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01-21-94P01:03 RCVD

CONTRACT - SALE OF REAL PROPERTY

Vol. m94 Page 2306

THIS CONTRACT, made and entered into this 21st day of January, 1994, between ERWIN C. MC NEILLY and SUSAN K. MC NEILLY, hereinafter collectively referred to as "Seller" and RICHARD JAMES MC NEILLY and LAURA K. MC NEILLY, hereinafter collectively referred to as "Buyer",

WITNESSETH;

That in consideration of the covenants and agreements specified, the Seller agrees to sell to the Buyer and the Buyer agrees to purchase from the Seller the following described real estate situate in the County of Klamath, State of Oregon, legally described as follows:

BRYANT TRACTS #2, BLOCK 2, LOT 11 POR,
MH X# 166170

for the sum of Twenty Thousand (\$20,000.00) Dollars, which shall be paid to the order of the Seller at the times and the amounts as follows:

Subject to the exceptions hereinafter mentioned, the Purchase Price shall be payable in monthly installments of not less than Two Hundred (\$200.00) Dollars each, including principal and interest; the first installment shall be due and payable on the 5th day of February, 1994, with like installments due on the 5th day of each and every consecutive month thereafter until the whole sum, principal and interest, has been paid in full. Buyer agrees to pay a late charge of five (5%) percent of any payment due hereunder, if such payment is not received by Seller after fifteen (15) days of due date.

All deferred balances of said Purchase Price shall bear interest at the rate of Seven and one half (7.5%) percent per annum from the date of execution hereof until paid. Each payment shall be applied first to interest to the date of payment, and the balance, if any, to principal. Seller will apply Buyer's payment(s) first to satisfy the underlying encumbrances as hereinafter described with the balance of the payment(s), if any, to be paid to Seller.

The said described premises are now subject to a Deed of Trust in favor of South Valley State Bank, recorded in the Records of said county in the approximate amount of \$9,000.00. Seller agrees to pay all sums due and to become due on said contract promptly at the times required for said payments and to keep said contract free from default; should the Seller for any reason permit said contract to be or become in default, the Buyer may pay any sums required by said contract to be paid or otherwise perform said

contract, and the Buyer shall be entitled to credit for all sums to be paid by him against the sums next to become due on the above Purchase Price pursuant to the terms of this contract.

Buyer shall be entitled to prepay all or any portion of the contract balance without restriction or penalty. Prepayment of less than the entire contract balance shall not defer or excuse Buyer from the prescribed payments hereunder.

Taxes on said premises for the current tax year shall be prorated between the parties hereto as of the date of this contract. Buyers shall pay taxes hereafter levied against said property when due and provide Seller with adequate evidence annually of payment. Additionally, Buyers agree to insure the described premises against loss due to fire and other causes and to provide Sellers with annual evidence of payment of insurance policy premium identifying Sellers as loss payee therein.

The Buyer shall be entitled to possession of said land and the improvements to be erected thereon on the 21st day of January, 1994, and may retain such possession so long as the Buyer is not in default under the terms of this contract.

The Buyer agrees to keep the premises free from mechanics, construction, and all other liens. Buyer will pay all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, promptly before the same or any part thereof become past due. If the Buyer fails to pay any such taxes, liens, costs, water rents, or other charges, the Seller may do so and any payments so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate of nine (9%) percent per annum without waiver of any rights arising to the Seller for Buyer's breach of contract.

Seller shall furnish Buyer, at Seller's expense a purchaser's title insurance policy in the amount of Twenty Thousand (\$20,000.00) Dollars within thirty (30) days from the date hereof insuring Buyer against loss or damage sustained by Buyer by reason of the unmarketability of Seller's title, or liens or encumbrances thereon, excepting matters contained in the usual printed exceptions in such title insurance policies, easements, conditions and restrictions of record, the encumbrances herein specified.

Seller agrees that when the purchase price is fully paid, and upon request and surrender of this agreement, Seller will deliver a good and sufficient special warranty deed conveying said premises in fee simple unto the Buyer, and the Buyer's heirs and assigns, free and clear of encumbrances as of the date hereof, and free and clear of encumbrances since the date placed, permitted or arising by, through or under Seller; excepting, however, the taxes, municipal liens, water rents and public charges assumed by the Buyer, and further excepting all liens and encumbrances created by

the Buyer or Buyer's assigns, and the easements and conditions set forth in Mountain Title Insurance Company of Klamath County Report No. _____.

It is understood and agreed between said parties that TIME IS OF THE ESSENCE OF THIS CONTRACT, and in case the Buyer shall fail to make the payments above required, or any of them, (a default), punctually within ten (10) days of the time limited therefore, or fail to keep or commence to cure a breach of any agreement herein contained, within fifteen (15) days of receipt of written notice of said breach, then the Seller, at the Seller's option shall have the following rights:

1. To declare this contract null and void pursuant to the provisions of ORS 93.905-93.940;
2. To declare the whole unpaid principal balance of said Purchase Price, with the interest thereon, at once due and payable;
3. To foreclose this contract by suit in equity; and/or
4. To enforce specifically the terms of this agreement by suit in equity.

The Buyer further agrees that the failure by the Seller at any time to require performance by the Buyer of any provision hereof shall in no way affect Seller's right hereunder to enforce the same, nor shall any waiver by said Seller of any breach of any provision hereof be held to be a waiver of the provision itself.

IT IS HEREBY AGREED THAT THE BUYER HEREBY ACCEPTS SAID PROPERTY IN ITS PRESENT CONDITION "AS IS", AND WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED AS TO THE CONDITION THEREOF, EXCEPT ANY WARRANTY TO THE BUYER THAT THE BUYER MAY BE ENTITLED TO UNDER THE LAWS AND STATUTES OF THE STATE OF OREGON.

Should there be a default by Buyer in the performance of Buyer's obligations hereunder, the rents arising from said property are assigned to Seller, Seller's heirs and assigns as collateral security for the payment of principal and interest or other payments required by this contract. The collection of rents shall be without prejudice to and shall not constitute a waiver of any right of the Seller under the terms of this contract. It is understood that this assignment of rents shall not operate to place responsibility for the control, care, management or repair of said premises upon the Seller, nor shall it operate to make the Seller responsible or liable for any waste committed on the property by the tenants thereof, or any other party, or for any property damages or defective condition of the premises outside of Seller's control or for any negligence in the management, upkeep, repair or control of said premises resulting in loss or injury to any tenant.

licensee, employee or stranger. The Seller shall have the sole and uncontrolled election whether or not they will exercise the power hereby granted, and failure to exercise the same will not constitute a waiver of any future rights hereunder to exercise the same at any time, nor shall Seller be liable to collect any rents or make any repairs or disbursements for maintenance or management.

In further consideration of the sale of said real and personal property, in the event of Buyer's default, Buyer hereby consents to the appointment of a receiver by a court of competent jurisdiction upon proper application for same by Seller and reasonable advance notice of the date, time and Court from which Seller shall seek such appointment, without regard to whether the value of the property exceeds the amount of the balance due under this contract.

In case suit or action is instituted arising directly or indirectly out of this contract, the losing party shall pay to the prevailing party his reasonable attorney fees, and if an appeal is taken from any judgment or decree of such trial court, the losing party; on appeal shall pay the prevailing party's reasonable attorney's fees.

The Buyer shall not assign or otherwise transfer this contract or any of their rights hereunder, either voluntarily or by operation of law, without the written consent of the Seller, which consent Seller shall not unreasonably withhold. Any such purported assignment or transfer without such consent shall be void and of no effect; provided, however, Seller shall be deemed to have consented to any such assignment or transfer if Seller shall fail to object thereto within fifteen (15) days of receipt of Buyer's written request accompanied by sufficient supporting financial data.

Any notice or delivery required or permitted under this agreement shall be deemed sufficiently given or served if delivered personally or sent by certified mail to:

SELLER:

Erwin C. McNeilly
3503 Summers Lane
Klamath Falls, OR 97603

BUYER:

Richard J. McNeilly
1523 Dayton
Klamath Falls, OR 97603

The true and actual consideration paid for this transfer stated in terms of dollars is: Twenty Thousand (\$20,000.00) Dollars.

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

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FARM OR FOREST ZONES. MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF 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.

In construing this instrument, it is understood that the Seller or the Buyer may be more than one person; that if the text so requires, the singular pronoun shall be taken to mean and include the plural, masculine, feminine and neuter; and that generally all grammatical changes shall be made, assumed and implied to make provision hereof apply equally to more than one individual.

IN WITNESS WHEREOF, the parties hereto have executed this contract in duplicate on the day and year first hereinabove written.

SELLER.

Erwin C. McNeilly
ERWIN C. MC NEILLY

Susan K. McNeilly
SUSAN K. MC NEILLY

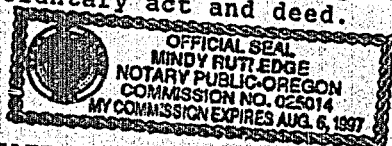
BUYER.

Richard James McNeilly
RICHARD JAMES MC NEILLY

Laura K. McNeilly
LAURA K. MC NEILLY

STATE OF OREGON)
) ss.
County of Klamath)

On this 21st day of January, 1994, personally appeared before me the above named, ERWIN C. MC NEILLY and SUSAN K. MC NEILLY, and acknowledged the foregoing instrument to be their voluntary act and deed.

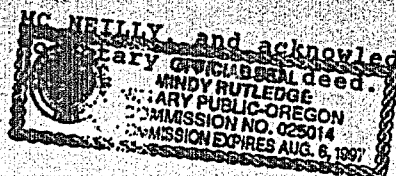


Mindy Rutledge
NOTARY PUBLIC FOR OREGON
My Commission Expires: 8-6-97

STATE OF OREGON)
) ss.
County of Klamath)

On this 21st day of January, 1994, personally appeared before me the above named, RICHARD JAMES MC NEILLY and LAURA K.

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MC NEILLY, and acknowledged the foregoing instrument to be their

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Mindy Rutledge
NOTARY PUBLIC FOR OREGON
My Commission Expires, 8-6-97

After recording return to:

Richard James McNeilly
1523 Dayton
Klamath Falls, OR 97603

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Laura K. McNeilly
of Jan A.D., 19 94 at 1:03 o'clock P.M., and duly recorded in Vol. M94 day
of Deeds on Page 2306
By Evelyn Biehn County Clerk
Christine McNeilly

FEE \$55.00
cc 3.50

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