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CONTRACT OF SALE

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THIS CONTRACT is made as of this 27 day of May, 1977, by DONALD R. MANNING and LILLIAN V. MANNING, husband and wife, whose address is Rt. 1, Box 842, Bonanza, Oregon 97623, herein called "Sellers," and ROBERT M. WEBB and JOYCE U. WEBB, husband and wife, whose address is 4643 Cerrillos Drive, Woodland Hills, California 91364, herein called "Purchasers."

W I T N E S S E T H :

Sellers agree to sell to Purchasers and Purchasers agree to purchase from Sellers for the price and on the terms and conditions set forth below that certain real property, and all improvements thereon, situated in Klamath County, State of Oregon, described as follows:

See attached Exhibit "A" and by this reference incorporated herein as if fully set forth herein.

The interest of Purchasers hereunder shall be held as tenants by the entirety.

PURCHASE PRICE AND PAYMENT: Purchasers promise to pay as the total purchase price for the property the sum of One Hundred Thirty Thousand and no/100 Dollars (\$130,000.00). Such amount shall be paid as follows:

- (1) By assigning a recorded Contract of Sale of real property dated March 15, 1974, between Bonnie Jean Vowell, aka Jean Vowell, formerly Bonnie Jean McFall, as Seller, and Donald R. Manning and Lillian V. Manning, husband and wife, as Buyers, which Buyers herein assume and agree to pay according to the terms and provisions thereof. The present unpaid principal balance is \$54,536.15 with interest paid to January 1, 1977, which interest shall be calculated at a rate of 7 1/2% per annum to the date of assumption.
- (2) Payment of \$5,000.00 which has previously been paid as earnest money and the sum of \$25,000.00 which is paid upon the execution hereof.

- (3) The remaining balance of \$43,782.95 with interest at the rate of 7 1/2% per annum from May 30, 1977, payable in installments of not less than \$5,005.92, inclusive of interest, the first annual installment to be paid on the 30th day of May, 1978, and a further annual installment on the 30th day of May each year thereafter until the full balance of principal and interest are paid. Purchasers shall have the privilege of increasing any annual payment or prepaying the entire balance at any time, after May 30, 1980.

It is hereby agreed by and between the parties hereto that Sellers shall allow Purchasers to run ten (10) head of

It is hereby agreed by and between the parties hereto that Sellers shall allow Purchasers to run ten (10) head of horses on pasture during Purchasers' possession; provided, however, that Sellers shall maintain all fences, gates, corrals and the like up to and including September 1, 1977. It is further hereby agreed that Purchasers shall at all times during the term hereof farm, graze and irrigate the subject real property in a good and farmer-like manner. It is further hereby agreed that Purchasers shall maintain all fences, gates, corrals and the like in good condition on and after September 1, 1977.

**TAXES AND LIENS:** All taxes levied against the property for the current tax year shall be prorated between Sellers and Purchasers as of September 1, 1977. Purchasers agree to pay when due all taxes and assessments which are hereafter levied against the property, but may elect to pay assessments in accordance with any available installment method. If Purchasers object in good faith to the validity or amount of any such tax or assessment, Purchasers, at their sole expense, may contest the validity or amount of the tax or assessment. Purchasers shall otherwise keep the property free from all public, municipal and statutory liens which may be hereafter lawfully imposed upon the property.

The property is classified as Farm Use Land. Purchasers shall be responsible for any additional taxes or interest resulting from any disqualification of the property from such classification.

**POSSESSION:** The Purchasers shall be entitled to possession of the premises on September 1, 1977, and may retain such possession so long as they are not in default under the terms of this contract.

**MAINTENANCE AND INSURANCE:** Commencing with the possession date and thereafter at all times during the term of this contract, Purchasers shall with respect to the property do the following:

Purchasers shall take good and proper care of the subject real property, preventing the value of same from deteriorating through neglect and lack of care. Purchasers further covenant and agree that they will commit no waste nor utilize the property in such a manner as to constitute a nuisance, wrongful or unlawful use. Purchasers reserve the right to improve the subject real property in any manner they shall see fit without obtaining prior consent from the Sellers; PROVIDED, HOWEVER, that the improvements so made shall be and become part of the real property and shall belong to the Sellers subject to this contract.

Promptly comply with all laws, ordinances, regulations, directions, rules and requirements of all governmental authorities applicable to the use or occupancy of the property, and in this connection promptly make all required repairs, alterations and additions.

**REPRESENTATION:** Purchasers certify that this 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 Sellers or any agent of Sellers; 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:** Sellers covenant with Purchasers as follows: Except as expressly provided herein to the contrary, Sellers are the sole owners of said properties and seized in fee simple of the above described real property; that Sellers' title to the same is marketable; that Sellers have 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 Sellers will warrant and defend the same against all lawful claims and demands whatsoever, except as stated herein.

**TITLE INSURANCE:** Sellers shall furnish at Sellers' expense a Purchasers' title insurance policy in the amount of \$130,000.00 within 10 days from the date of closing, insuring Purchasers against loss or damage sustained by Purchasers by reason of the unmarketability of Sellers' title, or liens or encumbrances thereon, excepting matters contained in the usual printed exceptions in such title insurance policies.

**DEED:** Upon payment of the total purchase price for the property as provided herein, and performance by Purchasers of all other terms, conditions and provisions hereof, Sellers shall forthwith deliver to Purchasers a good and sufficient warranty deed conveying the property free and clear of all liens and encumbrances, excepting those placed upon the property or suffered by Purchasers subsequent to the date of this contract.

**DEFAULT:** It is understood and agreed between the parties that time is of the essence of this contract and in case the Purchasers fail to make the payments above required, or any of them, punctually within thirty (30) days of the time limited therefor, or fail to keep any agreement herein contained, then the Sellers at their option shall have the following rights:

- A. To declare this contract null and void;
- B. To declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable; and/or
- C. To foreclose this contract by suit in equity; and in any of such cases, all rights and interest created or then existing in favor of the Purchasers as against the Sellers

hereunder shall utterly cease and determine and the right of possession of the premises above described and all other rights acquired by the Purchasers hereunder shall revert to and revest in the Sellers without any act of re-entry, or any other act of Sellers to be performed and without any right of the Purchasers of return, reclamation or compensation for monies paid on account of the purchase price as absolutely, fully and perfectly as if this contract and such payments had never been made; and in case of such default, all payments theretofore made on this contract are to be retained by and belong to the Sellers as the agreed and reasonable rent of said property up to the time of such default. The Sellers in case of such default shall have the right immediately or at any time thereafter, to enter upon the land aforesaid and take immediate possession thereof, together with all of the improvements and appurtenances thereon or thereto belonging.

Sellers shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the property exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by Sellers shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the property the receiver may:

A. Use, operate, manage, control and conduct business on the property and make expenditures for all maintenance and improvements as in its judgment are proper;

B. Collect all rents, revenues, income, issues and profits from the property and apply such sums to the expenses of use, operation and management;

C. At Sellers' option, complete any construction in progress on the property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Sellers deem appropriate.

If the revenues produced by the property are insufficient to pay expenses, the receiver may borrow, from Sellers or otherwise, such sums as it deems necessary for the purposes stated in this paragraph, and repayment of such sums shall be secured by this contract. The amounts borrowed or advanced shall bear interest at the same rate as the balance of the purchase price hereunder from the date of expenditure until repaid and shall be payable by Purchasers on demand.

Purchasers accept the land, buildings, improvements and all other aspects of the property in their present condition, AS IS, including latent defects, without any representations or warranties, expressed or implied, unless they are in writing signed by Sellers. Purchasers agree that they have ascertained, from sources other than Sellers, the applicable zoning, building, housing and other regulatory ordinances and laws and that they accept the property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the property, and Sellers have made no representations with respect thereto.

NOTICE: Any notice under this contract shall be in writing and shall be effective when actually delivered or when deposited in the mail, registered or certified, addressed to the parties at the addresses stated in this contract or such

other addresses as either party may designate by written notice to the other.

WAIVER: Failure of Sellers at any time to require performance of any provision of this contract shall not limit the right of Sellers to enforce the provision, nor shall any waiver by Sellers of any breach of any provision be a waiver of any succeeding breach of that provision or a waiver of that provision itself or any other provisions.

COSTS AND ATTORNEY'S FEES: In the event suit or action is instituted to enforce any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorney's fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

SUCCESSOR INTERESTS: This contract shall be binding upon and inure to the benefit of the parties, their successors and assigns.

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 written and oral agreements heretofore made or existing by and between the parties or their representatives insofar as the property is concerned.

ESCROW ARRANGEMENTS: As soon as practicable following the execution of this contract, TransAmerica Title Insurance Company shall deliver in escrow to First Federal Savings and Loan Association, 540 Main Street, Klamath Falls, Oregon, the following:

- (a) An original recorded and executed Contract of Sale.
- (b) An unrecorded Warranty Deed to the property free and clear of any and all encumbrances, except as hereinabove set forth.
- (c) Such escrow instructions as shall meet with the approval of the above named escrow agent.

The parties hereby instruct said escrow agent to receive for Sellers' 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 herein, including interest, have been fully and completely paid by Purchasers.

PARAGRAPH HEADINGS: Paragraph headings in this contract are inserted for convenience only and are not to be construed as restricting the meaning of the paragraphs to which they refer.

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 Sellers, upon demand, after proof of written notice to Purchasers, all of the documents specified in the preceding paragraphs, thereby terminating the escrow.



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

Donald R. Manning  
Donald R. Manning

Lillian V. Manning  
Lillian V. Manning

SELLERS

Robert M. Webb  
Robert M. Webb

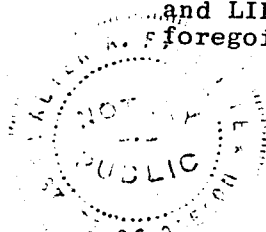
Joyce U. Webb  
Joyce U. Webb

PURCHASERS

STATE OF OREGON )  
County of Klamath ) ss.

May 30, 1977.

Personally appeared the above named DONALD R. MANNING and LILLIAN V. MANNING, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



Before me:

Walter A. Limestone  
Notary Public for Oregon  
My Commission Expires: Sept 29, 1978

STATE OF ~~CALIFORNIA~~ <sup>OREGON</sup> )  
County of KLAMATH ) ss.

May 27, 1977.

Personally appeared the above named ROBERT M. WEBB and JOYCE U. WEBB, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

Linda G. Chandler  
LINDA G. CHANDLER  
Notary Public for Oregon  
My commission expires 5-12-81

Notary Public for California ~~OREGON~~  
My Commission Expires:

PARCEL 1

A tract of land in Township 39 South, Range 12 East of the Willamette Meridian:

Section 32: SW $\frac{1}{4}$  NE $\frac{1}{4}$ , that portion of the SE $\frac{1}{4}$  NW $\frac{1}{4}$  and N $\frac{1}{4}$  SE $\frac{1}{4}$  lying North and East of the Lost River. EXCEPTING THEREFROM an irrigation lateral across the NE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 32 conveyed to the United States of America by deed recorded February 8, 1926 in Book 69 at page 273.

Section 33: That portion of the SW $\frac{1}{4}$  lying North of Lost River. EXCEPTING THEREFROM the East 20 feet of the NE $\frac{1}{4}$  SW $\frac{1}{4}$  and the North 20 feet of the East 20 feet of the SE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 33, Twp 39 S., R 12 EWM.

PARCEL 2

A tract of land in Township 39 South, Range 12 East of the Willamette Meridian:

Section 32: That portion of the SE $\frac{1}{4}$  SE $\frac{1}{4}$  lying Northeast of Lost River.

PARCEL 3

A tract of land in Township 39 South, Range 12 East of the Willamette Meridian:

Section 33: The West 22 feet of that portion of the SW $\frac{1}{4}$  NE $\frac{1}{4}$  lying South of the East Langell Valley Road.

Subject, however, to the following:

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

2. An easement created by instrument, including the terms and provisions thereof,

Dated : May 31, 1927  
Recorded : August 6, 1927 Book: 76 Page: 249  
In favor of : United States of America  
For : Drainage of river and 50 foot easement along the Northerly and Easterly bank of Lost River, and also Deed recorded July 2, 1927 in Book 76 at page 24.

(NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 32, Twp 39 S., R 12 EWM.)

3. An easement created by instrument, including the terms and provisions thereof,

Dated : March 14, 1949  
Recorded : July 29, 1950 Book: 240 Page: 570  
In favor of : United States of America  
For : Lost River Channel Improvement. Also by Deed dated October 20, 1948, recorded November 17, 1950 in Book 243 at page 386, Deed Records.

(160 feet North and 60 feet South of Lost River, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 32; S $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 33, Twp 39 S. R 12 EWM.)

4. An easement created by instrument, including the terms and provisions thereof,

Dated : July 31, 1951  
Recorded : August 6, 1951 Book: 249 Page: 5  
In favor of : The California Oregon Power Company  
For : Electric facilities.

(SW $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 33, Twp 39 S., R 12 EWM.)

5. Lease, including the terms and provisions thereof, dated June 22, 1973, recorded August 17, 1973 in Book M-73 at page 11151, Microfilm Records, between Bonnie Jean Vowell and Dowdle Oil Co. (Affects Parcel 1 and in Book M-73 at page 11133, Microfilm Records. (Affects Parcel 3)

6. 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.

STATE OF OREGON; COUNTY OF KLAMATH; ss. .

I hereby certify that the within instrument was received and filed for record on the 20th day of June A.D., 1977 at 10:54 o'clock A M., and duly recorded in Vol M77 of DEEDS on Page 10780

FEE \$21.00

WM. D. MILNE, County Clerk

By Hazel Dragan Deputy

*Ret Trans*  
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