

A-29168

THIS CONTRACT OF SALE Made this 18 day of April, 1978,
 between RALPH L. COOK and VIRGINIA D. COOK, husband and wife, hereinafter
 called "Vendor", and SANTIAM FORD, INC., an Oregon Corporation, 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 the County of Klamath, State of Oregon, more particularly
 described as follows:

Real Property:

TOWNSHIP 39 SOUTH, RANGE 11 E.W.M.

Section 30: Lot 4

Section 31: Lots 4, 5, 6, 11, 12, 13, 14 and 15

Section 32: Lots 9 and 10

TOWNSHIP 40 SOUTH, RANGE 12 E.W.M.

Section 5: Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 6: Lots 1, 2, 3 and the S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$

TOWNSHIP 39 SOUTH, RANGE 11 $\frac{1}{2}$ E.W.M.

Section 25: Lots 6, 7, 8 and 9

Section 36: NE $\frac{1}{4}$ NE $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ SAVING AND EXCEPTING the
 following described land: Beginning at a point in the line marking
 the Western boundary of the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 36 Township 39 S.R.
 11 $\frac{1}{2}$ E.W.M., from which the quarter section corner at the Northwest
 corner of said NE $\frac{1}{4}$ of said Section 36 bears North 0°09' East
 1013.4 feet distant, and running thence South 0°09' West 1632.3
 feet, more or less, to the Southwest corner of the said W $\frac{1}{2}$ NE $\frac{1}{4}$ of
 said Section 36; thence East 1324.2 feet, more or less, to the
 Southeast corner of said W $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 36; thence North
 0°04' West along the Easterly boundary of said W $\frac{1}{2}$ NE $\frac{1}{4}$ of said
 Section 36, 530.5 feet; thence West 697.7 feet; thence North
 29°35' West 1269.5 feet, more or less, to the point of beginning,
 and containing 24.13 acres, more or less.

The Northerly 24.13 acres of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36 Township
 39 S.R. 11 $\frac{1}{2}$ E.W.M., described as follows: Beginning at a point in
 the line marking the Easterly boundary of said SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section
 36 Township 39 S.R. 11 $\frac{1}{2}$ E.W.M., from which the one-quarter corner
 on the East line of said Section 36 bears South 0°07' East 530.5
 feet distant and running thence West, parallel with the Southerly
 line of said SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, 1,323.7 feet, more or less, to
 a point in the Westerly boundary of said SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36;
 thence North 0°04' West along the said boundary line 793.6 feet,
 more or less, to the Northwest corner of said SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36;
 thence North 89°55' East along the North boundary of said SE $\frac{1}{4}$ NE $\frac{1}{4}$
 of Section 36, 1323 feet, more or less, to the Northeast corner
 thereof; thence South 0°07' East, along the East line of said
 SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, 793.9 feet, more or less, to the point of
 beginning.

SUBJECT TO:

A. Acreage and use limitations under provisions of United States
 Statutes and regulations issued thereunder.

B. All contracts, and/or agreements with the United States of
 America and Poe Valley Improvement District, relative to irrigation

1 and/or drainage and to any rights of way for ditches or canals
2 heretofore conveyed or in use in connection therewith.

3
4 C. Any unpaid charges or assessments of the Poe Valley Improvement
5 District.

6
7 D. Pumping Contract, including the terms and provisions thereof,
8 between the United States of America and Henry V. Holzhouser and
9 Irvin Holzhouser, dated October 8, 1934, recorded October 16, 1934,
10 in Deed Volume 103 page 599, records of Klamath County, Oregon.

11
12 E. Pumping Contract, including the terms and provisions thereof,
13 between the United States of America and Henry V. Holzhouser and
14 Lorenzo B. Holzhouser, dated May 17, 1939, recorded June 24, 1939,
15 in Deed Volume 123 page 39, records of Klamath County, Oregon.

16
17 F. Right of Way for transmission line, including the terms and
18 provisions thereof, given by H. V. Holzhouser and L. B. Holzhouser,
19 a single man, to The California Oregon Power Company, across Lots 7,
20 9 and 9 in Section 25 Township 39 S.R. 11½ E.W.M., by deed dated
21 February 21, 1941, recorded June 19, 1941 in Deed Volume 138 page
22 590, records of Klamath County, Oregon.

23
24 G. Reservations and restrictions contained in deed from H. V.
25 Holzhouser, a single man, also known as Henry Holzhyuser, to
26 L. E. Holzhouser and Edith Holzhouser, his wife, dated March 5,
27 1947, recorded March 6, 1947, in Deed Volume 203 page 187, records
28 of Klamath County, Oregon, as follows: "Each of the parties to
29 this transfer reserve the right to use a certain drain ditch lying
30 on the West boundary line of the above described land and on the
31 East boundary line of the land owned by the grantor."

32
33 H. Right of way for transmission line, including the terms and
34 provisions thereof, given by H. V. Holzhouser, a single man, to
35 The California Oregon Power Company, across SE¼SE¼ Sec. 25 Twp.
36 39 S. R. 11½ E.W.M., by deed dated April 9, 1948, recorded May 4,
37 1948, in Deed Volume 220 page 169, records of Klamath County,
38 Oregon.

39
40 I. Pumping agreement, including the terms and provisions, between
41 the United States of America and L. E. Holzhouser and Edith Holzhouser,
42 his wife, dated November 13, 1947, recorded May 10, 1948, in Deed
43 Volume 220 page 273, records of Klamath County, Oregon.

44
45 K. Mortgage, including the terms and provisions thereof, executed
46 by Melvin W. Hunter and Shirley Mae Hunter, husband and wife, to
47 the Federal Land Bank of Spokane, a corporation, dated September 23,
48 1955, recorded September 30, 1955, in Mortgage Volume 166, page 273,
49 records of Klamath County, Oregon, to secure the payment of \$31,500.00.

50
51 L. Contract of Sale, including the terms and provisions thereof,
52 by and between Melvin W. Hunter and Shirley Mae Hunter, husband and
53 wife, and Ralph L. Cook and Virginia D. Cook, husband and wife,
54 dated September 11, 1967, recorded September 18, 1967, in Deed
55 Volume M67 page 7275, records of Klamath County, Oregon.

56
57 M. Terms and conditions of special assessment by Klamath County,
58 Oregon, as farm use and the right of said Klamath County to
59 additional taxes in the event said use should be changed, which
60 obligations Purchaser assumes and agrees to pay and perform.

61
62 N. Easements and rights of way of record and apparent thereon.

63
64 Personal Property:

65
66 Irrigation pumps: One 30 HP; one 15 HP; one 20 HP; one 7½ HP

1 One squeeze chute

2 All feed bunks now on property

3 One 1966 Great Lakes mobile home Serial Number 6FB5510F3N3752

4 315 shares of stock of Federal Land Bank of Spokane

5 Said personal property is hereinafter called "Collateral".

6 1. Purchase Price: The purchase price of the property, which

7 Purchaser agrees to pay, is the sum of \$495,000.00 payable as follows:

8 a. Down Payment: \$200,040.26 consisting of the aggregate of

9 \$100,000.00 cash upon execution hereof, receipt of which is hereby

10 acknowledged, assumption, as hereinafter set forth, of the Federal

11 Land Bank of Spokane mortgage obligation balance of \$15,275.12,

12 and assumption, as hereinafter set forth, of contract between

13 Melvin W. Hunter and Shirley Mae Hunter, husband and wife, as Vendor

14 and Ralph L. Cook and Virginia D. Cook, husband and wife, as

15 Purchaser, balance of \$84,765.14.

16 b. Deferred Balance: \$294,959.74 deferred balance payable as

17 follows:

18 (1) March 1, 1979: \$45,000.00, including interest, on

19 March 1, 1979.

20 (2) Seven Equal Annual Installments: Seven (7) equal

21 annual installments of \$30,850.00 each, including interest,

22 the first such installment to be paid on the 10th day of April,

23 1980, and a like installment to be paid on the 10th day of

24 each April thereafter to and including the 10th day of April,

25 1987.

26 (3) Final Installment: The remaining balance of principal

27 and interest due on April 10, 1988 to be paid on April 10, 1988.

28 c. Interest: Interest is fixed at seven and one-half (7½%)

29 percent per annum simple interest on declining balances. Interest

30 commences on April 18, 1978.

31 2. Payments to Escrow Holder: All installments due Vendor from

32 Purchaser under this Contract shall be paid without demand to the Escrow

33 Holder hereinafter named. All such installments received shall be

34 applied first to interest accrued to the date of receipt and then applied

35 to reduce principal.

36 3. Prepayment: At any time after January 1, 1979, Purchaser may

37 increase any installment or prepay all or any part of the whole

38 consideration together with interest thereon to the date of any such

39 payment. No partial payment, increased installment or payment for a

40 partial conveyance by reason of the eminent domain provisions of this

41 contract shall be credited in lieu of any regular future installment,

42 nor excuse Purchaser from making the regular installments specified in

43 this Contract.

44 4. Assumption of Mortgage: The above described real property is

45 subject to a mortgage lien recorded in Volume 166, page 273, Mortgage

46 Records of Klamath County, Oregon, securing a debt in the original

47 principal sum of \$31,500.00, plus interest at the rate of four (4%) percent

48 per annum and such future advances or additional obligations provided

49 for therein, wherein Melvin W. Hunter and Shirley Mae Hunter, husband and

50 wife, are Mortgagor and The Federal Land Bank of Spokane, a corporation,

51 is Mortgagee. Vendor has assumed the said mortgage debt and has reduced

52 the same to \$15,275.12 after credit for 315 shares of stock of The Federal

53 CONTRACT OF SALE

1 Land Bank of Spokane. (The total balance before credit for said stock is
2 \$16,850.12 and the value of the stock of \$1,575.00, which will be a credit
3 upon pay off, for which Purchaser is to pay Vendor, is reflected in the
4 above set forth deferred balance.) Interest has been paid to December 1,
5 1977. Purchaser assumes said mortgage lien and obligation. Purchaser,
6 therefore, covenants and agrees with Vendor, with regard to said mortgage
7 lien, to:

8
9
10 a. Pay and perform the terms thereof as provided in said
11 mortgage and the obligation secured thereby and to satisfy in full
12 said mortgage obligation according to the terms thereof. This
13 covenant shall include, but not be limited to, payment by Purchaser
14 of any prepayment penalties imposed by The Federal Land Bank of
15 Spokane.

16
17 b. Not to increase the amount of the mortgage lien by incurring
18 any further indebtedness.

19
20 c. To hold Vendor harmless from and indemnify Vendor against
21 any and all liability, loss or damage Vendor might otherwise suffer
22 by reason of said mortgage lien, including, but not limited to,
23 claims, costs, demands, attorney fees or judgments, and to defend
24 Vendor from any claims brought or suits or actions filed against
25 Purchaser by reason of the aforesaid mortgage.

26 If Purchaser neglects or fails to pay the sums due or to become due under
27 the note secured by said mortgage, or fails to perform any of the terms,
28 covenants and conditions of said mortgage, or Purchaser's covenants
29 contained in this portion of this Contract, and said failure is not
30 occasioned by reason of any default on the part of Vendor, Purchaser
31 agrees to pay to Vendor all sums paid or incurred by Vendor in protecting
32 Vendor's lien secured by this Contract, including, but not limited to,
33 costs, charges and expenses, including costs of evidence of title or
34 validity of Vendor's interest in said real property, and reasonable
35 attorney fees, with or without trial, and if trial, both at trial or on
36 appeal, incurred by Vendor; which sums shall bear interest at the rate of
37 ten (10%) percent per annum from the date of demand therefor. If
38 Purchaser fails to pay Vendor the sums due Vendor under this provision
39 of this Contract within ninety (90) days from date of demand therefor,
40 Vendor shall be entitled to either instruct the Escrow Holder herein named
41 or to withhold delivery of the deed placed in escrow as provided herein
42 sums due Vendor under this provision of this Contract or to pursue such
43 other remedies as may be allowed by law or by equity under the premises.

44
45
46 5. Assumption of Contract: The above described real property is
47 subject to a contract lien recorded in Volume M67, page 7275, Records
48 of Klamath County, Oregon, securing a debt in the original principal sum
49 of \$195,000.00, plus interest at the rate of five and one-half (5.5%)
50 percent per annum, wherein Melvin W. Hunter and Shirley Mae Hunter,
51 husband and wife, are Vendor and Ralph L. Cook and Virginia D. Cook,
52 husband and wife, are Purchaser. Vendor has reduced the same to
53 \$84,765.14 with interest paid to October 1, 1977. Purchaser assumes said
54 Contract lien obligation. Purchaser, therefore, covenants and agrees
55 with Vendor, with regard to said contract lien, to:

56
57
58 a. Pay and perform the terms thereof as provided in said
59 contract and the obligation secured thereby and to satisfy in full
60 said contract obligation according to the terms thereof.

61
62 b. Not to increase the amount of the contract lien by
63 incurring any further indebtedness.

64
65 c. To hold Vendor harmless from and indemnify Vendor against
66 any and all liability loss or damage Vendor might otherwise suffer by
67 reason of said contract lien, including, but not limited to, claims,
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costs, demands, attorney fees or judgments, and to defend Vendor from any claims brought or suits or actions filed against Vendor by reason of the aforesaid contract.

If Purchaser neglects or fails to pay the sums due or to become due under the contract, or fails to perform any of the terms, covenants and conditions of said Contract or its covenants contained in this portion of this Contract, and said failure is not occasioned by reason of any default on the part of Vendor, Purchaser agrees to pay to Vendor all sums paid or incurred by Vendor in protecting Vendor's lien secured by this Contract, including, but not limited to costs, charges and expenses, including costs of evidence of title or validity of Vendor'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 Vendor; which sums shall bear interest at the rate of ten (10%) percent per annum from the date of demand therefor. If Purchaser fails to pay Vendor the sums due Vendor under this provision of this Contract within ninety (90) days from date of demand therefor, Vendor shall be entitled to either instruct the escrow holder herein named to withhold delivery of the deed placed in escrow as provided herein 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.

6. Possession: Purchaser shall be entitled to possession of the above described real property on the date hereof, subject to the reservation by Vendor of possession of the dwelling house until 30 days after this Contract is recorded, whereupon Vendor shall vacate the same and leave it in the same condition as it now is, reasonable wear and tear and damage by causes beyond vendor's control alone excepted. Vendor shall not be obligated to pay Purchaser for the use of said dwelling house. Vendor shall occupy the dwelling house at his risk with regard to any injury that may be caused to Vendor, Vendor's family, employees, or invitees.

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, pumping stations, pumping motors, pumping engines, reservoirs, 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 Vendor's lien is superior to any and all rights of Purchaser under and by virtue of any homestead, stay or

1 exemption laws now in force, or which may hereafter become laws.

2
3 8. Contract as Security Agreement for Personal Property: With
4 reference to the "Collateral" hereby sold by Vendor to Purchaser, this
5 Contract constitutes a security agreement for such Collateral and the
6 security interest of Vendor in such Collateral is hereby declared to
7 be that provided for by the Uniform Commercial Code of the State of Oregon
8 and upon the terms, covenants and conditions set forth in this Contract
9 and the following special provisions relating to said Collateral:

10
11 a. Vendor's Rights and Obligations with Respect to Collateral:
12 Vendor shall have the following rights with respect to Collateral:

13 (1) Right to Income, Proceeds, or Substitutions: Vendor
14 shall be entitled to receive and add to the Collateral any
15 increase from the Collateral, the proceeds of any insurance
16 on the Collateral, and any other property given in exchange for
17 property included in the Collateral.

18 (2) Right to Apply Cash: Vendor may, at his option, apply
19 any cash which may be included in the Collateral or received
20 through liquidation, sale or retirement of, or as income from
21 the Collateral toward the satisfaction of the deferred balance
22 or such portion thereof as Vendor shall choose, whether matured
23 or not.

24 b. No Duty to Collect, Waiver of Presentment, etc.: Vendor
25 shall not be obliged to collect any amounts due or which may become
26 due on any of the Collateral; and Purchaser here waives presentment,
27 protest, demand or notice of nonpayment to Purchaser, or to any
28 maker, endorser, surety, guarantor or other person who is party to
29 the Collateral.

30 To perfect such security interest of Vendor in such Collateral, Purchaser
31 agrees to execute and cause to be filed, and continued, at the expense of
32 Purchaser, Uniform Commercial Code Financing Statements Forms UCC-1 and
33 UCC-2 with the Secretary of State of the State of Oregon and the County
34 Clerk of Klamath County, Oregon. Vendor shall execute and deliver to the
35 Escrow Holder hereinafter named two unfilled Uniform Commercial Code Forms
36 UCC-3, Termination of Financing Statements, for both the Secretary of State
37 of the State of Oregon and the County Clerk of Klamath County, Oregon.

38 9. Escrow of Contract and Related Documents: Vendor hereby warrants
39 that he has good and merchantable title to the property above described,
40 subject to the exceptions above set forth. Vendor will, upon execution
41 hereof, make and execute in favor of Purchaser, a good and sufficient
42 warranty deed conveying said premises free and clear, as of this date, of
43 all encumbrances, subject to the above set forth exceptions. Vendor will,
44 upon execution hereof, make and execute in favor of Purchaser a good and
45 sufficient bill of sale and/or other certificate of title conveying the
46 above described personal property free and clear, as of this date, of all
47 encumbrances, subject to the above set forth exceptions. Vendor will,
48 within a reasonable time after the execution hereof, place said deed, bill
49 of sale, and the recorded original of this Contract, together with any
50 other conveyances of title or security instruments required hereby, in
51 escrow at Klamath Falls Branch of United States National Bank of Oregon,
52 with instructions to said Escrow Holder that, when and if the Purchaser
53 shall have paid the balance of the purchase money and interest as above
54 specified and shall have complied with all other terms and conditions of
55 this Contract, to deliver the same to Purchaser subject to the usual
56 printed conditions and provisions of the standard form of escrow
57 instructions provided by said Escrow Holder.

58 10. Title Insurance: Vendor shall furnish, at his own expense, a
59 Purchaser's Title Insurance Policy issued by Klamath County Title Company
60 under its Order No. A 29168 insuring Purchaser's title in the above
61 described real property in the amount of \$495,000.00, subject to the above
62 CONTRACT OF SALE
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1 set forth exceptions and printed conditions and exceptions contained in
2 the usual form of title policy issued by said title insurance company.

3
4 11. Maintenance, Taxes, etc. Relating to Real Property: Purchaser
5 shall remain in possession so long as Purchaser is not in default hereunder.
6 Purchaser shall and hereby agrees to keep said real property and improvements
7 in good condition and repair at all times, reasonable wear and tear excepted;
8 to commit no waste or otherwise damage or injure said real property; to
9 maintain said real property in accordance with the laws and ordinances
10 and regulations of any constituted authority applying to said real
11 property and to make no unlawful use thereof; to pay regularly and
12 seasonably, and before the same shall become delinquent, all taxes,
13 assessments and charges of whatever nature (including additional charges
14 by reason of change of use) levied and assessed against said real property
15 and Collateral, and to pay and discharge all encumbrances thereafter
16 placed thereon by Purchaser; to permit no lien or other encumbrances
17 to be filed upon or placed against said real property, and Collateral
18 without the written consent of Vendor; to maintain said Collateral
19 in the same condition as the same now is, subject to ordinary wear
20 and tear and not to remove the same from the above described County and
21 State without the written consent of Vendor; and it is further understood
22 and agreed, for the purposes of this provision, that if Purchaser fails to
23 pay or discharge any taxes, assessments, liens, encumbrances or charges,
24 Vendor, at his option and without waiver of default or breach of Purchaser,
25 and without being obliged to do so, may pay or discharge all or any part
26 thereof, all of which said sums so paid by Vendor shall become repayable
27 by Purchaser, together with interest at the rate of ten (10%) percent per
28 annum, upon demand, payment of which is part of the performance of this
29 Contract by Purchaser and a condition precedent to delivery of the
30 warranty deed and other documents by the Escrow Holder.

31
32 12. Insurance of Buildings and Improvements: Pruchaser agrees to
33 keep the buildings and improvements not on or hereafter placed upon the
34 above described real property insured against loss by fire or other casualty
35 in an amount not less than maximum insurable value as determined by the
36 insurance carrier and shall obtain, at his own expense, an endorsement
37 thereon providing for loss payable to Vendor, The Federal Land Bank of
38 Spokane, Melvin W. Hunter, Shirley Mae Hunter, and Purchaser as their
39 respective interests may appear. A certificate of such insurance shall be
40 delivered to Vendor, The Federal Land Bank of Spokane, Melvin W. Hunter,
41 and Shirley Mae Hunter. If a loss should occur for which insurance proceeds
42 shall become payable, the Purchaser may (subject to the rights of The
43 Federal Land Bank of Spokane, Melvin W. Hunter, and Shirley Mae Hunter)
44 elect to either rebuild or repair the portion of the building so destroyed,
45 or apply the proceeds toward payment of the then unpaid balance of the
46 deferred balance. If the Purchaser elects to rebuild or repair, he shall
47 sign such documents as may be required by Vendor (and subject to the rights
48 of The Federal Land Bank of Spokane, Melvin W. Hunter, and Shirley Mae Hunter)
49 to guarantee the application of the insurance proceeds to the cost of such
50 rebuilding or repair. If Federal Land Bank of Spokane, Melvin W. Hunter, or
51 Shirley Mae Hunter should elect to require application of the insurance
52 proceeds toward payment of their prior security above described, Vendor
53 shall not give Purchaser credit toward payment of the sums secured by this
54 Contract.

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57 13. Insurance of Collateral: Purchaser agrees to keep the Collateral
58 above described insured against loss by fire in an amount not less than
59 maximum insurable value at Purchaser's own expense, with an endorsement
60 thereon providing for loss payable to Vendor and Purchaser, as their
61 respective interests may appear.

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63
64 14. Eminent Domain: In the event any governmental agency or entity
65 having the power of eminent domain acquires by eminent domain or by
66 negotiated sale in lieu of eminent domain all, or any portion, of the real
67 property described in this Contract, Vendor may require Purchaser to apply

1 all proceeds received by Purchaser from such acquisition (remaining after
2 payment by Purchaser of attorney fees, appraiser fees and related necessary
3 and reasonable costs in connection with securing said proceeds), which
4 proceeds are hereinafter called "net proceeds", toward the payment of the
5 sums secured by this Contract. Upon receipt of said net proceeds, Purchaser
6 shall notify Vendor of the amount of said net proceeds and Vendor shall,
7 within sixty (60) days after such notification, notify Purchaser in writing
8 if Vendor elects to have said net proceeds applied toward payment of the
9 sums secured by this Contract. If Vendor fails to so notify Purchaser of
10 such election, Vendor shall conclusively be deemed to have elected not to
11 require Purchaser to apply said net proceeds toward the sums secured by
12 this Contract. If Vendor elects to have said net proceeds applied toward
13 payment of the sums secured by this Contract the amount to be received
14 by Vendor shall not exceed the total of the principal plus accrued interest
15 to the date of receipt thereof by Vendor, and all such sums shall be paid
16 to the Escrow Holder named herein. Regardless of whether Vendor elects to
17 have said net proceeds applied to the sums secured by this Contract, Vendor
18 will join in any conveyance required by the governmental agency or entity
19 acquiring a portion or all of the real property described herein by
20 eminent domain, but Vendor shall not be required to partially convey more
21 property than that which is acquired by such governmental agency or entity.
22 Vendor shall not be obligated to participate in any negotiations with such
23 governmental agency or entity. Any notice or notices required to be given
24 by Purchaser to Vendor pursuant hereto shall be in writing and shall be
25 deemed given when the same is deposited in the United States Mail as
26 registered mail, postage prepaid, addressed to Vendor at the last address
27 of Vendor shown on the records of the Escrow Holder.

28
29 15. Sale of Property by Purchaser: If Purchaser shall sell Purchaser's
30 equity in the real property described herein and securing the unpaid
31 balance of this Contract, Purchaser shall notify Vendor of such sale in
32 writing, and Vendor shall have thirty (30) days from such notice to elect,
33 in writing, to require Purchaser to apply ninety (90%) percent of the net
34 proceeds from such sale toward payment of the deferred balance (both
35 principal and interest) secured by this Contract before Purchaser receives
36 and realizes any payment for his equity. The term "net proceeds" shall
37 include both proceeds received by Purchaser at the time of consumation of
38 such sale and any installments received thereafter less reasonable
39 commissions, title insurance, demands of prior lien holders, attorneys fees,
40 and escrow fees incurred in any such sale. Failure of Vendor to elect to
41 require application of such net proceeds as herein provided, shall constitute
42 a conclusive election not to require application of such net proceeds;
43 provided however, that any subsequent Purchaser shall be required to comply
44 with this provision and that an election not to require application of net
45 proceeds from any sale shall not be construed as constituting a waiver of this
46 provision as to any subsequent Purchaser. In addition, any such sale shall
47 personally obligate the subsequent Purchaser to Vendor without relieving
48 Purchaser of Purchaser's obligation to Vendor under this Contract.

49
50 16. Defense of Security: Vendor may appear in or defend any action
51 or proceeding at law, in equity or in bankruptcy affecting, in any way,
52 the security hereof and, in such event, Vendor shall be allowed and paid,
53 and Purchaser hereby agrees to pay, all costs, charges and expenses,
54 including costs of evidence of title or validity and priority of the
55 security and attorneys fees in a reasonable sum, incurred in any such
56 action or proceeding in which Vendor may appear, which shall bear interest
57 at ten (10%) percent from date of demand therefor. Failure of Purchaser
58 to pay Vendor for such costs, charges and expenses within thirty (30) days
59 from the date of demand therefor shall constitute a breach of this Contract.

60
61 17. Default of Purchaser: The following shall constitute a default
62 of Purchaser:

63
64 a. Failure to Make Payments: Failure of Purchaser to make
65 payments as herein provided and if said failure shall continue for
66 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 or all other sums so secured to 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.

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

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

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

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

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

b. Remedies Relating to Personal Property: With reference to the Collateral, Vendor may take one or more of the following steps, in addition to, and subject to, the provisions of the Oregon Uniform Commercial Code:

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

(2) Sell Collateral at Private Sale: At any time and without 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. 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 such party shown on the records of the Escrow Holder.

21. No Waiver: 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.

22. 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 Collateral and to take possession, management and control of the same during pendency of such foreclosure proceeding or until payment of the obligations hereby secured and apply said rents and profits to the payment of the amount due

1 hereunder, first deducting all proper charges and expenses attending the
2 execution of said receivership.

3
4 23. Title Reports, etc: Upon the commencement of any suit or action
5 to collect the indebtedness or disbursements secured hereby, or any part
6 thereof, or to enforce any provision of this Contract by specific performance,
7 foreclosure, or otherwise, there shall become due, and Purchaser agrees to
8 pay to Vendor, in addition to all statutory costs and disbursements, any
9 amount Vendor may incur or pay for any title report, title search, insurance
10 of title or other evidence of title subsequent to the date of this Contract
11 on any of the real property above described and this Contract shall be
12 security for the payment thereof.

13
14 24. Prevailing Party Attorney Fees: In the event any suit or action
15 is instituted by either party against the other relating to any provision
16 of this Contract the prevailing party, at trial or on appeal, shall be
17 entitled to such reasonable attorney fees as shall be fixed by the court
18 having jurisdiction of the case, in addition to statutory costs and
19 disbursements.

20
21 25. No Oral Modification Binding: This Contract contains the full
22 understanding of the parties with respect to the subject hereof and no
23 modification hereof shall be given effect unless the same be in writing
24 subscribed by the parties hereto or their successors in interest.

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

29
30 27. Construction of Contract: In construing this Contract, the
31 following shall control:

32
33 a. Prepared by Both Parties: This Contract shall be construed
34 as though prepared by both parties and shall be governed by the laws
35 of the State of Oregon.

36
37 b. Singular, Plural and Gender: All words used herein in the
38 singular number shall extend to and include the plural. All words
39 used in the plural number shall extend to and include the singular.
40 All words used in any gender shall extend to and include all genders.

41
42 c. Paragraph Headings for Convenience Only: Paragraph headings
43 are for convenience only and shall not be used in construing the
44 covenants, terms and provisions of this Contract.

45
46 WITNESSETH the hands of the parties hereto as of the date first above
47 set forth, the Corporate party pursuant to a resolution of its board of
48 directors.

49
50 VENDOR

PURCHASER

SANTIAM FORD, INC.

BY Clyde S. Comer
President

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Ralph L. Cook

Virginia D. Cook
Virginia D. Cook

BY Anthony M. Comer
Secretary

CORPORATE SEAL

The undersigned jointly and severally, unqualifiedly guarantee the
full and complete performance by SANTIAM FORD, INC., of each and every
CONTRACT OF SALE
Page -10-

Mail tax statements to: Santiam Ford, Inc.
Rt 2 Box 789
Klamath Falls, OR 97601

I obligation of Purchaser under the above contract and waive notice of demand
2 or presentment.

Dated April 18, 1978.

Clyde B. Carner
Clyde B. Carner

Audrey M. Carner
Audrey M. Carner

STATE OF OREGON

ss.

County of

On the 18 day of April, 1978, personally appeared RALPH L. COOK
and VIRGINIA D. COOK, husband and wife, and acknowledged the foregoing
instrument to be their voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon
My Commission Expires: 8-5-79

STATE OF OREGON

ss.

County of Klamath

On the 18 day of April, 1978, personally appeared

Clyde B. Carner and Audrey M. Carner
who, being duly sworn, each for himself and not one for the other did say
that the former is the President and the latter is the Secretary
of SANTIAM FORD, INC., a corporation, and that the seal affixed to the
foregoing instrument is the corporate seal of said corporation and that said
instrument was signed and sealed in behalf of said corporation by authority
of its board of directors; and each of them acknowledged said instrument
to be its voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon
My Commission expires: 8-5-79

STATE OF OREGON

ss.

County of Klamath

On the 18 day of April, 1978, personally appeared
CLYDE B. CARNER and AUDREY M. CARNER, husband and wife, and acknowledged
the foregoing instrument to be their voluntary act and deed.

RETURN TO Klamath County Title

Before me:

[Signature]
Notary Public for Oregon
My Commission Expires: 8-5-79

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 18th day of
April A.D., 19 78 at 12:15 o'clock P M., and duly recorded in Vol. 178
of Deeds on Page 7636.

FEE \$33.00

WM. D. MILNE, County Clerk
By Bernetha D. Selich Deputy