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Vol. 198 Page 46449KNOW ALL MEN BY THESE PRESENTS, That Vi Kennedyhereinafter called the owner, in consideration of \$ 0 paid to owner by William W. Watson and Elizabeth S. Watsonhereinafter called the second party, the receipt of which hereby is acknowledged by the owner, has given and granted and does hereby give and grant unto the second party the sole, exclusive and irrevocable right and option for a period commencing this date and ending the 15th day of October, 1999 (hereinafter for brevity called the expiration date) to purchase the following described real property in Klamath County, State of Oregon, to-wit:

Lot 13, BIR. 2, Winema, Moyina Subdivision  
Commonly Known as 1719 Winona Klamath Falls, OR 97603

at and for a price of \$ 139,000, payable at the times and in the manner following:

- (1) \$500 per month will be paid with monthly lease payments, beginning 10/15/98, and then on the 7th (plus 4 days grace period to the 11th at midnight) of each month thereafter.
  - (2) This Option to Purchase is good until October 15, 1999, and will automatically be extended until October 15, 2000, if all lease and option payments have been made by the 11th of each month at midnight, Oct. 15, 2000, being the new expiration date.
  - (3) If the second party chooses not to lease the property at the end of the first year's lease: (1) Option to Purchase will also not be extended and (2) Second party forfeits the \$500 per month Option money already paid to owner.
  - (4) All Option money paid by second party and Security Deposit paid on Lease, will be applied to second party's down payment if second party exercises this option.
  - (5) ~~If second party exercises this option and owner is unable or fails to complete this transaction per terms of Real Estate Sale Agreement # 002467 of same date, then all Option money paid shall be refunded by owner to second party within 30 days.~~
- If the second party elects to exercise this option, second party shall deliver written notice thereof to the owner on or before the said expiration date; said notice shall be accompanied by a cashier's check or by a certified check made payable to the owner in the amount of \$ 300.00, to be applied on said purchase price. In lieu of making manual delivery of said notice and check, the second party may place the same in a sealed envelope addressed to the owner at the owner's address below, said envelope then to be deposited in the United States registered mails, with postage thereon fully prepaid, and delivered at the owner's said address on or before said expiration date.

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If this option is exercised, then for the purpose of closing the sale and purchase of said premises, the parties hereto hereby constitute and appoint Aspen Title & Escrow 545 Main St. Klamath Falls, OR 97601 as their escrow agent. Within five days after the delivery of second party's said notice of election to purchase, the owner shall deposit owner's deed with said escrow agent and the second party shall deposit with said escrow agent all sums of money required by the above terms of said sale to be paid by second party on the delivery of deed, together with all written instruments, fully executed, whatsoever required of second party at said time. The owner's deed mentioned above shall be a good and sufficient warranty deed conveying said described property to the second party; second party's heirs and assigns, free of all incumbrances excepting zoning ordinances, building use and other restrictions of record and the following incumbrances: those common to like property in area.

Upon said deposit in escrow being made, the owner and the second party shall execute and deliver to the said escrow agent suitable and appropriate escrow instructions which shall direct and authorize said escrow agent to deliver the owner's said deed to the order of the second party to deliver to the order of the owner the moneys and written instruments so deposited by the second party as soon as the owner has delivered to the escrow agent for the grantee named in said deed a policy of title insurance issued by a reputable title insurance company authorized to do business within the State of Oregon, insuring (in a sum equal to said option price) the owner's marketable title in and to said real estate, free and clear of all incumbrances whatsoever excepting only those above stated and the usual printed exceptions.

Should said option be exercised and should either party hereto fail to deposit the written instruments and the moneys required of them to be deposited pursuant to the foregoing terms and conditions, or should the owner fail to deliver to the escrow agent said title insurance policy within fifteen days after the execution and delivery of said escrow instructions, each party may withdraw from escrow all moneys and written instruments previously deposited by them.

All adjustments between the parties relative to taxes, insurance premiums, interest, rents and other matters shall be made as of the date of delivery of deed out of escrow; the expense of title insurance and preparation of deed shall be borne by the owner; the fees and expenses of the escrow agent shall be shared equally between the owner and the second party.

The owner covenants and agrees to and with the second party that owner is the owner of said property and has a valid right to sell and convey the same and to contract so to do.

This document is an option and nothing more than an option and does not pass to or vest in the second party any right, title or interest whatsoever in or to the said described real estate. In the event that the second party does not so elect to exercise second party's said option within the time and in the manner stated; time being of the essence hereof, this instrument forthwith shall become null and void and of no further force or effect.

This contract shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, administrators, executors, successors-in-interest and assigns as well.

It is understood that either party hereto may be more than one individual or a corporation; therefore, the parties hereto agree that if the context and the circumstances so require, the singular includes the plural and that all grammatical changes shall be made so that the provisions of this agreement shall apply equally to individuals and to corporations. If the owner is a corporation, it has caused its name to be signed and its seal affixed by an officer duly authorized thereto by order of its board of directors.

IN WITNESS WHEREOF, the owner has executed this option on October 29, 1998

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO U. S. ID USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 36.920 IN ALL ZONES. 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.

(OWNER'S ADDRESS)

IMPORTANT NOTICE: If the one who gives the above option is a creditor and the one to whom it is given is a customer as those words are defined in the Truth-in-Lending Act and Regulation Z, legal advice should be obtained as to whether Disclosures and other notices are required — and when. For a Notice of Right to Cancel see Stevens-Ness Form No. 1324 and for a Notice of Non-Cancellation, Form No. 1325.

STATE OF OREGON, County of Klamath  
This instrument was acknowledged before me on October 29, 1998,  
by Vida Kennedy

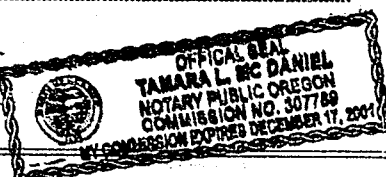
This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_

as \_\_\_\_\_

of \_\_\_\_\_

Tamara L. McDaniel  
Notary Public for Oregon

My commission expires 12/11/01



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Liz Watson the 18th day  
of December A.D., 19 98 at 3:29 o'clock P M., and duly recorded in Vol. M98  
of Deeds on Page 46449

FEE \$35.00 Return: Liz Watson  
2060 Ginger Ln  
Klamath Falls, OR 97601

By Bernetha G. Letsch, County Clerk  
Keston Ross