

CONTRACT OF SALE

THIS CONTRACT, Made this 30 day of October, 1977, between
F. V. SURROZ, SR., hereinafter called the seller, and F. V. SURROZ,
JR., hereinafter called the buyer,

WITNESSETH: That in consideration of the mutual covenants
and agreements herein contained, the seller agrees to sell unto the
buyer and the buyer agrees to purchase from the seller all of the
following described lands and premises in Klamath County, State of
Oregon, to-wit:

Lots 6, 7, 8, 9 and 10 in Block 93, KLAMATH
ADDITION to the City of Klamath Falls, Oregon,

for the sum of One Hundred Sixty Thousand and No/100 (\$160,000.00)
Dollars (hereinafter called the purchase price; the buyer agrees to
pay said purchase price to the order of the seller in monthly
payments of Two Thousand and No/100 (\$2,000.00) Dollars each payable
on the 1st day of each month hereafter beginning with the month of
November, 1977, and continuing until said purchase price is fully
paid, with interest at the rate of seven (7%) per cent per annum,
interest to be paid monthly commencing November 1, 1977, and is
included in the monthly payments above required. Taxes on said
premises for the current year shall be pro-rated between the parties
hereto as of the date of this contract. This contract may not be
pre-paid at any time.

The buyer warrants to and covenants with the seller that the
real property described in this contract is for business or commercial
purposes other than agricultural purposes.

The buyer shall be entitled to possession of said lands on
November 1, 1977, and may retain such possession so long as he is
not in default under the terms of this contract. The buyer agrees
that at all times he will keep the buildings on said premises, now
or hereafter erected in good condition and repair and will not suffer
or permit any waste or strip hereof; that he will keep said premises
free from mechanic's and all other liens and save the seller harmless
therefrom and reimburse seller for all costs and attorney's fees
incurred by him in defending against any such liens; that he will pay
all taxes hereafter levied against said property, as well as all
water rents, public charges and municipal liens which hereafter
lawfully may be imposed upon said premises, all promptly before the
same or any part thereof become past due; that at buyer's expense,
he 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 full market value in a company
or companies satisfactory to the seller, with loss payable first to
the seller and then to the buyer as their respective interests may
appear. Now if the buyer shall fail to pay any such liens, costs,
water rents, taxes, or charges or to procure and pay for such
insurance, the seller may do so and any payment so made shall be
added to and become a part of the debt secured by this contract and
shall bear interest at the rate aforesaid, without waiver, however,
of any right arising to the seller for buyer's breach of contract.

The seller agrees that at his expense and within three hundred
sixty-five (365) days from the date hereof, he will furnish unto
buyer a title insurance policy insuring (in an amount equal to said

purchase price) marketable title in and to said premises in the seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any. Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, he will deliver a good and sufficient deed conveying said premises in fee simple unto the buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall 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 seller at his option shall have the following rights: (1) to declare the whole, unpaid principal balance of said purchase price with the interest thereon at once due and payable and/or (2) 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 buyer as against the seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed and without any right of the buyer of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and perfectly as if this contract and such payments had never been made, except, however, buyer, or his assigns, shall have a period of ninety (90) days from the date of any such decree of foreclosure or from the date of any such retaking by the seller to redeem said property.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said seller of any breach of any provision be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

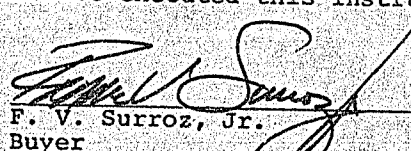
The true and actual consideration paid for this transfer, stated in terms of dollars, is One Hundred Sixty Thousand and No/100 (\$160,000.00) Dollars.

In case suit or action is instituted to foreclose this contract or to enforce any of the provisions hereof, the buyer agrees to pay such sum as the Court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and if an appeal is taken from any judgment or decree of the trial court, the buyer further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal.

IN WITNESS WHEREOF, said parties have executed this instrument on the date above written.


F. V. Surroz, Sr.

Seller


F. V. Surroz, Jr.

Buyer

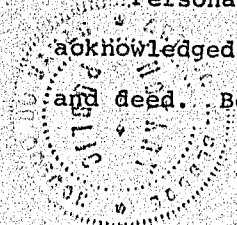
21047

STATE OF OREGON)
COUNTY OF Klamath)

ss:

October 30, 1977

Personally appeared the above named F. V. Surroz, Sr. and
acknowledged the foregoing instrument to be his voluntary act
and deed. Before me.

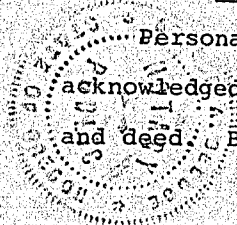


Arthur A. Beddoe
Notary Public for OREGON
My Commission Expires: 3/13/81

STATE OF OREGON)
COUNTY OF Klamath)

ss:

Personally appeared the above named F. V. Surroz, Jr. and
acknowledged the foregoing instrument to be his voluntary act
and deed. Before me.



Arthur A. Beddoe
Notary Public for OREGON
My Commission Expires: 3/13/81

Seller's Name and Address:

F. V. Surroz, Sr.
34483 Road 140
Visalia, CA. 93277

STATE OF OREGON,)
ounty of Klamath)
Filed for record at request of

Buyer's Name and Address:

F. V. Surroz, Jr.
424 South 6th Street
Klamath Falls, OR. 97601

on this 2nd day of November A.D. 19 77
at 2:28 o'clock P M, and duly
recorded in Vol. M77 of Deeds
page 21045

Wm D. MILNE, County Clerk

By Bernice A. Petch DeputyFee \$9.00

After Recording Return to:

BEDDOE & HAMILTON
296 Main Street
Klamath Falls, OR. 97601

Until a Change is Requested all Tax
Statements Shall be Sent to:

F. V. Surroz, Jr.
424 South 6th Street
Klamath Falls, OR. 97601

ck
900