

This Option to Purchase made and entered into on the date below signed by and between the City of Klamath Falls, Oregon, a municipal corporation, hereinafter referred to as "City"; and John A.R. Kater, hereinafter referred to as "Purchaser", subject to the terms, conditions and covenants which follow:

1. Grant of Option. The City, in and for the consideration below stated, hereby agrees to sell and convey to Purchaser or its successors or assigns at any time before the time and date set for expiration of this Option Agreement, the following described real property situated in the City of Klamath Falls, Klamath County, Oregon:

Lot 14, Block 1, Tract 1174, College Industrial Park Addition to Klamath Falls, according to the official plat thereof on file in the office of the Klamath County Clerk, Klamath County, Oregon,

hereinafter referred to as "the property".

2. Consideration. Consideration for this grant of option is the sum of ONE THOUSAND DOLLARS (\$1,000) herewith paid by Purchaser to City.
3. Purchase Price. Upon exercise of the Option, and as consideration for the sale, assignment, transfer and delivery of the property by City to Purchaser, Purchaser shall pay to City the purchase price of TWENTY-EIGHT THOUSAND SIX HUNDRED DOLLARS (\$28,600), for the property as follows:
 - (a) Credit of ONE THOUSAND DOLLARS (\$1,000) paid to City by Purchaser herewith;
 - (b) The balance remaining of TWENTY-SEVEN THOUSAND SIX HUNDRED DOLLARS (\$27,600) together with interest thereon at the rate of twelve percent (12%) per annum from the date of closing shall be paid in two equal annual installments due on closing and on the first anniversary of the closing. Economic development credits of FIVE HUNDRED DOLLARS (\$500) for each full-time employee position created, up to a total maximum credits of FOURTEEN THOUSAND DOLLARS (\$14,000) off the purchase price, shall be deducted from the second installment payment. Purchaser shall have the right to prepay all or part of the remaining balance and interest at any time.
4. Exercise of Option. On Purchaser's election to purchase the property, it shall signify such election by written notice to the City. Notice shall be deemed effective upon the actual delivery thereof to the office of the City Manager or by mailing the written notice of election by prepaid registered mail, return receipt requested, to the City as follows:

City Manager
City of Klamath Falls
500 Klamath Avenue
Klamath Falls, OR 97601

In case such notice is given by mail the time of the posting of said letter in the United States Mail shall constitute sufficient notice to the City of such action and in such case the time of notice of acceptance by Purchaser shall be deemed to be the time of posting.

5. Time of Exercise. This grant of option shall run to and including October 1, 1990, at which time if the notice of exercise has not been given, this option shall expire by its own terms and be of no further effect.
6. Conveyance. Upon exercise the City shall deliver to Purchaser a good and sufficient Warranty Deed conveying the property to Purchaser free and clear of all liens and encumbrances, excepting those placed upon the property or suffered by Purchaser subsequent to date of this Option Agreement, and the Purchaser shall deliver to City a Trust Deed note in standard form to secure the Purchaser's payments to the City, if any. The Trust Deed shall name the City as beneficiary and the City Attorney as Trustee.

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7. Closing. Closing shall occur on or before November 1, 1990.
8. Attorney's Fees. If any suit or action shall be instituted to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to statutory costs, such sums as the Court may adjudge as reasonable for the prevailing party's attorney's fees and costs in such suit, action or any appeal thereof.
9. Successor Interests. This Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns, but no interest of Purchaser shall be assigned, subcontracted or otherwise transferred without the prior written consent of City which consent shall not be unreasonably withheld. Consent by City to one transfer shall not constitute consent to other transfers or waiver of this section.

CITY: (CITY OF KLAMATH FALLS)

By:

James R. Keller
City Manager

ATTEST:

Elisa D. Fritz
City Recorder

PURCHASER

John A.R. Kater
John A.R. Kater

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

Personally appeared James R. Keller and Elisa D. Fritz who, being duly sworn, each for themselves and not one for the other, did say that the former is the City Manager and the latter is the City Recorder of the City of Klamath Falls, a municipal corporation, and that the seal affixed to the foregoing instrument is the seal of said municipal corporation and that said instrument was signed and sealed on behalf of said City by authority of its City Council; and each of them acknowledged said instrument to be its voluntary act and deed.

BEFORE ME this 24th day of August, 1989.

Traci R. Brace
Notary Public for Oregon
My Commission Expires: 3-13-93

STATE OF CALIFORNIA)
COUNTY OF Shasta) ss.

On 24th, 1989, before me, the undersigned a Notary Public, in and for said State, personally appeared John A.R. Kater known to me to be, or proved to me on the basis of satisfactory evidence, and acknowledged to me that he executed the same.

STATE OF OREGON, ss.
County of Klamath

Judy Rae Roquemore
Notary Public for California
My Commission Expires: Feb. 11, 1992

Filed for record at request of:

City of Klamath Falls
on this 16th day of Oct. A.D., 1989
at 11:53 o'clock A.M. and duly recorded
in Vol. M89 of Deeds Page 19591.
Evelyn Biehn County Clerk
By Debra Muelenbelle
Deputy.

Fee, \$13.00



Return: City of Klamath Falls
500 Klamath Ave., Klamath Falls, Or. 97601