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CONTRACT Vol. 1194 Page 4214 2

THIS AGREEMENT, made and entered into as of this 1 day of October 1996 by and between Mervin C. Hanover and Heidi C. Hanover husband and wife, hereinafter called SELLER, and Jeffrey D. Stewart and Suzann L. Hoy, Hereinafter called PURCHASER / BUYERS.

WITNESSETH

1. SELLER, agrees to sell to PURCHASER for the price and on the terms and conditions set forth below, that certain real property and all improvements, situated in Klamath County, State of Oregon, Described as follows:

Lot 67, CASITAS FIRST ADDITION Tax Account No: R3909 010CD 05000 Known as 4335 Austin St., Klamath Falls, OR.

Subject to: Easements, Rights of way of record and those apparent on the land.

2. BUYER, agrees to pay the sum of Fourth-Eight thousand, Five Hundred and no/100 Dollars (48,500.00) lawful money of the United States of America, said sum to be in the following manner:

There will be no down payment. The SALE PRICE to be paid in monthly installments of Four hundred, Fifty Eight and no/100 Dollars (\$458.00) beginning on November -1- 1996 and each month thereafter. With entire balance of principal and interest due on or before October -1- 2021. PAYMENTS TO BEAR INTEREST AT THE RATE OF 10.5 % per annum on remaining principal balance. Payments are to be made to " Mervin C. Hanover and Heidi C. Hanover " at 5579 Lockford Dr., Klamath Falls, OR. 97603, If payments are received within five (5) days of due date payment shall be calculated as if payment was made on due date. Payments over five (5) days late there will be an additional charge of 10% of monthly payment assessed and for any return checks unpaid there will be \$25.00 assessed before regular monthly payment will be excepted.

CONTRACT, This property may not be used to secured any type of loan. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the buyer without first having obtained the written consent or approval of the contract holder. Then at the contract holder's option, all obligations secured by this instrument, shall become immediately due and payable in full.

A) This contract is not Assumable without first having obtained written permission from the contract holder.

TAXES AND LIENS, PURCHASER agrees to pay when due all taxes and assessments which are hereafter levied against the property and to keep the property free from all public, private, municipal and statutory liens which may be thereafter lawfully imposed upon the premises.

TAXES, 1996-1997 taxes are to be prorated from the date this Contract is signed.

POSSESSION, PURCHASER shall be entitled to possession of the property from and after the date of this agreement.

After recording return to:
AMEITITLE - Escrow #40495
P.O. Box 5017
Klamath Falls, OR 97601

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MAINTENANCE AND INSURANCE. Commencing with the possession date and thereafter and at all times under this contract, PURCHASER shall with respect to the property, do the following:

- a) Keep all buildings and other improvements now existing or which shall hereafter be placed on the property in good condition and repair;
- b) Promptly comply with all the laws, ordinances, regulations, directions, rules and regulations of governmental agencies, authorities applicable to the use or occupancy of the property and in this connection, promptly make all the required, alterations, and additions;
- c) PURCHASER shall keep all improvements then existing or which shall thereafter be placed on the property insured against fire and other casualties covered by a standard policy of fire insurance with extended coverage endorsements. The policy shall be written to the full replacement value and loss payable to SELLER and PURCHASER as their respective interests may appear, and certificates evidencing the policy shall be delivered to SELLER and shall contain a stipulation providing that coverage will not be canceled or diminished without a minimum of ten (10) days written notice to SELLER. In the event of a loss, PURCHASER shall give immediate notice to SELLER. SELLER may make proof of loss if PURCHASER fails to do so within fifteen (15) days of casualty.

INDEMNIFICATION AND LIABILITY INSURANCE. PURCHASER shall indemnify and defend SELLER from any claims, loss or liability arising out of or related to any activity of PURCHASER on the property or any condition of the property.

DEFAULT. Time is of the essence of this contract. A default shall occur if;

- a) PURCHASER fails to make any payment within ten (10) days after it is due;
- b) PURCHASER fails to perform any other obligation imposed by this contract and does not correct or commence correction of such failure within thirty (30) days after receipt of written notice from SELLER specifying the manner in which PURCHASER is in default; or
- c) PURCHASER becomes insolvent, a receiver is appointed to take possession of all or a substantial part of PURCHASER'S properties, PURCHASER make an assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or PURCHASER is the subject to an involuntary petition of bankruptcy which is not dismissed within ninety (90) days. If PURCHASER consists of more than one person or entity, the occurrence of any of these events as to any one such person or entity shall constitute a default hereunder;

In the event of default, SELLER may take any one or more of the following steps;

- a) Declare the entire balance of the purchase price and interest immediately due and payable;
- b) Foreclose this contract by suit in equity;
- c) Specifically enforce the terms of this contract by equity;

d) Declare this contract to be void as of a date not less than ten (10) days after notice to PURCHASER in writing of SELLER'S intention to do so unless the performance then due under this contract is tendered or accomplished prior to the time stated. Upon maturing of such declaration, all of the right, title and interest of PURCHASER to the property shall revert and be vested in SELLER without any active reentry or without any other act by SELLER to be performed, and SELLER shall be entitled to immediate possession of the property and all act by SELLER to be performed, and SELLER by PURCHASER may be retained by SELLER as reasonable rental of the property up to the time of default. PURCHASER agrees to peaceably surrender the property to the SELLER. Should PURCHASER fail to surrender the property, SELLER may at his option treat PURCHASER as a tenant holding over unlawfully after the expiration of a lease, and PURCHASER may be ousted and removed as such.

e) Cancel this contract or enter into a new agreement in writing in accordance with the procedures outlined in O.R.S. 275.220 ten (10) days after the effective date of any notice to PURCHASER. The remedies provided above shall be non-exclusive and in addition to any other remedies provided by law.

REPRESENTATION AND CONDITION OF PROPERTY. PURCHASER accepts the land, buildings, improvements and all other aspects of the property in their present condition, as is including latent defects, without any representations or warranties, expressed or implied, unless they are in writing signed by SELLER. PURCHASER agrees that he has ascertained, from sources other than SELLER, the applicable zoning, building, housing and other regulatory ordinances and laws and that he has purchased 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, and SELLER has made no representations with respect thereto.

NOTICE. Any notice under this contract shall be in writing and shall be effective when actually delivered in person or three (3) days after being deposited in the U.S. Mail, registered or certified, 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. After November -1- 1996, any notice to PURCHASER should be to the following address: 4335 Austin St. Klamath Falls, Oregon 97603.

WAIVER. Failure by SELLER at any time to require performance of any provision of this contract shall not limit the right of SELLER to enforce the provision, nor shall any waiver by SELLER of any breach of any provision be a waiver of any succeeding breach of that provision or a waiver of that provision itself or any other provision.

COSTS AND ATTORNEY FEES. In the event suit or action is instituted to enforce any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sum as the Court may adjudge reasonable as attorneys fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

SUCCESSOR INTERESTS. This contract shall be binding upon and inure to the benefit of the parties, their successors and assigns. In addition, the entire balance of the purchase price and interest must be paid in full with in One hundred and twenty (120) days from Successor and assigns vested date.

NUMBER GENDER AND CAPTIONS. As used herein, the singular shall include the plural, and the plural, the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context required. All care intended solely for convenience of reference and shall in no way limit any of the provisions of this contract.

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

SELLER:

MERVIN C. HANOVER
HEIDI C. HANOVER

[Handwritten signatures of Mervin C. Hanover and Heidi C. Hanover]

BUYER:

Jeffrey D. Stewart
Suzann L. Hoy

[Handwritten signatures of Jeffrey D. Stewart and Suzann L. Hoy]

STATE OF OREGON)

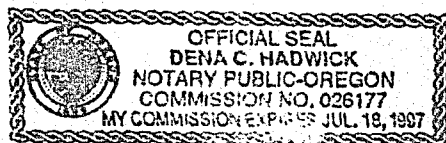
County of Klamath)SS.

On this 4th day of November, 1996, before me personally appeared:
Mervin C. and Heidi C. Hanover / Jeffrey D. Stewart and Suzann L. Hoy

known to me to be the persons whose names is (are) subscribed to be the instrument and acknowledged that he / she / they executed same for the purposes herein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(SEAL)



[Handwritten signature of Dena C. Hadwick]
Notary Public for the State of Oregon.
My Commission Expires: 7-18-97

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STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 11th day
of February A.D., 19 97 at 11:46 o'clock A. M., and duly recorded in Vol. M97
of Deeds on Page 4214

FEE \$45.00

Bernetha G. Letsch, County Clerk
by *[Handwritten signature]*