

Return: T/A Kathy

LAND SALE AGREEMENT

THIS AGREEMENT, made and entered into this 10th day of October, 1976, by and between LOUIS J. SILVA, hereinafter referred to as "Seller," and MARIO LOUIS GIORDANO and DIANE JANET GIORDANO, husband and wife, hereinafter referred to as "Purchasers,"

W I T N E S S E T H :

In consideration of the agreements herein contained and the payments to be paid by Purchasers to Seller, Seller hereby agrees to sell to Purchasers the following-described real property and said real property is to be conveyed free and clear of any and all encumbrances, liens, clouds on title, or other impediments to marketability of title, except as set forth herein, with the execution set forth hereafter, situate in the county of Klamath, State of Oregon, to-wit:

PARCEL 1:

TOWNSHIP 40 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN

Section 4:

The East 8.7 acres of that portion of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) which lies North and East of the Langell Valley Market Road as same was constructed in the year 1934;

All of the Northwest Quarter of the Southeast Quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$);

The Northeast Quarter of the Southeast Quarter (NE $\frac{1}{4}$ SE $\frac{1}{4}$), EXCEPT that portion in the Northeast corner thereof which lies North and East of the U. S. B. R. right-of-way for the Lost River Channel Improvement;

All of the Southeast Quarter of the Southeast Quarter (SE $\frac{1}{4}$ SE $\frac{1}{4}$);

That portion of the Southwest Quarter of the Southeast Quarter (SW $\frac{1}{4}$ SE $\frac{1}{4}$) which lies North and East of the Langell Valley Market Road;

That portion of the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) which lies North and East of the Langell Valley Market Road.

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Section 9:

That portion of the North Half of the Northeast Quarter (N $\frac{1}{2}$ NE $\frac{1}{4}$) and the Southeast Quarter of the Northeast Quarter (SE $\frac{1}{4}$ NE $\frac{1}{4}$) which lies North and East of the Langell Valley Market Road.

PARCEL 2:

TOWNSHIP 40 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN

Section 3:

The Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$ SW $\frac{1}{4}$), EXCEPT that portion which lies North and East of U. S. B. R. right-of-way for the Lost River Channel Improvement;

All that portion of the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) lying South of the U. S. B. R. right-of-way for the Lost River Channel Improvement;

All that portion of the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ SW $\frac{1}{4}$) lying South and West of the U. S. B. R. right-of-way for the Lost River Channel Improvement.

Section 10:

All of the Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$ NW $\frac{1}{4}$);

All that portion of the Southwest Quarter of the Northwest Quarter (SW $\frac{1}{4}$ NW $\frac{1}{4}$) lying North of the Langell Valley Irrigation Canal right-of-way as presently located;

Together with an easement over the East 20 feet of the Southwest Quarter of the Northwest Quarter (SW $\frac{1}{4}$ NW $\frac{1}{4}$) lying South of the Langell Valley Irrigation Canal right-of-way as presently located.

PARCEL 3:

TOWNSHIP 39 SOUTH, RANGE 12 EAST, WILLAMETTE MERIDIAN

A portion of the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 33, Township 39 South, Range 12 East, Willamette Meridian, more particularly described as follows:

Beginning at the Southeast corner of the SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of the said Section 33; thence

West 1320 feet; thence

North 390 feet, more or less, to the South boundary of Lost River Channel; thence

Southeasterly along the South boundary of Lost River Channel to its intersection with the East boundary of SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of said Section 33; thence

South 115 feet, more or less, to the point of beginning.

PARCEL 4:

TOWNSHIP 40 SOUTH, RANGE 13 EAST, WILLAMETTE MERIDIAN

Section 4:

The East Half of the Northwest Quarter (E $\frac{1}{2}$ NW $\frac{1}{4}$);

A portion of the Southwest Quarter of the Northwest Quarter (SW $\frac{1}{4}$ NW $\frac{1}{4}$), more particularly described as follows:

Beginning at the SE corner of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 4, Township 40 South, Range 13 East; thence

North along the Sixteenth Line a distance of 776 feet to a point; thence

West a distance of 842 feet to a point; thence

South a distance of 776 feet, more or less, to the Midsection Line running East and West in Section 4; thence

East along Midsection Line to the place of beginning.

EXCEPTING therefrom one acre in the form of a square in the Northwest corner of this description.

SUBJECT, HOWEVER, TO THE FOLLOWING:

(1) Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Klamath Irrigation District and Langell Valley Irrigation District.

(2) Rights of the public in and to any portion of the above-described property lying within the limits of public roads or highways.

(3) Rights of governmental bodies in and to any portion of the above-described properties lying below the ordinary high water mark of Lost River.

(4) Easement, including the terms and provisions thereof, granted to the United States of America by instrument recorded July 2, 1927, in Book 76 at page 20, Deed Records. (Affects SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 3, Twp 40 S., R 13 EWM.)

(5) Easement, including the terms and provisions thereof, granted to the United States of America by instrument recorded July 2, 1927, in Book 76 at page 24, Deed Records. (Affects Sec. 4, Twp 40 S., R 13 EWM and Sec. 32 and 33, Twp 39 S., R 12 EWM.)

(6) Mortgage, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein, given to secure the payment of \$75,000.00,

Dated: March 24, 1966

Recorded: March 25, 1966 Book: M-66 Page: 2633

Mortgagor: Arthur R. Monroe and Lois J. Monroe, husband and wife

Mortgagee: The Prudential Insurance Company of America, a Corporation,

which Purchasers do not assume and agree to pay and which Seller further covenants to and with Purchasers that said prior Mortgage shall be paid in full prior to, or at the time this Contract is fully paid and that said above-described real property will be

released from the lien of said mortgage upon payment of this Contract.

(7) Mortgage, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein, given to secure the payment of \$24,394.00,

Dated: May 12, 1975
 Recorded: May 19, 1975 Book: M-66 Page: 5357
 Mortgagor: Louis J. Silva
 Mortgagee: First National Bank,

which Purchasers do not assume and agree to pay and which Seller further covenants to and with Purchasers that said prior Mortgage shall be paid in full prior to, or at the time this Contract is fully paid and that said above-described real property will be released from the lien of said mortgage upon payment of this Contract.

(8) Unrecorded Contract of Sale,
 Dated: March 22, 1973, by and between
 Vendors: Arthur R. Monroe and Lois J. Monroe, husband and wife, and
 Vendee: Louis J. Silva,

which Contract Mario Louis Giordano and Diane Janet Giordano, husband and wife, do not assume and agree to pay and Louis J. Silva hereby covenants to and with said Mario Louis Giordano and Diane Janet Giordano, husband and wife, that he will fully pay and perform said Contract, and that said above-described real property will be released from lien of said Contract upon payment in full of this Contract.

(9) Reservations as shown in Patent Book 11 at page 77 from the United States of America, recorded in Deed Records of Klamath County, Oregon, as follows: "Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and also subject to the right of a proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises hereby granted as provided by law; and there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States."

(10) Lease, including the terms and provisions thereof, dated June 20, 1973, recorded August 17, 1973, in Book M-73 at page 11157, Microfilm Records, between Louis J. Silva to Dowdle Oil Corporation.

(11) As disclosed by the assessment and tax roll, the premises herein have been specially assessed for farm use. If the land becomes disqualified for this special assessment under the statutes, an additional tax, plus interest and penalty, will be levied for the number of years in which this special assessment was in effect for the land.

IT IS HEREBY AGREED by and between the parties hereto that all 1976 hay and grain crops are to remain in the ownership of the Seller.

IT IS HEREBY AGREED by and between the parties hereto that

Seller shall retain the barns for storage up to and including March 31, 1977.

TERMS AND CONSIDERATIONS: The total purchase price of the above-described real property is THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) payable as follows;

(1) SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00) cash and consideration, the receipt and sufficiency whereof is hereby acknowledged by Seller. It is understood that this down payment includes any money paid by Purchasers as earnest money for the purpose of binding this transaction.

(2) The balance of TWO HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$225,000.00) to be paid as follows:

(a) TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), including interest at the rate of 7 3/4%, on or before May 1, 1977.

(b) TWENTY-NINE THOUSAND THREE HUNDRED SIXTY-FIVE AND 92/100 DOLLARS (\$29,365.92), including interest at the rate of 7 3/4%, on or before October 10, 1977.

(c) TWENTY-NINE THOUSAND THREE HUNDRED SIXTY-FIVE AND 92/100 DOLLARS (\$29,365.92), including interest at the rate of 7 3/4%, on or before October 10 of each year thereafter, until the balance of the principal and interest is paid in full. Purchasers shall have the privilege of increasing any annual payment or to prepay the whole of the balance at any time without prepayment penalty after January 1, 1980.

INTEREST: It is understood and agreed that from the payments hereinabove provided for there shall first be deducted interest at the rate of 7 3/4% per annum then accrued on any of the unpaid balance of the principal indebtedness, and thereafter the remaining portion of said installment shall apply in reduction of the principal balance owing under the terms and conditions of the subject Agreement. Interest on the unpaid balance shall be payable from and

after the 10th day of October, 1976.

All payments due hereunder shall be made to the Seller, at the First National Bank of Oregon, 601 Main Street, Klamath Falls, Oregon 97601, herein designated Escrow Agent.

TAXES AND LIENS: Except as herein expressly provided to the contrary, all current taxes and other assessments on the properties shall be prorated between the parties as of the date of October 10, 1976. Purchasers agree to pay all such taxes and assessments thereafter levied before they become delinquent. Purchasers further agree to pay and discharge of record all other liens which may thereafter be claimed or imposed against said property, or any part thereof, within thirty (30) days after the filing thereof or shall supply assurances satisfactory to Seller that said liens, or any judgments entered thereon, will be paid and discharged of record.

POSSESSION: Purchasers shall be entitled to possession of the above-described property as of November 10, 1976, and may retain such possession only so long as Purchasers are not in default herein.

REPRESENTATION: Purchasers certify that this Land Sale Agreement is accepted on the basis of Purchasers' own examination and personal knowledge of the properties and opinion as to the value thereof; that the only material representations and warranties inducing this transaction are those expressly set forth herein; that no agreement or promise to alter, repair, or improve said properties has been made by Seller or any agent of Seller; and Purchasers hereby agree to take said properties and the improvements thereon in the condition they are in at the time of execution of this Agreement. Purchasers agree to keep said properties and the improvements in a good condition of repair and maintenance, and Purchasers will commit no waste thereof.

SELLERS' WARRANTIES: Seller covenants with Purchasers as follows: Except as expressly provided herein to the contrary, Seller

is the sole owner of said properties and seized in fee simple of the above-described real property; that Seller's title to the same is marketable; that Seller has a right to transfer title to the same and possession thereof; that the properties are presently free from all matured and inchoate liens, charges, and encumbrances whatsoever, except as the same may be noted in this Agreement; that Purchasers shall have the quiet enjoyment of the properties and that Seller will warrant and defend the same against all lawful claims and demands whatsoever, except as stated herein.

TITLE INSURANCE: The Seller agrees that at his expense he will furnish unto Purchasers a title insurance policy insuring in an amount equal to said purchase price marketable title in and to said premises as of the date of this Land Sale Agreement.

INSURANCE: At Purchasers' expense they will insure and keep insured all buildings now or hereafter erected on said premises against loss or damage by fire, with extended coverage, in an amount not less than \$ 76,700.00, in a company or companies satisfactory to the Seller, with loss payable first to the Seller, then to the Purchasers, as their respective interest may appear and all policies of insurance to be delivered to the Seller as soon as insured.

ASSIGNMENT: Purchasers shall not sell, transfer, or assign this Agreement or any right or interest therein without first obtaining the written consent of the Seller, and no sale, transfer, or assignment of this Agreement shall be valid or recognized by any person for any purpose unless Seller's consent be obtained in writing; any such consent given pursuant hereto shall not be construed as any representation or agreement by Seller concerning the condition or degree of the right or interest reported to be sold, transferred, or assigned by any such sale, transfer, or assignment, consented to by Seller, and any breach of the terms or provisions of this paragraph by Purchasers may be deemed by Seller to be a default in the terms

thereof, and Seller shall have the right to declare all sums then remaining unpaid on this Agreement immediately due and payable, and if not so paid, shall have the right to foreclose this Land Sale Agreement. Consent of Seller to transfer shall not be unreasonably withheld.

DEFAULT: If Purchasers fail to make any of the payments herein stated within thirty (30) days of the specified payment date, or if the Purchasers fail to perform any of the other terms, covenants, or conditions of this Land Sale Agreement, and if any such default in payment or performance shall remain uncorrected by Purchasers for thirty (30) days after written notice of such default has been given by certified mail by Seller to Purchasers at Purchasers' last known post office address, (provided always, that NO NOTICE WHATSOEVER SHALL BE REQUIRED OF SELLER FOR ANY DEFAULT IN PAYMENT OF ANY DEFERRED INSTALLMENTS OF PURCHASE PRICE), time of payment and strict performance in all things being of the essence of this Agreement, Seller shall have the following rights:

(1) To declare the entire unpaid balance of the purchase price, both principal and interest, immediately due and payable and to exercise any of the following options;

- (a) To sue for the unpaid balance then due on this Agreement;
- (b) To foreclose this Agreement by strict foreclosure in equity; and to the appointment of a receiver during the pendency of the suit;
- (c) To sue for specific enforcement of this Agreement;

(2) or to declare this Agreement null and void and to retain as liquidated damages the payments theretofore made under this Agreement by Purchasers, and any repair and improvements made upon said properties. If Seller shall so elect to declare this Agreement null and void as hereinabove provided, all of the right, title, and interest of Purchasers shall immediately revert to and revest in Seller

without any other act by Seller to be performed and without any right of Purchasers of reclamation or compensation for money paid or repairs or improvements added, as absolutely, fully, and perfectly as if no Agreement had ever been made, and Purchasers agree to surrender peaceably said properties and the possession thereof to Seller, or in default thereof, Purchasers may, at the option of the Seller, be treated as a tenant holding over unlawfully after expiration of a lease and may be ousted and removed as such. Provided always that the recitation of remedies herein shall not be deemed exclusive and shall not bar the parties from any other or additional or supplemental remedy or remedies afforded at law, in equity, or otherwise.

DELINQUENT CHARGES: If Purchasers shall fail to pay any assessments, liens, insurance premiums, or any other expense necessary to preserve Seller's lien hereby retained, and the value and priority thereof, Seller, without obligation to do so, and without waiver of Purchasers' default, has the right to pay the same, and treat the amount so paid as a debt due and owing from Purchasers to Seller, secured by the lien of this Agreement, and to bear interest at contract rate per annum until paid.

WAIVER: No waiver of a breach of any covenant, term, or condition of this Agreement shall be a waiver of any other or subsequent breach of the same, or any other term, covenant, or condition, or as a waiver of the term, covenant, or condition itself; nor shall such waiver require any notice of any kind to be given to reinstate the defaulted term, covenant, or condition, or to make time and strict performance again of the essence.

PARTIES: The obligations of the undersigned are joint and several, and wherever the context hereof so admits or requires, the singular shall include the plural. This Land Sale Agreement contains the entire agreement of the parties and cannot be modified except upon written agreement. This Agreement shall benefit and bind the

heirs, executors, administrators, successors, and assigns of the parties.

ATTORNEY'S FEES: Should suit, action, or other legal proceeding be instituted to declare or enforce any right created by this instrument, the prevailing party therein shall be entitled to the costs and disbursements provided by statute, and such other sum as the Court may adjudge reasonable for attorney's fees.

PRIOR AGREEMENTS: This document is the entire, final, and complete Agreement of the parties pertaining to the sale and purchase of the real property, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the property is concerned.

GENERAL PROVISIONS:

(1) All of the terms herein, the rights, duties, and remedies of the parties shall be governed by the laws of Oregon.

(2) Each demand, notice, or other communication shall be served or given by mail or telegraph addressed to the party at their mailing address set forth herein. For purposes of Notice, Seller's address shall be Route 1 Box 133, Bonanza, Oregon 97623, and Purchasers' address shall be Box 438, Valley Ford, California 94972. Reasonable notice when Notice is required, shall be ten (10) days.

SPECIAL PROVISIONS: The property is presently subject to two mortgages which are set forth in this Land Sale Agreement on pages 2 and 3, one in favor of The Prudential Insurance Company of America, a Corporation, and one in favor of the First National Bank of Oregon, and an unrecorded Contract of Sale which is set forth in this Land Sale Agreement on page 3, in favor of Arthur R. Monroe and Lois J. Monroe, husband and wife. Seller covenants that he will make all payments thereunder when due and will obey all of the terms of such instruments, except as to those matters which are to be performed by

Purchasers under the terms of this Agreement. If Seller should receive Notice of breach of any of the terms of such instrument, Seller shall immediately forward a copy of such Notice to Purchasers.

In the event Seller fails to make any payments required by such instruments, Purchasers, at Purchasers' option, may make any or all of the payments payable by Seller hereunder, directly to the mortgagees until such obligation is satisfied. Such payments shall be credited on the balance of the purchase price hereunder as though paid directly to Seller..

ESCROW ARRANGEMENTS: As soon as practicable following the execution of this Land Sale Agreement, Seller shall deliver in escrow to Transamerica Title Company, 600 Main, Klamath Falls, Oregon 97601, the following:

- (1) An unrecorded Warranty Deed to the property free and clear of any and all encumbrances, except as hereinabove set forth.
- (2) A recorded Land Sale Agreement.
- (3) Installment Note dated September 10, 1976, executed by Louis J. Silva; payable to the order of United Farm Agency, Inc., 6835 South Sixth Street, Klamath Falls, Oregon 97601; principal amount being in the sum of \$12,500.00; payable in one annual installment of \$12,500.00 with interest thereon at the rate of 7 3/4% from October 10, 1976; on or before October 10, 1977.

MISCELLANEOUS: As above set forth, there are two mortgages involved: one in favor of the Prudential Insurance Company of America, a Corporation, and one in favor of the First National Bank of Oregon; and there is one unrecorded Contract of Sale involved, dated March 22, 1973, by and between Arthur R. Monroe et ux -- Louis J. Silva.

The payments provided for herein shall be paid to the First National Bank of Oregon, 601 Main, Klamath Falls, Oregon 97601, to be applied to Escrow No. IC#3242, Arthur R. Monroe et ux -- Louis J. Silva, in the sum of \$3,275.00/ ^{plus interest} until November 15, 1983, at which

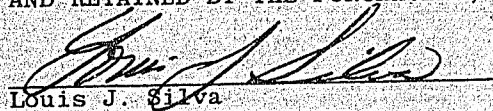
time you are instructed to determine whether or not the Prudential Insurance Company of America mortgage dated March 24, 1966, is paid in full or assumed by Louis J. Silva, and if so satisfied, any sums thereafter remaining shall be distributed to the Seller, and if the Prudential Insurance Company of America mortgage is still outstanding, you are authorized to disburse the payment due and owing on the mortgage to the Prudential Insurance Company of America, a Corporation.

The parties hereby instruct said Escrow Agent to receive for Seller's account the balance of the installment payments provided herein. Said Escrow Agent is further authorized and instructed that it is to close the escrow and deliver the documents to the parties entitled thereto at such time as all sums called for hereunder, including interest, have been fully and completely paid by Purchasers.

Said Escrow Agent is further directed and instructed to deduct from the payments made by Purchasers sums sufficient to pay the obligation called for under the terms and conditions of the notes and mortgages hereinabove set forth so that when the purchase price has been fully paid those obligations will be fully retired and discharged. Any sums thereafter remaining shall be distributed to the Purchasers.

If Purchasers fail to pay any installment before the expiration of thirty (30) days after the due date thereof, the Escrow Agent is authorized to surrender to Seller, upon demand, after proof of written Notice to Purchasers, all of the documents specified in the preceding paragraphs, thereby terminating the escrow.

EXECUTED IN QUADRUPLICATE, ONE COPY OF WHICH WAS DELIVERED TO AND RETAINED BY THE PURCHASERS, this 10th day of October, 1976.


Louis J. Silva


Mario Louis Giordano


Diane Janet Giordano

SELLER

PURCHASERS

16202

STATE OF OREGON)
) ss.
County of Klamath)

Personally appeared the above-named LOUIS J. SILVA, MARIO
LOUIS GIORDANO, and DIANE JANET GIORDANO and acknowledged the
foregoing instrument to be their voluntary act and deed.

Before me:

William B. D. Dore
Notary Public for Oregon
My Commission Expires: 7-19-78

State of Oregon,)
County of Klamath) ss.

I hereby certify that the within instrument was
received and filed for record on the 13th
day of OCTOBER, 19 76, at 3:40
o'clock P M. and recorded on Page 16190
in Book M 76 Records of DEEDS
of said County.

WM. D. MILNE, County Clerk

By *W. D. Milne* Deputy
Fee \$ 39.00