

MTC 27119

Upon recording return to: Mountain Title Company
 Forard tax statements to: Edith L. Lind, P.O. Box 775, Jamul, CA 91935

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 1st day of January, 1992, by and between EDITH L. LIND, hereinafter referred to as "Vendor" and PAULINE UNGARETTI, hereinafter referred to as "Purchaser":

W I T N E S S E T H:

Vendor hereby agrees to sell unto Purchaser, and Purchaser hereby agrees to purchase from Vendor, that certain real property and all appurtenances situated in Klamath County, State of Oregon, described as follows:

See Exhibit "A" attached.

I.

Purchase Price and Terms:

The purchase price of the subject real property, which Purchaser hereby agrees to pay, is the sum of \$130,000.00 and payable as follows:

(a) The sum of \$1,125.00 shall be credited to the Purchaser as of the close of escrow. It represents Purchaser's assumption of the obligation to all tenants of the subject property concerning leasehold deposits delivered to Vendor.

(b) Until October 14, 1992, Purchaser shall pay all accrued interest at the rate of 8-1/2% per annum in monthly installments. Commencing October 15, 1992, Purchaser shall pay all accrued interest in monthly installments at 9-1/2% per annum until October 14, 1993. The first of said payments shall be made by March 15, 1992 and all subsequent payments by the same day of every month thereafter. At the execution of this agreement, Purchaser has paid all interest accrued through February 15, 1992.

(c) The remaining balance of \$128,875.00 shall be paid in monthly installments of not less than \$1,244.00 each, including interest at the rate of 10% per annum on the unpaid balances, with the first of such installments to be paid on or before the 15th day of October, 1993, and subsequent installments to be paid on or before the same day of every month thereafter until

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the entire purchase price, principal and interest, is paid in full.

(d) Purchaser shall have the privilege of increasing any payment or prepaying the whole consideration at any time so long as it is understood that no additional payments shall be credited as regular future payments nor excuse Purchaser from making the payments provided for in this agreement in Subsections (b) and (c) above.

(e) In the event Purchaser fails to pay, when due, any amounts required of Purchaser to be paid to others under this contract, Vendor may pay any or all of such, and if Vendor does so, the amounts so paid shall be due and payable with the next regular installment of purchase price. It is expressly understood and agreed that Vendor's election to make any payments on behalf of Purchaser shall not result in the waiver of Vendor's right to declare Purchaser in default of this contract and exercise any of the remedies set forth below.

II.

Taxes And Assessments:

All taxes levied against the subject real property for the current tax year have been prorated between the parties as of January 1, 1992. Purchaser agrees to pay, when due and before delinquent, taxes which are hereafter levied against the subject property, and all public and municipal and statutory assessments and liens which may be hereinafter imposed on the premises. Breach of this provision shall be considered a material breach of this agreement entitling Vendor to all of the remedies set forth below. If Purchaser objects, in good faith, to the validity or the amount of any tax assessed, or lien, Purchaser may, at Purchaser's sole expense, contest the validity or amount of such tax assessment or lien provided that Vendor's security in the subject real property is not thereby jeopardized.

With each monthly payment of interest and principal, Purchaser shall pay 1/12th of the real property taxes to the parties' escrow agent as part of a tax reserve fund. Any failure to pay any of said installments by its due date shall be considered a material breach of this agreement entitling Vendor to all of the remedies set forth below. The initial monthly contribution shall be \$175 and it shall be adjusted each year to reflect changes in the property taxes when the annual tax billing is received.

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III.

Insurance:

Purchaser shall procure and maintain policies of all risk insurance on a replacement cost basis, covering all improvements on the subject real property in an amount equal to the full insurable value with the parties hereto named additional insureds. The policies shall be written in such form and by such insurance companies as are acceptable to Vendor. Purchaser shall deliver to Vendor certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled nor diminished without a minimum of ten (10) days written notice to Vendor. In the event of loss, Purchaser shall give immediate notice to Vendor, and Vendor may make proof of loss if Purchaser fails to do so within 15 days of the casualty.

All proceeds of any insurance shall be received and held by Vendor. If Purchaser elects to restore the improvement, the proceeds shall be paid to Purchaser, by Vendor, in installments as work progresses, and Purchaser shall repair or replace same in a manner satisfactory to Vendor. If Purchaser elects against restoration of the improvements, Vendor shall retain a sufficient sum from the proceeds to satisfy Purchaser's payment obligations under this Contract of Sale, and pay the balance unto Purchaser.

In addition, Purchaser shall procure and continuously maintain liability insurance with limits of not less than \$ 500,000.00.

With each monthly payment of interest and principal, Purchaser shall pay 1/12th of the insurance premiums to the parties' escrow agent as part of an insurance reserve fund. Any failure to pay any of said installments by its due date shall be considered a material breach of this agreement entitling Vendor to all of the remedies set forth below. The initial monthly contribution shall be \$175 and it shall be adjusted each year to reflect changes in the premiums when the annual billing is received.

IV.

Possession:

(a) The Purchaser shall be entitled to possession of the subject premises immediately upon the execution of this Agreement.

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(b) Purchaser shall forever defend, indemnify, and hold Vendor harmless from any claim, loss or liability arising out of, or in any way connected with Purchaser's possession or use of the subject property, Purchaser's conduct with respect to the property, or any condition of the property. In the event of litigation or other proceedings against Vendor in connection with the events described in this section, Purchaser shall, upon notice from Vendor, defend such action or proceedings at Purchaser's sole cost.

(c) Vendor hereby transfers and assigns to Purchaser all existing leases encumbering the subject premises. Vendor, immediately upon the execution of this agreement, shall notify all lessees of this assignment and shall direct the lessees to pay all future installments of rent unto Purchaser at such place as Purchaser shall designate. All prepaid rental and other income from the premises has been prorated between the parties as of September 1, 1991, and all rent and profits for the period thereafter shall be the property of Purchaser.

(d) Lessees of the subject premises have deposited with Vendor the sum of \$1,125.00 as security for their faithful performance under their leases. All legal obligation to return any part of said deposits rests solely upon Purchaser.

(e) In the event of litigation or claims of any sort respecting any of said leases, Purchaser hereby agrees to indemnify and hold Vendor harmless therefrom at Purchaser's sole expense.

V.

Improvements and their Alterations and Repairs:

(a) Purchaser agrees all improvements now located on the subject premises, or which hereafter shall be placed thereon, shall be considered affixed to the real property and shall not be removed at any time prior to the expiration of this Agreement under any circumstances without the prior written consent of Vendor. Purchaser shall not commit nor suffer any waste of the subject property, or any improvements thereon and shall maintain the property and all improvements in good condition and repair.

(b) Purchaser shall not make, nor suffer to be made, any improvements or alterations to the subject real property without first obtaining the written consent of Vendor, and request for consent shall be accompanied by plans and specifications. If Purchaser shall undertake the construction of any improvements, Purchaser shall comply with all

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appropriate laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities. Purchaser may contest, in good faith, any such requirements and withhold compliance during any proceeding, including appropriate appeals, so long as Vendor's interest in the property is not at all jeopardized. In the event that construction liens of any sort are filed against the subject real property, Purchaser shall remove same within ten (10) days of the filing or post a surety bond by a surety licensed to issue same in the State of Oregon in the full amount claimed. Said bond shall be delivered to Vendor within said ten (10) day period.

VI.

Covenants of Title and Delivery of Deed:

(a) Vendor covenants that Vendor is in title to the subject real property and that title to same is free and clear of all encumbrances excepting:

1. An easement created by instrument, subject to the terms and provisions thereof, dated September 13, 1927, recorded September 24, 1927 in Volume 77, page 419, Microfilm Records of Klamath County, Oregon in favor of adjoining property owners for the right to use 4 foot wide strip of land for light and alley purposes, and no building shall ever be erected on same.

2. An easement as contained in Deed from R. C. Groesbeck, et ux, to B. S Grigsby, recorded in Volume 139, page 253, Deed Records of Klamath, Oregon, as follows:

"subject to the right of Harry Furch and Mable Furch to take water over the Northwesterly part of said land at a point immediately adjoining the present wall on said property."

A title insurance policy so stating, shall be provided Purchaser following the close of escrow with limits equaling the above purchase price.

(b) Concurrently herewith Vendor shall execute and deliver unto the escrow agent hereinafter designated a good and sufficient Warranty Deed conveying the subject real property free and clear of all liens and encumbrances except as above provided and those placed upon the property or suffered by Purchaser subsequent to the date of this Agreement.

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VII.

Escrow Arrangements:

(a) As soon as practicable following the execution of this agreement, the parties shall deliver in escrow to Mountain Title Company of Klamath Falls, Oregon:

An unrecorded Warranty Deed executed by Vendor.

An executed copy of this agreement.

UCC-3 Financing Statement

(b) The parties hereto hereby instruct said escrow agent to receive for Vendor's account the balance of the installment payments provided for herein. From the payments received, the escrow agent is instructed to pay Vendor as Vendor shall direct. Upon full payment of the principal and interest provided for herein, the escrow agent shall deliver to Purchaser the instruments specified above. If Purchaser fails to pay any installment before the expiration of thirty (30) days after the due date thereof, the escrow agent is authorized to surrender to Vendor, upon demand and without notice to Purchaser, all of the documents specified in the preceding paragraph and this escrow shall be considered thereby terminated.

VIII

Security Interest:

In addition to the subject real property, Purchaser acknowledges receipt of the items of personal property listed on Exhibit "B" attached. Vendor shall be deemed to have a security interest in all of said items, any replacements thereof, and any proceeds of sale of same.

IX.

Default Provisions:

(a) Events of Default: Time is of the essence of this agreement. A default of this agreement shall be deemed to have occurred under any of the following circumstances:

(1) Failure of Purchaser to cure any payment delinquency within 10 days of Vendor's mailing of written notice. Notice shall be sent by Certified Mail addressed to Purchaser's last-known address and

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it shall be deemed received on the day following its mailing.

(2) Failure of Purchaser to cure any breach of any other obligations contained in this contract within 20 days of Vendor's mailing of written notice of same by Certified Mail to Purchaser at Purchaser's last-known address and it shall be deemed received on the day following its mailing. Said written notice shall specify the nature of the default with particularity.

(3) Purchaser's sale or other transfer of the subject property, or any interest therein, in violation of the terms of this agreement.

(b) Remedies on Default: In the event of a default, Vendor may take any one or more of the following remedies:

(1) Declare the entire balance of purchase price and interest immediately due and payable;

(2) Foreclose this contract;

(3) Specifically enforce the terms of this agreement.

(4) Declare this agreement null and void as of the date of the breach, and retain, as liquidated damages, the amount of the payments theretofore made. Under this option, all of the rights, title and interest of Purchaser shall be forfeited and shall revert and revest in Vendor without any act of re-entry or other act by Vendor to be performed, and Purchaser agrees to peaceably surrender the premises to Vendor, or in default thereof, Purchaser may, at the option of Vendor, be treated as a tenant holding over unlawfully after the expiration of a lease and may be ousted and removed as such. Utilization of this remedy shall be subject to the provisions of ORS 93.905 et. seq.

(5) Any and all other legal remedies available to Vendor.

(6) Vendor shall be entitled to the appointment of a Receiver as a matter of right, regardless of whether the apparent value of the property exceeds the balance due under this contract. Upon taking possession of the property, the Receiver shall use,

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operate, manage, control, and conduct business on the property and make necessary expenditures for all maintenance and improvements as in the Receiver's judgment are proper. The Receiver shall also collect all rents, revenues, income, and profits from the property and apply such sums to the necessary expenses of use, operation, and management. If the revenues produced by the property are insufficient to pay expenses, the Receiver may borrow, from Vendor or otherwise, such sums as the Receiver deems necessary for the purposes stated in this section, and repayment of such sums shall include interest at the interest rate mentioned above from the date of expenditure until repaid. Repayment shall be made by the Receiver as soon as reasonably practicable, but no later than the termination of the Receivership.

(7) Respecting the personal property, Vendor shall have the right to repossess same and any and all other remedies set forth in the Uniform Commercial Code.

(8) If any payment is not received by the escrow agent within 15 days of its due date, in addition to any other remedy, Vendor shall be entitled to a late charge of 10% of the payment owing.

X.

Attorney Fees:

(a) If Vendor places this agreement in the hands of an attorney due to a default by Purchaser, then the attorney fees so incurred by Vendor, plus reasonable costs including lien searches, shall be added to and become a part of the unpaid balance owing on this agreement as of the date such expenses are paid by Vendor. Purchaser shall reimburse Vendor for such costs and fees within ten days after receipt of notice from Vendor specifying the amounts and demanding such reimbursement.

(b) In addition, if either party institutes suit or action to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to recover from the other party all costs and disbursements incurred by it in that connection, plus such sum as the court may adjudge reasonable for attorney fees at trial and on appeal.

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XI.

Representations:

It is understood and agreed that Purchaser accepts the subject land, buildings, improvements, and all other aspects of the property in its present condition "as is", including all latent defects, without any representations or warranties, expressed or implied, surviving the execution of this agreement unless expressly set forth herein. Purchaser acknowledges that Purchaser has ascertained, from sources satisfactory to Purchaser and independent of Vendor and Vendor's agents, the applicable zoning, building, housing, and other regulatory ordinances and laws, and that Purchaser accepts 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. 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 the fee title to the property should check with the appropriate city or county planning department to verify approved uses.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR CITING OF A RESIDENCE. 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 AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

XII.

Waiver:

Failure by Vendor at any time to require the performance by Purchaser of any of the provisions hereof shall in no way affect Vendor's rights hereunder to enforce same, nor shall any waiver by Vendor of any breach hereof be held to be a waiver of any succeeding breach or waiver of this clause.

XIII.

Successor Interests:

The covenants, conditions, and terms of this agreement shall extend to, and be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

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It is understood that this indebtedness is due and payable upon the sale or other transfer of the subject property.

XIV

Miscellaneous:

This agreement was prepared on behalf of Vendor.

IN WITNESS WHEREOF, we have hereunto executed this agreement in triplicate as of the date above-mentioned.

VENDOR:

Edith L. Lind
EDITH L. LIND

PURCHASER:

Pauline Ungaretti
PAULINE UNGARETTI

State of Oregon

County of Klamath

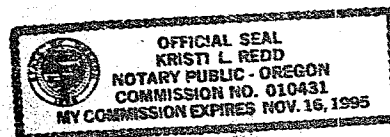
April 10, 1992

Personally appeared the above named EDITH L. LIND and PAULINE UNGARETTI, and acknowledged the foregoing instrument to be their voluntary act and deed.

(seal)

WITNESS My hand and official seal.

Kristi L. Redd
Notary Public for Oregon
My Commission expires: 11/16/95



PARCEL 1

The Southeasterly 43 feet of the Northwesterly 49 feet of Lots 3 and 4, Block 50, NICHOLS ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2

Beginning at the most Southerly corner of Lot 4, Block 50, NICHOLS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon; thence Northwesterly along the Northeasterly line of 10th Street, 71 feet; thence Northeasterly at right angles to 10th Street, 100 feet; thence Southerly parallel with 10th Street, 71 feet; thence Southwesterly along the Northwesterly line of Washington Street, 100 feet to the place of beginning.

PARCEL 3

Those portions of Lots 2 and 3, Block 50, NICHOLS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwesterly corner of Lot 2, Block 50, NICHOLS ADDITION to the City of Klamath Falls, Oregon; thence Northeasterly along the Northerly line of Washington Street 40 feet; thence Northwesterly at right angles to Washington Street 116 feet; thence Southwesterly parallel with Washington Street 40 feet; thence Southeasterly parallel with 10th Street 116 feet to the place of beginning, being a part of Lot 2, Block 50 of said NICHOLS ADDITION.

ALSO a portion of Lot 3, Block 50, NICHOLS ADDITION to the City of Klamath Falls, Oregon, described as follows:

Beginning on the Northerly line of Washington (formerly Canal) Street at the corner common to Lots 3 and 2 of said Block; thence Northwesterly along the Easterly line of said Lot 3 a distance of 71 feet; thence Southwesterly and parallel with Washington Street 30 feet; thence Southeasterly and parallel with Easterly line of said Lot 3, 71 feet to said Northerly line of Washington Street; thence Easterly along said line of Washington Street 30 feet to the place of beginning.

IVANHOE APARTMENTS, Furnishings inventory 9/27/91

All apartments have window coverings, carpet and/or linoleum floor covering.
(There are no Apartments with the numbers 13 and 18)

#1.
Stove, gas with heater
Frig, Frigidaire, 2 door
couch & chair
chest, 5 drawer, brown
table, formica
chairs. 2 wood

#2 Stove, apt size gas
Frig
heaterj gas free standing
beds, 2 twins
chests, 4 & 5 drawer
table, round formica top
table, wood

#3.
Stove, apt size, Frigidaire
Frig, green Frigidaire
bed, twin
chest, 4 drawer
futon bed chair
table, formica
chairs, 2

#4.
Stove, gas with heater
Frig, newer almond Westinghouse
bed, full size
rockers
table & chair
chest, 3 drawer, painted

#5.
Frig, newer, white
Stove, electric
table, formica, 2 chairs
chest, 4 drawer
bed, full

#6.
Stove, gas with heater
Frig, newer Westinghouse
chest, 4 drawer, brown
couch, 2 kitchen chairs
bed, twin, metal
heater, oil filled portable

#7.
Stove, electric
Frig, Frigidaire
couch & chair
coffee & end table
chest, 4 drawer
bed, full

#8.
Stove elect
Frig
chest, yellow
bed, twin
table, drop leaf
chairs, 3

#9.
Stove, yellow electric
Frig, Old Frigidaire
table,
oil filled heater
bed

#10
Stove, gas, with heater
Frig
table, formica
chairs, 2
couch & chair
chest, 3 drawer
oil filled heater
coffee table

#11.
Stove
Frig, old Coldspot
heater, oil filled
hideabed, end table
table, kitchen
chair & foot stool
cabinet, large

#12.
Stove, apt size, electric
Frig, old Coldspot
table, wood, 2 chairs
cabinet, large
bed, full
love seat, red

14
Stove, gas with heater
Frig, Westinghouse
table, wood
chairs, 2
chair, overstuffed
bed, twin
chest, 4 drawer
coffee table

#15
Stove, gas with heater
Frig, Frigidaire
table & 4 chairs
(yellow formica top)
bed, full
chest, 5 drawer
night stand

#16.
Stove, apt size gas
Frig, Frigidaire
cabinet, large kitchen
table, formica
chairs, 3
bed, twin
chest, 4 drawer

#17
Stove, gas with heater
Frig, Coldspot
table, chair, 1
bed, full
chest, 4 drawer

#19.
Stove
Frig, Westinghouse
Cabinet, metal, small
China hutch
table, drop leaf
chairs, 5
chest, 5 drawer

#20.
Stove, gas
Frig, GE, gold
table, formica
chairs, 2
file cabinet
end table, shelves
gas heater, living room

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EXHIBIT "B" PAGE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co. the 10th day
of April A.D. 19 92 at 2:04 o'clock P.M., and duly recorded in Vol. M92,
of Deeds on Page 7520
By Evelyn Biehn County Clerk

FEE \$85.00

By Douglas Mullender