

THIS CONTRACT OF SALE Made this 17th day of March, 1978,
between M. J. LOOSLEY, hereinafter called "Vendor", and HENRY J. O'KEEFE,
hereinafter called "Purchaser";

W I T N E S S E T H:

Vendor agrees to sell to Purchaser and Purchaser hereby agrees to
buy from Vendor, at the price and on the terms, covenants, conditions
and provisions hereinafter contained, all of the following described
property situate in County of Klamath, State of Oregon, more particularly
described as follows:

Township 41 South, Range 12, E. W. M.:

Section 15: Lots 3 and 6 saving and excepting East
20' thereof;

Section 22: Lot 2, saving and excepting North 20'
thereof;

All according to the official plat thereof on file
in the office of the Klamath County Clerk.

SUBJECT TO: Acreage and use limitations under provisions
of the United States Statutes and regulations issued
thereunder; all contracts and agreements with the United
States of America and the Klamath Irrigation District
relative to irrigation and/or drainage and any existing
rights of way for ditches or canals and laterals heretofore
conveyed or used in connection therewith; and easements
and rights of way of record and apparent thereon.

1. Purchase Price and Terms of Payment: The purchase price of the
property, which Purchaser agrees to pay, is the sum of \$75,000.00. The
\$75,000.00 purchase price represents the aggregate of \$30,000.00 for
improvements and \$45,000.00 for land. The \$75,000.00 purchase price is
payable as follows:

a. Down Payment: \$21,750.00 down payment, receipt of which is
hereby acknowledged.

b. Deferred Balance: \$53,250.00 deferred balance payable in annual
installments as follows:

\$21,750, plus interest, on March 30, 1979;
\$21,750, plus interest, on March 30, 1980; and
\$ 9,750, plus interest, on March 30, 1981.

c. Rate of Interest: The rate of interest is fixed at 6.5% per
annum simple interest on declining balances. Interest commences
on the date hereof.

2. 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.

3. Prepayment: From and after January 1, 1979, 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. No partial
payment, increased installment or payment for a partial conveyance by
reason of the eminent domain provisions of this Contract, shall be credited
in lieu of any regular future installment, nor excuse Purchaser from
making the regular installments specified in this Contract.

4. Special Assessment as Farm Use: To the extent that the real property described herein is made subject to special assessment by Klamath County as farm use, Purchaser agrees to perform and pay any terms and conditions of such special assessment as farm use.

5. 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, pumping stations, pumping motors, pumping engines, reservoir, nonportable pipes and flumes or other nonportable equipment now used for the production of water thereon or for the irrigation or drainage thereof, and the reversions, remainders, rents, issues and profits thereof, together with all the rights of the use of water for irrigating said premises and for domestic use thereon to which Vendor is now entitled, or which are now used on said premises, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles, the Vendor to water for irrigating or domestic purposes upon said real property. The Vendor's lien created by this Contract shall and does hereby include the real property above described, together with all and singular, the tenements, hereditaments, rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining, and all improvements now or hereafter thereon, including, but not limited to, stationary pumps, pumping stations, pumping motors, pumping engines, reservoirs, nonportable pipes and flumes or other nonportable equipment now or hereafter used for the production of water thereon for the irrigation or drainage thereof, and the reversions, remainders, rents, issues and profits thereof, and together with all the rights to use of water for irrigating said premises and for domestic use thereon to which said real property is now or may hereafter become entitled, or which now are or may hereafter be used on said premises, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles the legal or equitable owner thereof to water for irrigating or domestic purposes upon said real property. In addition, Purchaser hereby agrees that the lien created by this Contract is superior to any and all rights to Purchaser under and by virtue of any homestead, stay or exemption laws now in force or which may hereafter become law.

6. Escrow of Contract and Related Documents: Vendor will, upon execution hereof, make and execute in favor of Purchaser, a good and sufficient Warranty Deed conveying said real property to Purchaser free and clear of all encumbrances except the exceptions above set forth. Vendor will, within a reasonable time after the execution hereof, place said Deed and the original of this Contract in escrow with Merrill Branch of First National Bank of Oregon (herein called "Escrow Holder") with instructions to said Escrow Holder to, when and if the Purchaser shall have paid the balances of the purchase money and interest as above specified and shall have complied with all other terms and conditions of this Contract, deliver the same to Purchaser subject to the printed conditions and provisions of the standard form of escrow instructions provided by said Escrow Holder.

7. Title Insurance: Vendor shall furnish, at his own expense, a Purchaser's Title Insurance Policy issued by Klamath County Title Company under its Order No. A-28939 insuring Purchaser's title in the above described real property in the amount of \$75,000.00, subject to the conditions and exceptions contained in the title policy issued by said title insurance company.

8. Possession, Maintenance, Taxes, etc. Relating to Real Property: Purchaser shall be entitled to possession of the above described real property upon the date this Contract is recorded. Purchaser shall remain in possession so long as Purchaser is not in default hereunder. Purchaser shall and hereby agrees to keep said real property in a clean, sanitary,

1 slightly and attractive condition; to commit no waste or otherwise damage
2 or injure said real property; to maintain said real property in accordance
3 with the law, ordinances and regulations of any constituted authority
4 applying to said real property and to make no unlawful use thereof; to pay
5 regularly and seasonably, and before the same shall become delinquent, all
6 taxes, assessments and charges of whatever nature (including additional
7 charges by reason of change of use) levied and assessed against said real
8 property and to pay and discharge all encumbrances thereafter placed thereon
9 by Purchaser; and to permit no lien or other encumbrances to be filed upon
10 or placed against either said real property or personal property without
11 the written consent of Vendor. It is further understood and agreed, for
12 the purposes of this provision, that if Purchaser fails to pay or discharge
13 any taxes, assessments, liens, encumbrances or charges, Vendor, at his
14 option and without waiver of default or breach of Purchaser, and without
15 being obliged to do so, may pay or discharge all or any part thereof, all
16 of which said sums so paid by Vendor shall become repayable by Purchaser,
17 together with interest at the rate of ten (10%) percent per annum, upon
18 demand, payment of which is part of the performance of this Contract by
19 Purchaser and a condition precedent to delivery of the warranty deed and
20 other documents by the Escrow Holder.

21
22 9. Insurance of Buildings and Improvements: Purchaser agrees to
23 keep the buildings and improvements now on or hereafter placed upon the
24 above described real property insured against loss by fire or other casualty
25 in an amount not less than maximum insurable value as determined by the
26 insurance carrier and shall obtain, at his own expense, said insurance
27 with an endorsement thereon providing for loss payable to Vendor and
28 Purchaser as their respective interests may appear, in the same manner and
29 form as is provided any secured party by such insurance carrier. The policy
30 or policies of insurance shall be delivered to Vendor or, in lieu thereof,
31 a certificate of such insurance may be provided by Purchaser and delivered
32 to Vendor. If a loss should occur for which insurance proceeds shall become
33 payable, the Purchaser may elect to either rebuild or repair the portion
34 of the building so destroyed, or apply the proceeds toward payment of the
35 then unpaid balance of the deferred balance. If the Purchaser elects to
36 rebuild, he shall sign such documents as may be required by Vendor to
37 guarantee the application of the insurance proceeds to the cost of such
38 rebuilding or repair.

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

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

12. Default of Purchaser: The following shall constitute a default of Purchaser:

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

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

13. Remedies: If Purchaser shall be in default as above provided, Vendor shall have the following cumulative rights:

a. Foreclosure: To foreclose this Contract by strict foreclosure in equity.

b. Acceleration: To declare the full unpaid balance of the purchase price immediately due and payable.

c. Specific Performance: To specifically enforce the terms of this Contract by suit in equity.

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

15. 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 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.

16. 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.

17. 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.

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

5
 6 19. No Waiver of any Provision: No waiver by Vendor of any breach
 7 of any covenant of this Contract shall be construed as a continuing
 8 waiver of any subsequent breach of such covenant, nor as a waiver of any
 9 breach of any other covenant, nor as a waiver of the covenant itself.

10
 11 20. Binding Effect: This Contract shall bind and inure to the
 12 benefit of, as the circumstances may require, the parties hereto and their
 13 respective successors, heirs, executors, administrators and assigns.

14
 15 21. Notice: Where notice in writing is required by either party to
 16 the other, such notice shall be deemed given when the same is deposited
 17 in the United States Postal Service as registered mail, addressed to the
 18 last address of the party to whom notice is to be given as shown on the
 19 records of the Escrow Holder.

20
 21 22. Construction of Contract: In construing this Contract, the
 22 following shall control:

23
 24 a. Prepared by Both Parties: This Contract shall be construed
 25 as though prepared by both parties and shall be governed by the
 26 laws of the State of Oregon.

27
 28 b. Singular, Plural and Gender: All words used herein in the
 29 singular number shall extend to and include the plural. All
 30 words used in the plural number shall extend to and include
 31 the singular. All words used in any gender shall extend to
 32 and include all genders.

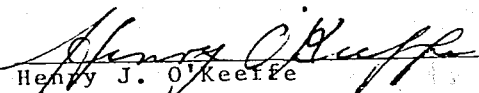
33
 34 c. Paragraph Headings for Convenience Only: Paragraph
 35 headings are for convenience only and shall not be used in
 36 construing the covenants, terms and provisions of this Contract.

37
 38 WITNESSETH the hands of the parties hereto as of the date first
 39 above set forth.

40
 41 VENDOR

PURCHASER

42
 43 
 44 M. J. Loosley

45 
 46 Henry J. O'Keefe

1 STATE OF OREGON)
2) ss.
3 COUNTY OF KLAMATH)
4)

5 On the 17 day of March, 1978, personally appeared the
6 above named M. J. LOOSLEY, and acknowledged the foregoing instrument to
7 be his voluntary act and deed.
8

Before me:

11 (SEAL)

Eda Gilbert
Notary Public for Oregon

My Commission expires: 6/1/81

19 STATE OF OREGON)
20) ss.
21 COUNTY OF KLAMATH)
22)

23 On the 17 day of March, 1978, personally appeared the
24 above named HENRY J. O'KEEFFE, and acknowledged the foregoing instrument
25 to be his voluntary act and deed.
26

Before me:

29 (SEAL)

Eda Gilbert
Notary Public for Oregon

My Commission expires: 6/1/81

STATE OF OREGON; COUNTY OF KLAMATH; ss.
and for record at request of Klamath County Title Co.
this 21st day of March A. D. 19 78 at 12:48 P.M., or
fully recorded in Vol. M78, of Deeds on Page 5370

Wm D. MILNE, County Clerk
By Dorothy B. Lebeck

Fee \$18.00

Return
Giacomini, Jones & Zamsky
635 Main
Klamath Falls, Oregon
97601

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