost River, also being the right bank of said Lost River; thence Northerly and Westerly along the said right bank to the West line of said Section 21; thence Southerly to the point of beginning.

EXCEPTING THEREFROM the following parcels of land:

PARCEL 1: A tract of land situated in the SW¼ of Section 21, Township 40 South, Range 10 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at a point from which the East quarter corner of said Section 21 bears N 72°53'24" E. 4666.77 feet and the Southeast corner of a potato cellar bears N. 14°33'30" W. 22.3 feet; thence S. 49°10'30" W. 132.51 feet to a point from which the Southwest corner of said potato cellar bears S. 67°36' W. 63.3 feet; thence South 189.73 feet to the North line of the John Hess property; thence East along said line 100.00 feet; thence North 276.12 feet to the point of beginning.

ADDENDUM TO CONTRACT OF SALELEGAL

PARCEL 2: A tract of land situated in the SW $\frac{1}{4}$ of Section 21, Township 40 South, Range 10 E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at a point from which the East quarter corner of said Section 21 bears N. 69°53'25" E. 4178.84 feet and the Southeast corner of a barn bears S. 84°30'30" W. 91.3 feet; thence East 100.0 feet; thence South 212.36 feet to the North line of the Paul Hess property; thence West along said line 100.00 feet; thence North 212.36 to the point of beginning.

PARCEL 3: A tract of land situated in the S $\frac{1}{2}$ of Section 21, T40S, R10EWM, Klamath County, Oregon, more particularly described as follows:

Beginning at a point from which the E $\frac{1}{4}$ corner of said Section 21 bears N68°00'43"E 4124.07 feet; thence South 105 feet to the Southeast corner of a tract of land described as Parcel 1 in Volume M76-4925, as recorded in the Klamath County deed records; thence East 1692 feet, more or less, to the Westerly line of Lost River; thence Northwesterly, along said Westerly line to a point which bears East of the point of beginning; thence West to the point of beginning, containing 4 acres, more or less.

TOGETHER with the following described mobile home which is firmly affixed to the property:

1975 CONCORD 14' x 60' Serial No. 295450S3226.

ADDENDUM TO CONTRACT OF SALEENCUMBRANCES

1. Right of Way, including the terms and provisions thereof, to California Oregon Power Company, dated August 20, 1929, recorded August 27, 1929, in Volume 87 on page 620, Deed Records of Klamath County, Oregon.
2. Agreement between the United States of America and Mary Galarneau and M. P. Galarneau, her husband, Contractor, dated June 18, 1937, recorded June 26, 1937, in Volume 110 page 368, Deed Records of Klamath County, Oregon.
3. Road Easements as disclosed by EStoppel Deed from Lone Tree Ranch to Fred G. Hess and Edith M. Hess, husband and wife, dated January 14, 1986, recorded January 21, 1986, in Volume M-86 on page 997, Deed Records of Klamath County, Oregon.
4. The assessment roll and the tax roll disclose that the within described premises were specially assessed as farm land. Taxes for the year 1986-87 and possibly prior years have been deferred pursuant to ORS 308.370 to 308.403. These, plus earned interest are due and payable when said reason for the deferment no longer exists.
5. Liens and assessments of Klamath Project and Klamath Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.
6. Liens and assessments of Klamath Project and Upper Van Brimmer Drainage District and Van Brimmer Ditch Company and regulations, contracts easements, water and irrigation rights in connection therewith.
7. Rights of the Federal Government, the State of Oregon, and the general public in any portion of the herein described premises lying below the high water line of Lost River.
8. Rights of the public in any portion of the herein described premises lying within the limits of any road or highway.
9. Waiver of Riparian Rights, including the terms and provisions thereof, by and between A. F. Bunnell and United States of America, dated August 8, 1905, recorded September 16, 1905, in Volume 18 page 356, Deed records of Klamath County, Oregon.
10. Right of Way for transmission line, including the terms and provisions thereof, granted to The California Oregon Power Company dated August 20, 1929, recorded August 27, 1929, in Volume 87 page 620, Deed records of Klamath County, Oregon.

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ADDENDUM TO CONTRACT OF SALEENCUMBRANCES

11. Easement for transmission line, including the terms and provisions thereof, given by S. W. Chin et al., to Pacific Power & Light Company, a corporation, dated May 6, 1965, recorded July 13, 1966, Volume M-66 page 7112, Deed Records of Klamath County, Oregon.
12. Grant of Interest in Well, including the terms and provisions thereof, given by Fred Hess to Paul Hess and John Hess, dated March 4, 1976, recorded April 9, 1976, in Volume M-76 on page 5075, Deed Records of Klamath County, Oregon.
13. Right of Way Easement, including the terms and provisions thereof executed by Fred G. Hess and Edith M. Hess, husband and wife, as grantors, to Pacific Power & Light Company, a corporation, as grantees, dated July 31, 1979, recorded August 3, 1979, in Volume M-79 on page 18595, Deed records of Klamath County, Oregon.

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CONTRACT NO.

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.

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, at Seller's option. To complete that construction, receiver may pay all bills, borrow funds, employ contractors, and make any changes in plans and specifications that Seller deems appropriate.

If the revenues produced by the property are insufficient to pay expenses, the receiver may borrow, from Seller or otherwise, such sums as receiver deems necessary. These sums shall be used for the purposes stated in this paragraph. Repayment of such sums shall be secured by this Contract. Amounts borrowed from or advanced by Seller shall bear interest at the same rate as the balance on this Contract. Interest shall be charged from the date the amount is borrowed or advanced until the amount is repaid. Any amount borrowed shall be paid by Buyer on demand.
- (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 or with 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.

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.

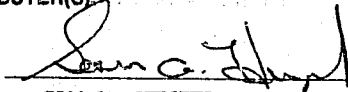
NONE

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.

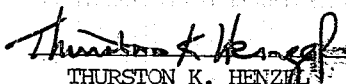
This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the property. The document supersedes and replaces all prior or existing written and oral agreements (including any sale or earnest money agreement) between the parties or their representatives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



SAM A. HENZEL



THURSTON K. HENZEL

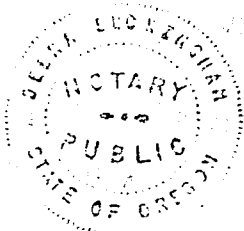
STATE OF OREGON

County of Klamath

) ss

May 15, 1989

Personally appeared the above named Sam A. Henzel and Thurston K. Henzel
and acknowledged the foregoing Contract to be his (their) voluntary act and deed.



Before me:

Debra Buckingham

Notary Public For Oregon

My Commission Expires: 12-19-92

SELLER:

Director of Veterans' Affairs

By

Cliff Jones
Supervisor, Loan Processing

Title

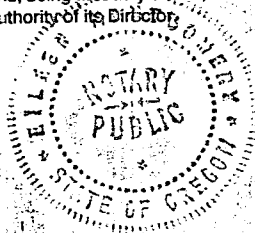
STATE OF OREGON

County of Marion

) ss

May 11, 1989

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:

Eileen Montgomery

Notary Public For Oregon

My Commission Expires:

8-27-92

CONTRACT OF SALE

FOR COUNTY RECORDING INFORMATION ONLY

AFTER RECORDING RETURN TO:
Department of Veterans' Affairs
Oregon Veterans Building
700 Summer Street, NE, Suite 100
Salem, OR 97310-1239

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Klamath County Title Co.
on this 17th day of May A.D., 1989
at 9:27 o'clock A.M. and duly recorded
in Vol. M89 of Deeds Page 8539.
Evelyn Biehn County Clerk
By Caroline M. Erickson
Deputy.

Fee, \$53.00

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