

2010-011527

Klamath County, Oregon



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CONTRACT OF SALE

09/29/2010 01:52:19 PM

Fee: \$87.00

DATED:

9-28-10

BETWEEN:

Sandra Vequist
Gary Vequist
PO Box 33
Crater Lake, OR 97604

"Seller"

AND:

Sandy Peterson
208 Friendship
Chiloquin, OR 97624

"Purchaser"

Seller owns the real property located in Klamath County, State of Oregon, and described as follows:

Lot 24, Block 7, Winema Penninsula

Seller agrees to sell the Property to Purchaser and Purchaser agrees to buy 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 \$120,000.00.

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

1.2.1 Purchaser has previously paid to Seller the sum of \$2,000.00 as an earnest money deposit. This sum shall be applied to the purchase price at closing.

1.2.2 Purchaser shall pay on the closing Date, as defined in Section 3.1, the sum of \$13,000.00 as a down payment on the purchase price.

1.2.3 Interest on the remaining balance of \$105,000.00 shall accrue at the rate of 5% per cent per annum from September 30, 2010 until paid. The unpaid balance of the purchase price shall be paid in installments of \$750.00 each, with the first installment due on November 10, 2010 and with subsequent installments due on the 10th day of each month thereafter. Each payment shall be applied to accrued interest first and the remaining balance to principal.

1.2.4 All unpaid principal and all accrued but unpaid interest shall be paid in full on or before five (5) years from the date of closing. The parties agree to attempt to re-negotiate in good faith any remaining balances or obligations under the contract at that time.

1.3 Prepayments. Purchasers shall have the right at any time to prepay any part or all of the balance due under the contract, without penalty of interest. In the event Purchasers shall prepay part of said balance, Purchaser shall be excused from the regular payments

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due under this Contract to the extent of such prepayments. This paragraph shall not apply to any payments due under this Contract which are accelerated because of Purchaser's default under any of the provisions of this Contract.

1.3 Payments to Third Parties. In the event Purchaser fails to pay, when due, any amounts required of Purchaser to be paid to third parties under this Contract, Seller may pay any or all such amounts. If Seller makes any such payments, the amounts so paid shall be added to the principal balance due under this Contract and shall bear interest at the Contract rate. Seller's election to make any payments pursuant to this paragraph shall not constitute a waiver of Seller's right to declare Purchaser to be in default of this Contract and to exercise any remedies set forth in Section .

1.4 Place of Payments. All payments to Seller shall be made to Aspen Title, the escrow agent described in Section 3.1.

SECTION 2. TAXES AND LIENS

2.1 Obligation to Pay. All ad valorem real and personal property taxes and all governmental or other assessments levied against the Property for the current tax year shall be prorated between Seller and Purchaser as of September 29, 2010. Purchaser shall pay when due all taxes and assessments which are levied against the Property after September 29, 2010, but purchaser may elect to pay taxes and assessments in accordance with any available installment method.

2.2 Right to Contest. If Purchaser objects, in good faith, to the validity or amount of any tax, assessment or lien, Purchaser, at Purchaser's sole expense, may contest the validity or amount of the tax or assessment or lien provided that Seller's security interest in the Property is not jeopardized. Purchaser shall otherwise keep the Property free from all liens which may be lawfully imposed upon the Property after September 29, 2010, other than the lien of current taxes not yet due.

2.3 Omission From Tax Rolls. Seller covenants and warrants to Purchaser that all the Property and its improvements are fully reflected on the real property assessment rolls of the County. Seller shall indemnify and hold Purchaser harmless from and against any subsequent claim or assessment on account of any of the Property or its improvements being omitted for any reason from the rolls.

2.4 Classification. The Property is classified as residential. Purchaser shall be responsible for any additional taxes or interest resulting from any disqualification of the Property from such classification.

2.5 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 after each required payment of taxes and assessments.

SECTION 3. CLOSING

3.1 Closing Date. This transaction shall be closed on September 29, 2010. As used in this Contract the "Closing Date: means the date on which this Contract or a memorandum of this Contract is

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recorded. The closing shall occur at the offices of Aspen Title and Escrow in Klamath Falls, Oregon.

3.2 Prorates and Closing Costs. Except as otherwise provided in this Contract, all items to be prorated shall be prorated as of September 29, 2010. Seller shall be responsible for payment of Title Insurance. The remaining closing costs and fees are to be split 50/50 between the parties.

3.3 Collection Escrow. Seller shall deliver to Aspen Title, as escrow agent, the deed described in Section 3.1, together with suitable instructions authorizing delivery after all payments have been made and all other obligations of Purchaser under this Contract have been fulfilled. Cost of setting up such escrow and periodic collection fees shall be evenly divided.

SECTION 4. POSSESSION (EXISTING TENANCIES)

4.1 Possession. Purchaser shall be entitled to possession of the Property from and after September 29, 2010, subject to the existing leases and tenancies affecting the Property; provided, however, that Seller and Seller's agents may enter upon the Property at reasonable times upon prior notice to Purchaser for the purpose of inspecting the Property. ***Purchaser shall be allowed to rent the Property beginning the day of mutual acceptance of offer. Rent shall be \$25.00 per day, paid thirty days in advance, plus \$1,000.00 additional, non-refundable earnest money, payable upon mutual acceptance of offer. Any additional rent, or refund of overpayment of rent, shall be accomplished in escrow.***

4.2 Existing Tenancies. Purchaser shall take possession subject to existing tenancies and leases on the Property set forth in attached Exhibit "A". So long as Purchaser is not in default under this Contract, Purchaser shall be entitled to receive directly from the tenants all rents coming due after September 29, 2010. Purchaser has examined such leases and tenancies and agrees to perform all obligations of the lessor under such leases and tenancies. Seller shall provide Purchaser with the executed leases and tenancy agreement on or before the Closing Date. In the event Purchaser is in default under this contract, seller may notify the tenants to pay all rents to Seller.

SECTION 5. MAINTENANCE

5.1 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 Seller.

SECTION 6. INSURANCE

6.1 Property Damage Insurance. Purchaser shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost 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 interest may appear. The policies shall be written in such form with such terms and by such insurance companies reasonably

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acceptable to Seller. Purchaser shall deliver to Seller certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days' written notice to Seller. 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.

6.2 Liability Insurance. During the term of the contract, Purchaser shall maintain public liability and property damage insurance with limits of not less than \$200,000.00 for injury to one person and \$500,000.00 for damage to property. Such insurance shall cover all risks arising directly or indirectly out of Purchaser's activities on or any condition of the Property, whether or not related to an occurrence caused or contributed to by Seller's negligence; shall protect Purchaser against the claims of Seller on account of the obligations assumed by Purchaser under Section (7); and shall protect Seller and Purchaser against claims of third persons. Such policies shall be written in such form, with such terms and by such insurance companies reasonably acceptable to Seller. Purchaser shall deliver to Seller certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days' written notice to Seller.

6.3 Purchaser's Report on Insurance. Within 60 days after the close of each calendar year, Purchaser shall furnish to Seller a report on each existing policy of insurance showing:

- (a) the name of the insurer;
- (b) the risks insured;
- (c) the amount of the policy;
- (d) the property insured, the then current replacement cost of the property, and the manner of determining that cost; and
- (e) the expiration date of the policy.

Upon Seller's request, Purchaser shall have an independent appraiser satisfactory to Seller determine the replacement cost of the Property.

6.4 Application of Proceeds. All proceeds of any insurance on the Property shall be held by Seller. If Purchaser elects to restore the Property, Purchaser shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Seller. Upon satisfactory proof of restoration, Seller shall pay or reimburse Purchaser from the Proceeds for the reasonable cost of repair or restoration. If Purchaser elects not to restore the Property, Seller shall retain a sufficient amount of the proceeds to pay all amounts due under this Contract, and shall pay the balance to Purchaser. Any proceeds which have not been paid out within 90 days after their receipt and which Purchaser has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of Purchaser's indebtedness.

6.5 Compliance with Prior Indebtedness. During the period in which the prior mortgage described in Section (10) is in effect, compliance with the insurance provisions contained in the mortgage shall

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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 mortgagee.

SECTION 7. 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. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Purchaser agrees to defend Seller, Purchaser shall, upon notice from Seller, vigorously resist and defend such actions or proceedings through legal counsel reasonably satisfactory to Seller.

SECTION 8. COVENANTS OF SELLER

8.1 Covenants of Title. Seller warrants that Seller is the owner of good and marketable title to the Property free of all claims and encumbrances except those of public record.

SECTION 9. TITLE INSURANCE (PURCHASER'S POLICY)

Seller shall furnish at Seller's expense a purchaser's title insurance policy in the amount of \$120,000.00 within 10 days from the Closing Date, insuring Purchaser against loss or damage sustained by Purchaser by reason of the unmarketability of Seller's title, or liens or encumbrances affecting the Property, excepting matters contained in the usual printed exceptions in such title insurance policies, and those referred to in Section 8.1 of this Contract.

SECTION 10. EXISTING ENCUMBRANCE

10.1 Obligation to Pay. The Property is not presently subject to a contract, mortgage or trust deed.

10.2 Failure to Pay. In the event Seller fails to perform any obligation or fails to make any payment required by the contract, mortgage or trust deed, Purchaser shall have the right to correct the default or make any part or all of the payment payable to Seller under this contract directly to the Seller's creditor until Seller's obligation is satisfied. Purchaser's cost in performing Seller's obligation shall be credited to the next installments coming due under the contract as though paid directly to Seller.

10.3 Obligations of Purchaser. Purchaser shall operate and use the Property in accordance with the approved uses of the Property.

SECTION 11. 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 statutory warranty deed conveying the Property free and clear of all liens and encumbrances, except those referred to in Section 8.1 of this Contract and all liens or encumbrances suffered by or placed upon the Property by Purchaser subsequent to the date of this Contract.

SECTION 12. SECURITY AGREEMENT

This instrument shall constitute a security agreement within the meaning of the Uniform Commercial Code with respect to any personal property included within the description of the Property. Upon request of Seller, Purchaser shall execute any necessary financing statements in the form required by the Uniform Commercial Code and shall file the statements at Purchaser's expense at the appropriate filing office. Without further authorization from Purchaser, Seller may at any time file copies of the contract as financing statements. Upon default under the terms of this Contract, Purchaser shall, within three days of receipt of written demand from Seller, assemble the personal property and make it available to Seller.

SECTION 13. DEFAULT

13.1 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 15 days after it is due. No notice of default and no opportunity to cure shall be required if during any 12-month period Seller has already sent 2 notices to Purchaser concerning nonpayment or late payment under this contract.

(b) Failure of Purchaser to perform any other obligation contained in this Contract within 30 days after the default cannot be cured within 30 days, failure within such time to commence and pursue curative action with reasonable diligence. No notice of default and no opportunity to cure shall be required if during any 12-month

period Seller has already sent a notice to Purchaser concerning default in the performance of the same obligation.

(c) Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Purchaser; the commencement by Purchaser of a voluntary case under the federal insolvency or debtor's relief; the entry of a decree or order for relief against Purchaser in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Purchaser to the appointment of receiver, trustee, or custodian of Purchaser or of any of Purchaser's property; an assignment for the benefit of creditors by Purchaser or Purchaser's failure generally to pay its debts as such debts become due.

(d) The failure of Purchaser to perform any term, condition, or provision of or the default of Purchaser under any mortgage as to which Seller has subordinated Seller's interest in the Property pursuant to Section (11).

13.2 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;

(c) Specifically enforce the terms of this Contract by suit in equity;

(d) With respect to any part of the Property which constitutes personal property in which Seller has a security interest, Seller may exercise the rights and remedies of a secured party as provided by the Uniform Commercial Code.

(e) In the event Purchaser fails to make any payment within days 5 after it is due, Seller may elect to impose a late charge not to exceed \$20.

(f) After complying with the notice requirements and right to cure the default contained in 1985 OR Laws Ch. 718, Seller may declare this Contract forfeited and retain the amount of the payments previously made under this Contract. Upon recordation of the Affidavit required by Oregon law, this Contract shall be extinguished and canceled, and Purchaser shall have no further right, title, or interest in and to the real property or to any return or compensation for payments previously made under this Contract, as though this Contract and such payments had never been made. In such event, Purchaser agrees to surrender the Property to seller. If Purchaser fails to do so, Seller may elect to treat Purchaser as a tenant at sufferance, and Purchaser may be ousted and removed as such without affecting Seller's right to pursue other rights and remedies contained in this Contract or permitted by law.

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

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13.4 Nonrecourse Obligation. Seller's remedies shall be only against the Property. Seller shall have no right against Purchaser for the amount owing and Seller shall have no right to deficiency in the event of a suit or action based on default.

SECTION 14.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 15.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. Consent by Seller to one transfer shall not constitute consent to other transfers or waiver of this section. Any attempted assignment in violation of this provision shall be void and of no effect with respect to Seller and constitute a default under this Contract entitling Seller to remedies provided in this Contract and under the laws of this State. Purchaser and any other person at any time obligated for the performance of the terms of this Contract hereby waive notice of and consent to any and all extensions and modifications of this contract granted by Seller. 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 16.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 including any earnest money agreement between the parties or their representatives relating to the Property.

SECTION 17.NOTICE

Any notice under this contract shall be in writing and shall be effective when actually delivered in person or 5 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.

SECTION 18.APPLICABLE LAW

This Contract has been entered into in the State of Oregon and the Property is located in the State of 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 19.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, surveyors reports and foreclosure reports and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with nonjudicial action.

SECTION 20. 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 requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provision of this Contract.

SECTION 21. SURVIVAL OF COVENANTS

Any covenants the full performance of which is not required prior to the closing or final payment of the purchase price shall survive the closing and the final payment of the purchase price and be fully enforceable thereafter in accordance with their terms.

SECTION 22. SEVERABILITY

In the event any Section or provision of this Contract is struck or deemed unenforceable by a court or arbitrator, the remainder of this Contract shall continue in full force and effect.

SECTION 23. REPRESENTATIONS: CONDITION OF PROPERTY

Purchaser accepts the land, buildings, improvements and all aspects of the Property in their present condition, and any personal property, if any, sold under this contract, AS IS, including latent defects, without any representations or warranties, expressed or implied, unless they are expressly set forth in this Contract or are in writing signed by Seller. Purchaser agrees that Purchaser has 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.

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 AUTHOIRZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 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 OT VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

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

Sellers

Purchaser

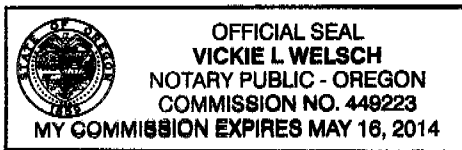
Sandra Vequist
Sandra Vequist

Sandra J. Peterson
Sandy Peterson

Gary Vequist
Gary Vequist

STATE OF OREGON)
) ss.
County of Klamath)

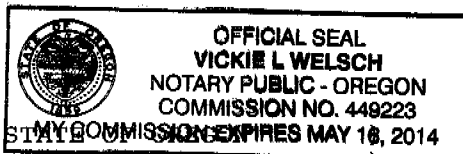
On this 29th day of September, 2010, personally appeared before me the above-named Sandra Vequist and acknowledged the foregoing to be her voluntary act and deed.



Vickie Welsh
Notary Public for Oregon
My Commission Expires: 5-16-14

STATE OF OREGON)
) ss.
County of Klamath)

On this 29th day of September, 2010, personally appeared before me the above-named Gary Vequist and acknowledged the foregoing to be his voluntary act and deed.

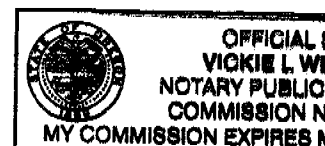


Vickie Welsh
Notary Public for Oregon
My Commission Expires: 5-16-14

STATE OF OREGON)
) ss.
County of Klamath)

On this 28th day of September, 2010, personally appeared before me the above-named ~~Sandy~~ Peterson and acknowledged the foregoing to be her voluntary act and deed. *Sandra G. Peterson

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Vickie Welsch
Notary Public for Oregon
My Commission Expires: 5-16-14



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