

A-27723

28459

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1 CONTRACT OF SALE OF REAL AND PERSONAL PROPERTY Made this 1st day of
 2 March, 1977, between WILLIAM R. OWENS and MARGARET H. OWENS,
 3 husband and wife, (hereinafter called "Vendor"), and HAMMOND & DOKE, INC.,
 4 a California Corporation, (hereinafter called "Purchaser");

5
 6
 7 W I T N E S S E T H:

8 Vendor agrees to sell to Purchaser and Purchaser hereby agrees to
 9 buy from Vendor, at the price and on the terms, covenants, conditions
 10 and provisions hereinafter contained, all of the property hereinafter
 11 described.

12
 13 TOWNSHIP 36 SOUTH, RANGE 14 EAST, WILLAMETTE MERIDIAN

14
 15 Section 23: Beginning at a point 100 feet West of the Southeast
 16 corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23; thence North
 17 200 feet; thence West 200 feet; thence South 200
 18 feet; thence East 200 feet to the point of beginning.

19
 20 Section 24: All

21
 22 Section 25: N $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

23
 24 Section 26: All

25
 26 Section 36: NW $\frac{1}{4}$ NE $\frac{1}{4}$

27
 28 TOWNSHIP 36 SOUTH, RANGE 15 EAST, WILLAMETTE MERIDIAN

29
 30 Section 16: W $\frac{1}{2}$ SW $\frac{1}{4}$

31
 32 Section 17: W $\frac{1}{2}$, S $\frac{1}{2}$ SE $\frac{1}{4}$

33
 34 Section 18: S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$

35
 36 Section 19: All

37
 38 Section 20: N $\frac{1}{2}$ N $\frac{1}{2}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$

39
 40 Section 21: W $\frac{1}{2}$, SE $\frac{1}{4}$

41
 42 Section 27: W $\frac{1}{2}$, SE $\frac{1}{4}$

43
 44 Section 29: E $\frac{1}{2}$, SW $\frac{1}{4}$

45
 46 Section 31: W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$

47
 48 Section 33: W $\frac{1}{2}$, SE $\frac{1}{4}$

49
 50 Section 35: S $\frac{1}{2}$

51
 52 SAVING AND EXCEPTING a strip of land 66 feet in width across
 53 the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21 and the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31 Twp. 36
 54 S.R. 15 E.W.M. conveyed to Weyerhaeuser Timber Company as
 55 described in Parcels 1 and 2 in deed recorded July 25, 1958,
 56 Vol. 301, page 347, Deed Records of Klamath County, Oregon.

57
 58 ALSO SAVING AND EXCEPTING a strip of land 66 feet in width
 59 in the N $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 33 Twp. 36 S.R. 15 E.W.M.
 60 conveyed to Weyerhaeuser Timber Company by deed recorded
 61 January 13, 1959, Vol. 308, page 577, Deed Records of Klamath
 62 County, Oregon.

63
 64 SUBJECT TO:
 65
 66

APR 21 PM 3 00 '77

a. Reservations and restrictions contained in deed from State of Oregon to Frank Rider dated July 1, 1908, recorded September 8, 1908, Vol. 25, page 73, Deed Records of Klamath County, Oregon, as follows: "Subject, however, to right of way for ditches, canals and reservoir sites for irrigation purposes, constructed, or which may be constructed by authority of the United States or otherwise, which right of way is hereby expressly reserved." Affects E $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 24 Twp. 36 S.R. 14 E.W.M.

b. Reservations and restrictions contained in deed from State of Oregon to N. A. Finley dated April 14, 1904, recorded June 15, 1909, Vol. 27, page 182, Deed Records of Klamath County, Oregon, as follows: "Subject, however, to right of way for ditches, canals and reservoir sites for irrigation purposes, constructed, or which may be constructed by authority of the United States or otherwise, which right of way is hereby expressly reserved." Affects SW $\frac{1}{4}$ NW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 24 Twp. 36 S.R. 14 E.W.M.

c. Reservations and restrictions contained in deed from Favell-Utley Realty Co., Inc., to W. R. Campbell dated May 20, 1919, recorded June 4, 1919, Vol. 50, page 240, Deed Records of Klamath County, Oregon, as follows: "One-half of all oils, gas, coal and minerals on, in or under said land, together with the right to take and mine the same are reserved by the grantors, its successors and assigns." Affects NE $\frac{1}{4}$ Section 19 Twp. 36 S.R. 15 E.W.M.

d. Reservations and restrictions contained in deed from Favell-Utley Realty Co., Inc., to W. R. Campbell dated January 3, 1920, recorded January 10, 1920, Vol. 52, page 75, Deed Records of Klamath County, Oregon, as follows: "One-half of all oils, gas, coal and minerals on, in or under said land, together with the right to take and mine the same are reserved by the grantor, its successors and assigns." Affects SW $\frac{1}{4}$ Section 19 Twp. 36 S.R. 15 E.W.M.

e. Reservations and restrictions contained in deed from Favell-Utley Realty Co., Inc., to W. R. Campbell dated January 17, 1920, recorded January 20, 1920, Vol. 52, page 100, Deed Records of Klamath County, Oregon, as follows: "One-half of all oils, gas, coal and minerals on, in or under said land, together with the right to take and mine the same are reserved by the grantor, its successors and assigns." Affects NW $\frac{1}{4}$ Section 17 Twp. 36 S.R. 15 E.W.M.

f. Right of way for pole line, including the terms and provisions thereof, given by Klamath County, Oregon, to United States of America dated March 2, 1932, recorded March 3, 1932, Vol. 97, page 98, Deed Records of Klamath County, Oregon. Affects N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 21 Twp. 36 S.R. 15 E.W.M.

g. Right of way for transmission line, including the terms and provisions thereof, given by W. R. Campbell and Eva D. Campbell, husband and wife, to The California Oregon Power Company, a California corporation, dated November 12, 1946, recorded November 18, 1946, Vol. 198, page 401, Deed Records of Klamath County, Oregon. Affects N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 26 Twp. 36 S.R. 14 E.W.M.

h. Right of way for transmission line, including the terms and provisions thereof, given by Henry C. Gerber and Mariam W. Gerber, his wife, to The California Oregon Power Company, a California corporation, dated October 10, 1946, recorded November 22, 1946, Vol. 199, page 53, Deed Records of Klamath County, Oregon. Affects NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 25 Twp. 36 S.R. 14 E.W.M.

i. Right of way for roadway, including the terms and provisions thereof, given by W. R. Campbell to the Secretary of Agriculture of the United States Department of Agriculture for and in behalf of the United States of America dated April 18, 1940, recorded November 28, 1942, Vol.

151, page 333, Deed Records of Klamath County, Oregon. Affects Section 24 Twp. 36 S.R. 14 E.W.M.

j. Easement for roadway, including the terms and provisions thereof, given by Dave J. Campbell and Elizabeth Campbell, his wife, to United States of America dated March 6, 1959, recorded March 25, 1959, Vol. 311, page 28, Deed Records of Klamath County, Oregon. Affects E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 21 Township 36 S.R. 15 E.W.M.

k. Easement for roadway and transmission line, including the terms and provisions thereof, given by W. R. Campbell and Eva Campbell, husband and wife, to the United States of America, acting by and through the Forest Service, U.S.D.A., dated May 27, 1948, recorded January 28, 1963, Vol. 342, page 617, Deed Records of Klamath County, Oregon. Affects NW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ Section 21 Township 36 S.R. 15 E.W.M.

l. Reservations and restrictions contained in deed from Dave J. Campbell et ux., to Gordon Dolan and Roberta Carol Dolan, husband and wife, dated October 1, 1963, recorded October 7, 1963, Vol. 348, page 443, Deed Records of Klamath County, as follows: "...but subject to one-half interest of said Henry C. Gerber in reservoir situate in E $\frac{1}{2}$ Sec. 29 Twp. 36 S.R. 15 E.W.M. and agreement permitting removal of aggregates ~~from the SW $\frac{1}{4}$ of Sec. 19 Twp. 36 S.R. 15 E.W.M.~~"

m. Easement for roadway, including the terms and provisions thereof, given by R. M. Ranch Co., an Oregon corporation, to Weyerhaeuser Company, a Washington corporation, dated November 8, 1968, recorded December 16, 1968, Vol. M68, page 10828, Deed Records of Klamath County, Oregon. Affects W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 17, S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 18, NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 20, and N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 29 Twp. 36 S.R. 15 E.W.M.

n. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Purchaser assumes and agrees to pay and perform.

o. Rights of the Federal Government, the State of Oregon, and the general public in and to that portion of the herein described premises lying below the high water line of Sprague River.

p. Easements apparent on the land.

2. Leasehold Interests: The following described leasehold interests:

United States of America Forest Service Grazing permit for Swede Cabin grazing allotment and Deming Creek pasture.

United States of America Bureau of Land Management Lease for grazing affecting the following described real property:

Township 36 S, Range 15 East of the Willamette Meridian, Oregon:

Sec. 28: All

Sec. 30: All

Sec. 32: All

Sec. 36: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Klamath County - 1960.58 acres.

United States of America Forest Service water transmission special use permit.

Said leasehold interests are subject to a mortgage given by Gordon Dolan et ux to The Travelers Insurance Company, a corporation, dated September 25, 1963, recorded October 7, 1963, in Vol. 219, page 527, Mortgage Records of Klamath County, Oregon, and a mortgage given by

Gordon Dolan et ux to Dave J. Campbell, dated October 1, 1963, recorded October 7, 1963, in Vol. 219, page 535, Mortgage Records of Klamath County, Oregon, as modified and extended by instrument recorded in Vol. M70, page 4645, Records of Klamath County, Oregon. leasehold interests are hereinafter called "Collateral".

3. Purchase Price and Terms of Payment: The purchase price of the property above described is the sum of \$850,000.00.

a. Exchange of Property: Vendor hereby gives Purchaser credit of \$364,252.81 for real property exchanged by Purchaser to Vendor in Tehama County, California, by Grant Deed recorded in Book _____, page _____, Official Records of Tehama County, California, to which reference is made for more particulars, and receipt of which conveyance Vendor acknowledges.

b. Deferred Balance: \$485,747.19 deferred balance payable as follows:

(1) First through Ninth Installments: Nine annual installments of \$45,504.20 each inclusive of interest. The first such installment shall be due and payable on the 1st day of March, 1978, and a like installment shall be due and payable on the 1st day of March of each year thereafter, to and including the 1st day of March 1986.

(2) Final Installment: A final installment on March 1, 1987, of the then unpaid deferred principal balance, plus accrued interest.

c. Rate of Interest: The rate of interest on the deferred balance of the purchase price is fixed at the rate of eight (8%) percent commencing on the date of this Contract. Such rate of interest is simple interest on the declining balances of the deferred balance.

4. Payments to Escrow Holder: All installments due Vendor from Purchaser under this Contract shall be paid without demand to the Escrow Holder hereinafter named. All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal.

5. Prepayment: From and after January 1, 1978, Purchaser may increase any installment or prepay all or any part of the whole consideration together with interest thereon to the date of any such payment without the written consent of Vendor. No partial payment, increased installment, payment for a partial conveyance by reason of the eminent domain provisions of this Contract, or a release of Collateral, shall be credited in lieu of any regular or future installment, nor excuse Purchaser from making the regular installments specified in this Contract.

6. Non Assumption of Mortgage Obligations: In addition to the exceptions set forth above, the above described real property and the Collateral are subject to the following liens:

a. Mortgage, including the terms and provisions thereof, given by Gordon Dolan and Roberta C. Dolan, husband and wife, to The Travelers Insurance Company, a corporation, dated September 25, 1963, recorded October 7, 1963, Vol. 219, page 527, Mortgage Records of Klamath County, Oregon, to secure the payment of \$100,000.00. By instrument recorded December 16, 1968, said mortgage was subordinated to easement Vol. M68, page 10828.

b. Mortgage, including the terms and provisions thereof, given by Gordon Dolan and Roberta Carol Dolan, husband and wife, to

Dave J. Campbell, dated October 1, 1963, recorded October 7, 1963, Vol. 219, page 535, Mortgage Records of Klamath County, Oregon, to secure the payment of \$275,000.00. By instrument recorded December 16, 1968, Vol. M68, page 10832, said mortgage was subordinated to easement Vol. M68, page 10828. By instrument between Dave J. Campbell and William R. Owens and Margaret H. Owens, husband and wife, dated May 8, 1970, recorded June 9, 1970, Vol. M70, page 4645, Mortgage Records of Klamath County, Oregon, said mortgage has been modified and extended.

c. Financing Statement filed October 8, 1963, in the office of the County Clerk of Klamath County as File No. 83216, indicating a security agreement given by Gordon Dolan and Roberta Carol Dolan as debtors to Dave J. Campbell as secured party and relating to equipment and pumps.

The aforesaid liens are herein collectively referred to as "Mortgage lien". Vendor has reduced said Mortgage lien to \$230,000.00. Purchaser does not assume said Mortgage lien and obligation. Vendor, therefore, covenants and agrees with Purchaser, with regard to said Mortgage lien, to:

a. Pay and perform the terms thereof as provided in said Mortgage lien and to satisfy in full said Mortgage lien contemporaneously with payment in full by Purchaser of the deferred balance. This covenant shall include, but not be limited to, payment by Vendor of any prepayment penalties imposed by The Travelers Insurance Company.

b. Not to increase the amount of the mortgage lien by incurring any further indebtedness and to reduce the present unpaid balance of the Mortgage lien as provided in the terms hereof.

c. To hold Purchaser harmless from and indemnify Purchaser against any and all liability, loss or damage Purchaser might otherwise suffer by reason of said Mortgage lien, including, but not limited to, claims, costs, demands, attorney fees or judgments, and to defend Purchaser from any claims brought or suits or actions filed against Purchaser by reason of the aforesaid mortgage. If Vendor neglects or fails to pay the sums due or to become due under the note secured by said mortgage, or fails to perform any of the terms, covenants and conditions of said mortgage or his covenants contained in this portion of this Contract, and said failure is not occasioned by reason of any default on the part of Purchaser, Vendor agrees to pay to Purchaser all sums paid or incurred by Purchaser in protecting Purchaser's rights acquired by this Contract, including, but not limited to, costs, charges and expenses, including costs of evidence of title or validity of Purchaser's interest in said real property, and reasonable attorney fees, with or without trial, and if trial, both at trial or on appeal, incurred by Purchaser; which sums shall bear interest at the rate of eight (8%) percent per annum from the date of demand therefor. If Vendor fails to pay Purchaser the sums due Purchaser under this provision of this Contract within thirty (30) days from date of demand therefor, Purchaser shall be entitled to either offset the same from Purchaser's obligations to Vendor secured by this Contract or to institute such suit or action as may be necessary to recover the sums due Purchaser under this provision of this Contract or to pursue such other remedies as may be allowed by law or by equity under the premises.

7. Nature of Estate Sold and Lien Created by this Contract: The real property above described hereby sold to Purchaser, includes, all and singular, the tenements, hereditaments, rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining, improvements thereon, including, but not limited to, stationary pumps,

1 pumping stations, pumping motors, pumping engines, resevoirs, nonportable
 2 pipes and flumes or other nonportable equipment now used for the
 3 production of water thereon or for the irrigation or drainage thereof,
 4 and the reversions, remainders, rents, issues and profits thereof,
 5 together with all the rights of the use of water for irrigating said
 6 premises and for domestic use thereon to which Vendor is now entitled,
 7 or which are now used on said premises, however the same may be evidenced,
 8 and together with all shares of stock or shares of water in any ditch
 9 or irrigation company which, in any manner, entitles, the Vendor to
 10 water for irrigating or domestic purposes upon said real property. The
 11 Vendor's lien created by this Contract shall and does hereby include the
 12 real property above described, together with all and singular, the tenements,
 13 hereditaments, rights, easements, privileges and appurtenances thereunto
 14 belonging or in anywise appertaining, and all improvements now or hereafter
 15 thereon, including, but not limited to, stationary pumps, pumping stations,
 16 pumping motors, pumping engines, resevoirs, nonportable pipes and flumes
 17 or other nonportable equipment now or hereafter used for the production of
 18 water thereon for the irrigation or drainage thereof, and the reversions,
 19 remainders, rents, issues and profits thereof, and together with all the
 20 rights to use of water for irrigating said premises and for domestic use
 21 thereon to which said real property is now or may hereafter become entitled,
 22 or which now are or may hereafter be used on said premises, however the
 23 same may be evidenced, and together with all shares of stock or shares of
 24 water in any ditch or irrigation company which, in any manner, entitles the
 25 legal or equitable owner thereof to water for irrigating or domestic
 26 purposes upon said real property. In addition, Purchaser hereby agrees that
 27 the lien created by this Contract is superior to any and all rights of
 28 Purchaser under and by virtue of any homestead, stay or exemption laws now
 29 in force, or which may hereafter become laws and secondary only to the
 30 mortgage lien of The Travelers Insurance Company and/or Dave J. Campbell
 31 above described.

32
 33 8. Contract as Security Agreement for Collateral as Well as Real
 34 Property: With reference to the "Collateral" hereby sold by Vendor to
 35 Purchaser, this Contract constitutes a security agreement for such
 36 Collateral and the security interest of Vendor in such Collateral is
 37 hereby declared to be that provided for by the Uniform Commercial Code
 38 of the State of Oregon upon the terms, covenants and conditions set forth
 39 in this Contract and the following special provisions relating to said
 40 Collateral:

41
 42 a. Vendor's Rights and Obligations with Respect to Collateral:
 43 Vendor shall have the following rights with respect to Collateral:

44
 45 (1) Right to Income, Proceeds or Substitutions: Vendor
 46 shall be entitled to receive and add to the Collateral any
 47 income or increase from the Collateral, the proceeds of any
 48 insurance on the Collateral, and any other property given in
 49 exchange for property included in the Collateral.

50
 51 (2) Right to Apply Cash: Vendor may, at his option, apply
 52 any cash which may be included in the Collateral or received
 53 through liquidation, sale or retirement of, or as income
 54 from the Collateral, toward the satisfaction of the deferred
 55 balance or such portion thereof as Vendor shall choose,
 56 whether matured or not.

57
 58 b. No Duty to Collect, Waiver of Presentment, etc.: Vendor
 59 shall not be obliged to collect any amounts due or which may
 60 become due on any of the Collateral; and Purchaser hereby waives
 61 presentment, protest, demand or notice of nonpayment to Purchaser,
 62 or to any maker, endorser, surety, guarantor or other person who
 63 is party to the Collateral.

64
 65 To perfect such security interest of Vendor in the Collateral, Purchaser
 66 agrees to execute and cause to be filed, Uniform Commercial Code Financing

1 Statement Forms UCC-1 and UCC-2 with the Secretary of State of the State
2 of Oregon and the County Clerk of Klamath County, Oregon, and to renew
3 the same as required by law without notice or demand of Vendor. Vendor
4 shall execute and deliver to the Escrow Holder hereinafter named two
5 unfiled Uniform Commercial Code Form UCC-3, Termination of Financing
6 Statements, for both the Secretary of the State of Oregon and the County
7 Clerk of Klamath County, Oregon. In addition, Purchaser agrees to keep
8 the Collateral current with the governmental agencies administering the
9 leasehold interests.

10
11 9. Escrow of Contract and Related Documents: Vendor will, upon
12 execution hereof, make and execute in favor of Purchaser, a good and
13 sufficient special warranty deed conveying said real property to Purchaser
14 free and clear, as of this date, of all encumbrances, subject to the
15 above set forth exceptions a through p. Vendor will, within a reasonable
16 time after the execution hereof, place said deed, UCC-3 forms, and the
17 original of this Contract, together with any other conveyances of title
18 or security instruments required in escrow at Klamath Falls, Oregon
19 branch of First National Bank of Oregon, with instructions to said Escrow
20 Holder to, when and if the Purchaser shall have paid the balances of the
21 purchase money and interest as above specified and shall have complied
22 with all other terms and conditions of this Contract, deliver the same to
23 Purchaser subject to the printed conditions and provisions of the standard
24 form of escrow instructions provided by said Escrow Holder.

25
26 10. Title Insurance: Vendor shall furnish, at his own expense, a
27 Purchaser's Title Insurance policy issued by Klamath County Title Company
28 under its Order No. A-27723 insuring Purchaser's title in the above
29 described real property in the amount of \$850,000.00 subject to the
30 above set forth exceptions and printed conditions and exceptions contained
31 in the usual form of title insurance policy issued by said title insurance
32 company.

33
34 11. Possession, Maintenance, Taxes, etc. Relating to Real Property:
35 Purchaser shall be entitled to possession of the above described real
36 property on the date this Contract is recorded, except for the grazing
37 of cattle by Vendor through May 1, 1977. Purchaser shall remain in posses-
38 sion so long as Purchaser is not in default hereunder. Purchaser shall
39 and hereby agrees to keep said real property in a clean, sanitary, sightly
40 and attractive condition; to commit no waste or otherwise damage or injure
41 said real property; to maintain said real property; to maintain said real
42 property in accordance with the laws, ordinances and regulations of any
43 constituted authority applying to said real property and to make no un-
44 lawful use thereof; to pay regularly and seasonably, and before the same
45 shall become delinquent, all taxes, assessments and charges of whatever
46 nature (including additional charges by reason of change of use) levied
47 and assessed against said real property and/or leasehold interests and to
48 pay and discharge all encumbrances thereafter placed thereon by Purchaser;
49 to permit no lien or other encumbrances to be filed upon or placed against
50 either said real property without the written consent of Vendor. It is
51 further understood and agreed, for the purposes of this provision, that if
52 Purchaser fails to pay or discharge any taxes, assessments, liens, encum-
53 brances or charges, Vendor, at his option and without waiver of default or
54 breach of Purchaser, and without being obliged to do so, may pay or dis-
55 charge all or any part thereof, all of which said sums so paid by Vendor
56 shall become repayable by Purchaser, together with interest at the rate of
57 eight (8%) percent per annum, upon demand, payment of which is part of the
58 performance of this Contract by Purchaser and a condition precedent to
59 delivery of the warranty deed and other documents by the Escrow Holder.

60
61 12. Timber: Purchaser will not cut any timber from any of the real
62 property described in this Contract and no sale of any timber growing upon,
63 or severed from, the real property subject to this Contract by Purchaser
64 will be free from the lien of this Contract unless Vendor and Purchaser
65 have, prior to any such severance and sale, entered into a written agree-
66 ment with the harvester or buyer of said timber which provides for the

1 proceeds from such timber to be paid to the Escrow Holder herein named
 2 and applied by said Escrow Holder to the deferred balance and interest
 3 thereon in the same manner as a prepayment. Prohibition against prepayment
 4 shall not apply to this provision. Purchaser further agrees to execute
 5 UCC-1 and UCC-2 forms of Financing Statements to perfect Vendor's lien
 6 in said timber and to pay for the filing of the same.
 7

8 13. Fire Insurance: Purchaser agrees to keep the buildings and
 9 improvements now on or hereafter placed upon the above described real
 10 property insured against loss by fire or other casualty in an amount to
 11 be determined by Purchaser but not less than present insurance coverage
 12 and shall obtain, at his own expense, an endorsement thereon providing
 13 for loss payable to Vendor, Purchaser, The Travelers Insurance Company,
 14 and Dave J. Campbell. The endorsement relating to Vendor shall provide
 15 the same protection to Vendor as a mortgagee's or lender's endorsement.
 16 The policy or policies of insurance shall be delivered to Vendor or, in
 17 lieu thereof, a certificate of such insurance may be provided by Purchaser
 18 and delivered to Vendor. If a loss should occur for which insurance pro-
 19 ceeds shall become payable, the Purchaser may (subject to the rights of
 20 The Travelers Insurance Company and/or Dave J. Campbell) elect to either
 21 rebuild or repair the portion of the building so damaged or destroyed, or
 22 apply the proceeds to payment of the then unpaid balance of the deferred
 23 balance secured by this Contract. If the Purchaser elects to rebuild, he
 24 shall sign such documents as may be required by Vendor and The Travelers
 25 Insurance Company and/or Dave J. Campbell to guarantee the application of
 26 the insurance proceeds to the cost of such repair or rebuilding. If The
 27 Travelers Insurance Company and/or Dave J. Campbell should elect to require
 28 application of the insurance proceeds toward payment of its prior security
 29 above described, Vendor shall give Purchaser credit toward payment of the
 30 sums secured by this Contract, but this provision shall not be construed
 31 as applying any assumption of said obligations by Purchaser.
 32

33 14. Eminent Domain: In the event any governmental agency or entity
 34 having the power of eminent domain acquires by eminent domain or by neg-
 35 otiated sale in lieu of eminent domain all, or any portion, or the real
 36 property described in this Contract, Vendor may require Purchaser to apply
 37 all proceeds received by Purchaser from such acquisition (remaining after
 38 payment by Purchaser of attorney fees, appraiser fees and related
 39 necessary and reasonable costs in connection with securing said proceeds),
 40 which proceeds are hereinafter called "net proceeds", toward the payment
 41 of the sums secured by this Contract. Upon receipt of said net proceeds
 42 and Vendor shall, within sixty (60) days after such notification, notify
 43 Purchaser in writing if Vendor elects to have said net proceeds applied
 44 toward payment of the sums secured by this Contract. If Vendor fails to
 45 so notify Purchaser of such election Vendor shall conclusively be deemed
 46 to have elected not to require Purchaser apply said net proceeds toward
 47 the sums secured by this Contract. If Vendor elects to have said net
 48 proceeds applied toward payment of the sums secured by this Contract,
 49 the amount to be received by Vendor shall not exceed the total of the
 50 principal plus accrued interest to the date of receipt thereof by Vendor,
 51 and all such sums shall be paid to the Escrow Holder named herein. Re-
 52 gardless of whether Vendor elects to have said net proceeds applied to
 53 the sums secured by this Contract, Vendor will join in any conveyance
 54 required by the governmental agency or entity acquiring a portion or all
 55 of the property described herein by eminent domain, but Vendor shall
 56 not be required to partially convey more property than that which is
 57 acquired by such governmental agency or entity. Vendor shall not be
 58 obligated to participate in any negotiations with such governmental agency
 59 or entity.
 60

61 15. Sale of Property by Purchaser: If Purchaser shall sell Purchaser's
 62 equity in the real property described herein and securing the unpaid
 63 balance of this Contract, Purchaser shall notify Vendor of such sale in
 64 writing, and Vendor shall have thirty (30) days from such notice to elect
 65 in writing, to require Purchaser to apply ninety (90%) percent of the net
 66 proceeds from such sale toward payment of the deferred balance (both

1 principal and interest) secured by this Contract before Purchaser receives
 2 and realizes any payment for his equity. The term "net proceeds" shall
 3 include both proceeds received by Purchaser at the time of consummation of
 4 such sale and any installments received thereafter, less reasonable comm-
 5 issions, title insurance, attorneys fees, and escrow fees incurred in any
 6 such sale. Failure of Vendor to elect to require application of such net
 7 proceeds as herein provided, shall constitute a conclusive election not to
 8 require application of such net proceeds; provided, however, that any sub-
 9 sequent Purchaser shall be required to comply with this provision and that
 10 an election not to require application of net proceeds from any sale shall
 11 not be construed as constituting a waiver of this provision as to any
 12 subsequent Purchaser. In addition, any such sale shall personally obligate
 13 the subsequent Purchaser to Vendor without relieving Purchaser of Purchaser's
 14 obligation to Vendor under this Contract.

15
 16 16. Vendor's Defense of Security: Vendor may appear in or defend
 17 any action or proceeding at law, in equity or in bankruptcy affecting
 18 in any way, the security hereof and, in such event, Vendor shall be allowed
 19 and paid, and Purchaser hereby agrees to pay, all costs, charges and
 20 expenses, including costs of evidence of title or validity and priority
 21 of the security and attorney fees in a reasonable sum, incurred in any
 22 such action or proceeding in which Vendor may appear, which shall bear
 23 interest at ten (10%) percent from the date of demand therefor. Failure
 24 of Purchaser to pay Vendor for such costs, charges and expenses within
 25 ninety (90) days from date of demand therefor shall constitute a breach
 26 of this Contract.

27
 28 17. Default of Purchaser: The following shall constitute a default
 29 of Purchaser:

30
 31 a. Failure to make Payments: Failure of Purchaser to make
 32 payments as herein provided and if said failure shall continue for
 33 more than thirty (30) days after the payment becomes due. The
 34 acceptance of payment of any sum secured by this Contract after
 35 its due date shall not constitute a waiver of Vendor's right
 36 either to require prompt payment when due of all other sums so
 37 secured or to seek any remedy provided for herein.

38
 39 b. Failure to Perform Covenants: Failure of Purchaser to
 40 perform any covenants or conditions of this Contract (other than
 41 failure to make payments as provided in the preceding sentence)
 42 after thirty (30) days written notice of such failure and demand
 43 for performance.

44
 45 18. Remedies: If Purchaser shall be in default as above provided,
 46 Vendor shall have the following cumulative rights:

47
 48 a. Remedies Relating to Real Property: With reference to the
 49 real property;

50
 51 (1) Foreclosure: To foreclose this Contract by strict
 52 foreclosure in equity;

53
 54 (2) Acceleration: To declare the full unpaid balance of
 55 the purchase price immediately due and payable;

56
 57 (3) Specific Performance: To specifically enforce the terms
 58 of this Contract by suit in equity.

59
 60 b. Remedies Relating to Personal Property: With reference to
 61 the Collateral, Vendor may take one or more of the following
 62 steps:

63
 64 (1) Collect Collateral: Collect any of the Collateral;

65
 66 (2) Sell Collateral at Private Sale: At any time and

notice to the Purchaser, or either of them, sell any of the Collateral at private sale at such price as Vendor may consider advisable, the Purchaser hereby ratifying and approving any such sale.

(3) Sell Collateral at Public Sale: Sell any of the Collateral at public sale not less than thirty (30) days after notice in writing to the Purchaser of Purchaser's default and after publication of one notice setting forth the time and place of sale and a brief description of the property to be sold in any newspaper of general circulation in the county in which the Collateral is located.

19. Time is of the Essence: Time is expressly made the essence of this Contract.

20. Receivership: In the event any suit or action is commenced because of any default of Purchaser, the court having jurisdiction of the case may, upon motion by Vendor, appoint a receiver to collect the rents and profits arising out of the above described real property and to take possession, management and control of the same and the Collateral during pendency of such proceeding or until payment of the obligations hereby secured and apply said rents and profits to the payment of the amount due hereunder, first deducting all profit, charges and expenses attending the execution of said receivership.

21. Title reports, etc.: In the event any suit or action is commenced because of any default by Purchaser, there shall become due, and Purchaser agrees to pay to Vendor, in addition to all statutory costs and disbursements, any amount Vendor may incur or pay for any title report, title search, insurance of title or other evidence of title subsequent to the date of this Contract on any of the real property above described and this Contract shall be security for the payment thereof.

22. Prevailing Party Attorney's Fees: In the event any suit or action is instituted by either party against the other relating to any provision of this Contract, the prevailing party, at trial or on appeal, shall be entitled to such reasonable attorney fees as shall be fixed by the court having jurisdiction of the case, in addition to statutory costs and disbursements.

23. No Oral Modification Binding: This Contract contains the full understanding of the parties with respect to the subject hereof and no modification hereof shall be given effect unless the same be in writing subscribed by the parties hereto or their successors in interest.

24. No Waiver of any Provision: No waiver by Vendor of any breach of any covenant of this Contract shall be construed as a continuing waiver of any subsequent breach of such covenant, nor as a waiver of any breach of any other covenant, nor as a waiver of the covenant itself.

25. Binding Effect: This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, executors, administrators and assigns.

26. Notice: Where notice in writing is required by either party to the other, such notice shall be deemed given when the same is deposited in the United States Postal Service as registered mail, addressed to the last address of the party to whom notice is to be given is shown on the records of the Escrow Holder.

27. Construction of Contract: In construing this Contract, the following shall control:

a. Prepared by Both Parties: This Contract shall be construed

as though prepared by both parties and shall be governed by the laws of the State of Oregon.

b. Singular, Plural and Gender: All words used herein in the singular number shall extend to and include the plural. All words used in the plural number shall extend to and include the singular. All words used in any gender shall extend to and include all genders.

c. Paragraph Headings for Convenience Only: Paragraph headings are for convenience only and shall not be used in construing the covenants, terms and provisions of this Contract.

WITNESS the hands of the parties hereto the day and year first above written, the Corporate Party by and through a resolution of its board of directors.

William R. Owens
William R. Owens

Margaret H. Owens
Margaret H. Owens

HAMMOND & DOKE, INC.

By Larry M. Doke
President

(CORPORATE SEAL)

By Elaine Doke
Secretary

We, the undersigned, jointly and severally unconditionally guarantee performance by HAMMOND & DOKE, INC. of its obligations set forth in the preceding contract and waive notice of presentment or demand.

Dated this ____ day of ____, 1977.

Larry M. Doke

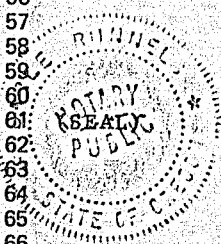
Elaine Doke

STATE OF OREGON)
County of Klamath) ss.

On the 10th day of March, 1977, personally appeared the above named WILLIAM R. OWENS and MARGARET H. OWENS, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

Charles Rummels
Notary Public for Oregon
My Commission expires: 9/23/77



GIACOMINI, JONES & ZAMSKY, ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
Return
Klamath

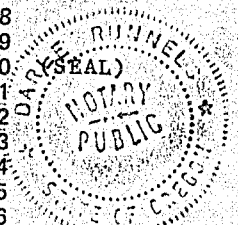
GIACOMINI, JONES & ZAMSKY, ATTORNEYS AT LAW A PROFESSIONAL CORPORATION, KLAMATH FALLS, OREGON

1 STATE OF OREGON)
2) ss.
3 County of Klamath)
4

6840

5 Dated this 10th of March, 1977, personally appeared
6 Larry M. Doke and Elaine Doke
7 who, being duly sworn, each for himself and not one for the other,
8 did say that the former is the president and that the latter is the
9 secretary of HAMMOND & DOKE, INC., a corporation, and that the seal
10 affixed to the foregoing instrument is the corporate seal of said
11 corporation and that said instrument was signed and sealed in behalf
12 of said corporation by authority of its board of directors; and each of
13 them acknowledged said instrument to be its voluntary act and deed.
14

15 Before me:



16 Doree Rummels
17 Notary Public for Oregon
18 My commission expires: 9/23/77
19

20 STATE OF OREGON)
21) ss.
22 County of Klamath)
23

24 Dated this _____ day of _____, 1977, personally appeared
25 the above named LARRY M. DOKE and ELAINE DOKE, husband and wife, and
26 acknowledged the foregoing instrument to be their voluntary act and
27 deed.
28

29 Before me:

30 (SEAL)

31 Notary Public for Oregon
32 My commission expires: _____
33

34 Return to:
35 Klamath County Title
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STATE OF OREGON; COUNTY OF KLAMATH; ss.
I hereby certify that the within instrument was received and filed for record on the 21st day of
April A.D., 19 77 at 3:00 o'clock P M., and duly recorded in Vol. M 77,
of Deeds on Page 6829.

FEE \$36.00

WM. D. MILNE, County Clerk
By Elizabeth Inagie Deputy