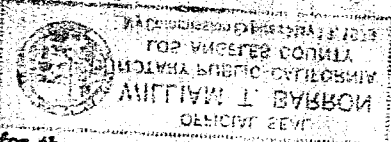


45288
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CONTRACT—REAL ESTATE
THIS CONTRACT, Made this 5th day of December, 1977, between James R. DeBaun, Trustee, under any Successor Trustee, under written Declaration of Trust dated September 7, 1972, and Daniel Bailey, 5851 Oak Knolls Rd., Simi, CA 93063, hereinafter called the seller,

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 situated in Klamath County, State of Oregon, to-wit: Southeast 1/4 Section 36 Twp 36 South Range 12 East Willamette Meridian. All subsurface rights excepting water are herewith reserved by Grantor and his Successors. Grantor grants to Grantee and his Successors the non-exclusive use in easements recorded in Vol M78 Pg 966 Klamath County Records, excepting therefrom the rights to draw and pump water. This conveyance is made subject to: Rights, rights of way, easements of record and those apparent on the land. Seller does not possess nor does he convey Oregon State Water Rights.

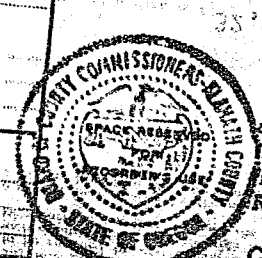


for the sum of Thirty-two Thousand Dollars (\$32,000.00) (hereinafter called the purchase price), on account of which Dollars (\$31,636.00) is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller), the buyer agrees to pay the remainder of said purchase price (to-wit: \$364.00) to the order of the seller in monthly payments of not less than Three Hundred Sixty-four Dollars (\$364.00) each, or more per month, including 9% per annum interest payable on the 15th day of each month hereafter beginning with the month of January, 1978, and continuing until said purchase price is fully paid. All of said purchase price may be paid at any time; all deferred balances of said purchase price shall bear interest at the rate of 9% per cent per annum from December 15, 1977, until paid, interest to be paid monthly and * (in addition to the minimum monthly payments above required. Taxes on said premises for the current tax year shall be prorated between the parties hereto as of the date of this contract.

The buyer warrants to and covenants with the seller that the real property described in this contract is (A) primarily for the buyer's personal, family, household or agricultural purposes, (B) for an organization or (even if buyer is a natural person) in for business or commercial purposes other than agricultural purposes. The buyer shall be entitled to possession of said lands on upon recording contract. The buyer agrees that at all times he will keep the building on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip therefrom; that he will keep said premises free from mechanic's liens and all other liens and shall pay all taxes hereafter levied against said premises, 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 \$ None 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 and all policies of insurance to be delivered to the seller as soon as insured. 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 60 days from the date hereof, he will turnish 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 free and clear of all liens and 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 to be assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.

IMPORTANT NOTICE: By listing out, wherever phrase and wherever necessary (A) or (B) is not applicable. If warranty (A) is applicable and if the seller is a seller, as such word is defined in the Truth-in-Lending Act and Regulation Z, the seller must comply with the Act and Regulation by making required disclosures for this purpose, use Statement Form No. 1200 or similar unless the contract will become a first lien to finance the purchase of a dwelling in which event use Statement Form No. 1207 as similar.

James R. DeBaun, Trustee
5851 Oak Knolls Road
Simi, CA 93063
Daniel Bailey
5851 Oak Knolls Road
Simi, CA 93063



STATE OF OREGON,
County of Klamath
I certify that the within instrument was received for record on the day of 1977, at o'clock M., and recorded in book on page or as file/reel number. Record of Deeds of said county. Witness my hand and seal of County attested.
By Recording Officer Deputy

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 20 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 this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw said deed and other documents from escrow and/or (4) to foreclose this contract by suit in equity, and in any of such cases, all rights and interests created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and the 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 money 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; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereunto belonging.

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 hereof 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 **\$32,000.00**. However, the actual consideration consists of or includes other property or value given or promised which is part of the whole consideration (indicate which).

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial 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 such trial court, the losing party 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 construing this contract, it is understood that the seller or the buyer may be more than one person or a corporation; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, without and to make the provisions hereof apply equally to corporations and to individuals.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate; if either of the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal affixed hereto by its officers duly authorized thereto by order of its board of directors.

[Signature]

[Signature]

NOTE—The symbols @, if not applicable, should be deleted. See O.S. 93.030.

STATE OF CALIFORNIA, County of Los Angeles

STATE OF OREGON, County of ss.

City of Los Angeles

Personally appeared

Personally appeared the above named

DANIEL BULLERY

 who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of

and acknowledged the foregoing instrument to be his voluntary act and deed.

 , 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.

(OFFICIAL SEAL)

WILLIAM T. BARRON

Notary Public for Oregon

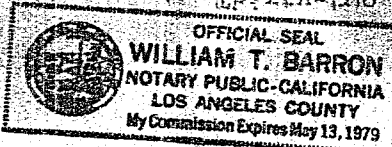
My commission expires

My commission expires

ORS 93.030 (1) All instruments contracting to convey real property, at a time more than 12 months from the date that the instrument is executed and the parties are bound, shall be acknowledged in the manner provided for acknowledgment of deeds, by the conveyer of the title to be conveyed, which acknowledgment shall be recorded by the conveyer not later than 15 days after the instrument is executed and the parties are bound thereby.

—(ORS 93.030(7)) Violation of ORS 93.030 is punishable upon conviction, by a fine of not more than \$100.

(DESCRIPTION CONTINUED)



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Record and those subscribed for record in the office of the County Clerk of said County of Klamath, Oregon, on the 28th day of March, A.D. 1978 at 10:17 clock A.M., on

Recorded in Vol. M78 of Deeds on Page 5801

STATE OF CALIFORNIA
COUNTY OF San Bernardino } ss.

INDEXED

Wm D. Milne County Clerk

On April 21, 1978

before me, the undersigned, a Notary Public in and for said State, personally appeared James R. De Baun

known to me to be the person(s) whose name(s) is subscribed to the within Instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.



[Signature]
(Notary Public's Signature)

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 24th day of April, A.D., 19 78 at 3:15 o'clock P. M., and duly recorded in Vol. M78 of Deeds on Page 7965.

FEE \$6.00

WM. D. MILNE, County Clerk

By Bernetha H. Hirsch

Deputy