

RECEIVED

AUG 10 1998
Fred Lutz

August 12

CONTRACT OF SALE

DATED: ~~July 1~~, 1998.

BETWEEN: Jerry Marcus Spangler

AND: Fred Nicholas Lutz

("Seller")

("Purchaser")

Seller has an undivided one-half interest as a Buyer under a Land Sale Contract dated May 23, 1995 wherein Marilyn Elizabeth Fox, Roberta L. Silbernagel, and Curtis A. Fox are Sellers and Fred Nicholas Lutz and Jerry Marcus Spangler are Buyers, said Land Sale Contract was recorded on May 23, 1995 in Volume M95 at page 13639 Records of Klamath County, Oregon concerning the real property located in Klamath County, State of Oregon, and described as follows:

A portion of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, Township 38 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, Klamath County, Oregon, More particularly described as follows:

Beginning at a point on the South line of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, Township 38 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, Klamath County, Oregon, which is North 89°41' West 663 feet from the Southeast corner of said NE $\frac{1}{4}$ NW $\frac{1}{4}$, said point of beginning being the point of beginning of the tract of land conveyed to M. T. Michael and Willette W. Michael by Deed recorded in Volume 259, page 150 of Klamath County, Oregon Deed Records; thence North 89° 41' West along the South line of said NE $\frac{1}{4}$ NW $\frac{1}{4}$ a distance of 100 feet; thence North and parallel to the West line of said tract conveyed to said Michaels by deed recorded in Volume 259 at page 150 to the center line of the Horsefly Irrigation District Ditch; thence Northeasterly along the centerline of said ditch to the Easterly line of said tract conveyed to said Michaels by said deed above described; thence South along the said Easterly line of said tract conveyed to said Michaels by deed above described to the point of beginning, the tract herein conveyed being the Easterly 100 feet of said tract conveyed to said Michaels by deed above described.

Purchaser agrees to buy Buyer's interest in the Land Sale Contract and the Property from Seller for the price and on the terms and conditions set forth below:

SECTION 1. PURCHASE PRICE, PAYMENT

1.1 Total Purchase Price. Purchaser promises to pay Seller, as the total purchase price for the Property, the sum of \$6,564.45.

1.2 Payment of Total Purchase Price. The total purchase price shall be paid as follows:

1.2.1 Interest on the balance of \$6,564.45 shall accrue at the rate of nine per cent per annum from ~~July 1, 1998~~ ^{August 13, 1998} ~~Full~~

1.2.2 The unpaid balance of the purchase price shall be paid in monthly installments of \$163.36 each, including interest, with the first installment due on ~~August 1, 1998~~ ^{August 13, 1998} and with subsequent installments due on the ~~1st~~ ^{13th} day of each month thereafter. Each payment shall be applied to interest to date of payment and the balance to principal.

1.3 Prepayments. Purchaser shall have the right at any time to prepay any part or all of the balance due under the Contract without penalty of interest.

1.4 Place of Payments. All payments to Seller shall be made to the escrow agent described in Section 3.2. In the event, however, a judgment lien is entered against Seller at any time during the term of this Contract, until such time as the lien is satisfied, Purchaser may elect to make payments under this contract directly to the judgment creditor for Seller's account, in which case such payments shall be credited toward the balance of the purchase price hereunder.

SECTION 2. TAXES AND LIENS

2.1 Obligation to Pay. Purchaser has been in possession of the Property and Purchaser shall pay when due all taxes and assessments which are levied against the Property. Purchaser may elect to pay taxes and assessments in accordance with any available installment method.

2.2 Tax Statements. Purchaser shall provide Seller with written evidence reasonably satisfactory to Seller that all taxes and assessments have been paid when due. Purchaser shall submit this evidence by December 31, of each year.

SECTION 3. CLOSING

^{Full} 3.1 Closing Date. This transaction shall be closed effective ~~July 1, 1998~~ ^{August 13, 1998}

3.2 Collection Escrow. Seller shall deliver to Klamath First Federal Savings and Loan Association at 540 Main Street, Klamath Falls, Oregon, as escrow agent, the deed described in Section 8, together with suitable instructions authorizing delivery after all payments have been made and all other obligations of Purchasers under this Contract have been fulfilled. Cost of setting up such escrow and periodic collection fees shall be paid by Seller.

SECTION 4. MAINTENANCE

Purchaser shall keep all buildings, other improvements, and landscape now existing or which shall be placed on the Property in good condition and repair, and shall not permit any waste or removal of the improvements, nor make any substantial improvements or alterations which reduce the value of the Property for security purposes without the prior written consent of Sellers.

SECTION 5. INSURANCE

5.1 Property Damage Insurance. Purchaser shall procure and maintain policies of fire insurance with standard extended coverage endorsements on an actual cash value basis covering all improvements on the Property in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Seller and Purchaser as their respective interests may appear. In the event of loss, Purchaser shall give immediate notice to Seller. Seller may make proof of loss if Purchaser fails to do so within 15 days of the casualty.

5.2 Compliance with Prior Indebtedness. During the period in which the prior Contract described in Section 7 is in effect, compliance with the insurance provisions contained in the Contract shall constitute compliance with the insurance provisions under this Contract. If any proceeds from the insurance become payable on losses, the provisions in this Contract for application and division of the proceeds shall apply only to that portion of the proceeds not payable to such Seller.

SECTION 6. INDEMNIFICATION

Purchaser shall forever defend, indemnify and hold Seller harmless from any claim, loss or liability arising out of or in any way connected with Purchaser's possession or use of the Property, Purchaser's conduct with respect to the Property or any condition of the Property.

SECTION 7. EXISTING ENCUMBRANCE

7.1 Obligation to Pay. The Property is presently subject to the contract with Marilyn Elizabeth Fox, Roberta L. Silbernagel, and Curtis A. Fox which is first above mentioned. Purchaser covenants that Purchaser will make all payments under this Contract when due and will obey all of the terms of such instrument. If either Seller or Purchaser should receive notice of breach of any of the terms of such instrument, the party receiving the notice shall immediately forward a copy of such notice to the other party.

7.2 Failure to Pay. In the event Purchaser fails to perform any obligation or fail to make any payment required by the contract, Seller may declare this Contract in default.

7.3 Obligations of Purchaser. Purchaser shall operate and use the Property in accordance with the terms set forth in the contract presently encumbering the Property, so as to avoid any acts or failures to act which if attributed to Seller might cause a default under any of the provisions of such contract.

SECTION 8. DEED

Upon payment of the total purchase price for the Property as provided in this Contract and performance by Purchaser of all other terms, conditions, and provisions of this Contract, Seller shall forthwith deliver to Purchaser a good and sufficient bargain and sale deed conveying the Property to the Purchaser.

SECTION 9. DEFAULT

9.1 Events of Default. Time is of the essence of this contract. A default shall occur under any of the following circumstances:

- (a) Failure of Purchaser to make any payment within 10 days after it is due.
- (b) Failure of Purchaser to perform any other obligation contained in this Contract within 30 days after notice from Seller specifying the nature of the default or, if the default cannot be cured within 30 days, failure within such time to commence and pursue curative action with reasonable diligence.

9.2 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 of the purchase price and interest immediately due and payable;
- (b) Foreclose this Contract by suit in equity; or
- (c) Specifically enforce the terms of this Contract by suit in equity;

9.3 Remedies Nonexclusive. The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

SECTION 10. WAIVER

Failure of either party at any time to require performance of any provision of the contract shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

SECTION 11. SUCCESSOR INTERESTS

This Contract 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, voluntarily or involuntarily, without the prior written consent of Seller, which consent shall not be unreasonably withheld and the consent of the holders of any superior encumbrances. 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 12. PRIOR AGREEMENTS

This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements between the parties or their representatives relating to the Property.

SECTION 13. APPLICABLE LAW

This Contract has been entered into in Oregon and the Property is located in Oregon. The parties agree that the laws of the State of Oregon shall be utilized in construing the contract and enforcing the rights and remedies of the parties.

SECTION 14. COSTS AND ATTORNEY FEES

In the event Seller or Purchaser shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this contract, the prevailing party shall be entitled to recover from the other party all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with nonjudicial action.

SECTION 15. REPRESENTATIONS: CONDITION OF PROPERTY

Purchaser accepts the land, buildings, improvements and all aspects of the Property in their present conditions, AS IS, including latent defects, without any representations or warranties, expressed or implied. Purchaser agrees that Purchaser have ascertained, from sources other than Seller, 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 use of the property, and Seller has made no representations with respect to such laws or ordinances.

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 AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR

31134

FOREST PRACTICES AS DEFINED IN ORS 30.930.

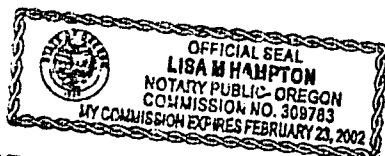
IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate as of the day and year first above written.

Jerry Marcus Spangler
Jerry Marcus Spangler
Fred Nicholas Lutz
Fred Nicholas Lutz

STATE OF OREGON

County of Deschutes) ss. 25 ^{Aug} July 1998

Personally appeared, Jerry Marcus Spangler, and acknowledged the foregoing instrument to be his voluntary act and deed. Before me:



Lisa M Hampton
Notary Public for Oregon
My Commission expires: 2/23/02

STATE OF OREGON

County of Klamath) ss. 12 ^{Aug} July 1998

Personally appeared, Fred Nicholas Lutz, and acknowledged the foregoing instrument to be his voluntary act and deed. Before me:



Michael L. Spencer
Notary Public for Oregon
My Commission expires: _____

RET TO:
W. BRANDSNESS
411 PINE ST
KLAMATH FALLS OR 97601

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of W. Brandsness
of August A.D., 19 98 at 10:26 o'clock A. M., and duly recorded in Vol. M98 day
of Deeds on Page 31129

FEE

\$55.00

By Bernetha G. Letsch, County Clerk