THIS AGREEMENT, made and entered into this 24th day of January, 19 79, by and between THOMAS J. O'HARRA and RUTH M. O'HARRA, husband and wife, hereinafter called Seller, and PADDOCK REAL ESTATE COMPANY, an Oregon Corporation hereinafter called Buyer, (it being understood that the singular shall include the plural if there are two or more sellers and/or buyers):

WITNESSETH: Seller agrees to sell to the Buyer and the Buyer agrees to buy from the Seller, for the price and on the terms and conditions set forth hereafter all of the following described property and improvements situate in Klamath County, State of Oregon, to-wit: Lot 1, Block 3, FIRST ADDITION TO ALTAMONT ACRES, in the County of Klamath, State of Oregon.

SUBJECT TO: All future real property taxes and assessments; reservations, restrictions, easements and rights of way of record, and those apparent on the land; regulations, including levies, liens, and utility assessments of the City of Klamath Falls; regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals of Klamath Irrigation District; regulations, including levies, liens, assessments, rights of way and easements of the South Suburban Sanitary District.

The purchase price thereof shall be the sum of $ 82,500.00, payable as follows: $ 8,250.00 upon the execution hereof; the balance of $ 74,250.00 shall be paid in monthly installments of $ 850.00 including interest at the rate of 10 % per annum on the unpaid balances, the first such installment to be paid on the 5th day of February, 1979, and a further and like installment to be paid on or before the 5th day of every month thereafter until ~~the entire purchase price, including both principal and interest, is paid in full.~~ January 5, 1989 at which time the entire unpaid balance with interest to date of payment shall be due and payable.

It is mutually agreed as follows:

1. Interest as aforesaid shall commence from date hereof. Buyer shall be entitled to possession of the property as of the date hereof.

2. ~~After ////////////////// Buyer shall have the privilege of increasing any payment or prepaying the entire balance with interest due thereon to the date of payment.~~

3. Buyer shall pay promptly all indebtedness incurred by their acts which may become a lien or purported lien, upon said property, and shall regularly and before the same shall become delinquent, pay all taxes, including adjustment of same for any reason, assessments, liens, purported liens, and encumbrances of whatsoever kind affecting said property after this date, provided, all such taxes, assessments and charges for the current year shall be pro-rated as of the date hereof and in the event Buyer shall fail to so pay, when due, any such matters or amounts required by Buyer to be paid hereunder, or to procure and pay seasonably for insurance, Seller may pay any or all such amounts and any such payment shall be added to the purchase price of said property on the date such payments are made by Seller and such amount shall bear interest at the same rate as provided above, without waiver, however, of any right arising to Seller for Buyer's breach of contract, and, in such event or events, the escrow holder is hereby directed and authorized to so add such amounts to the contract balance upon being tendered a proper receipt therefor;

4. Buyer shall keep the buildings on said property insured against loss or damage by fire or other casualty in an amount not less than the insurable value thereof with loss payable to the parties hereto and the interests herein reflected, if any, all as their interests appear at the time of loss, all uninsured losses shall be borne by Buyer, on or after the date Buyer becomes entitled to possession;

5. Buyer agrees that all improvements now located or which shall hereafter be placed on the property shall remain a part of the real property and shall not be removed at any time prior to the expiration of this agreement without the written consent of Seller. Buyer shall not commit or suffer any waste of the property, or any improvements thereon, or alteration thereof, and shall maintain the property, improvements and alterations thereof, in good condition and repair, provided, Buyer shall not make or cause to be made any major improvement or alteration to the property without first obtaining the written consent of Seller;

6. Seller shall upon the execution hereof make and execute in favor of Buyer a good and sufficient deed conveying said property free and clear of all liens and encumbrances, except as herein provided, and which Buyer assumes, unless otherwise therein provided, and will place said deed, together with one of these agreements in escrow at United States National Bank of Oregon, Klamath Falls, Oregon, and shall enter into written escrow instructions in form satisfactory to said escrow holder and the parties hereto, instructing said escrow holder that when, and if, Buyer shall have paid the balance of the purchase price in accordance with the terms and conditions of this contract, said escrow holder shall deliver said deed to Buyer, but in case of default by Buyer said escrow holder shall, on demand, surrender said instruments to Seller;

7. Until a change is requested, all tax statements shall be sent to the following address:

Paddock Real Estate Company
2972 South Sixth Street
Klamath Falls, Oregon 97601

8. It is the essence of this agreement that BUYER shall not prepay or make any additional payments on account of the purchase price or interest prior to January 5, 1989, and failure of BUYER to abide by this covenant shall be deemed a breach and default of this agreement entitling SELLER to terminate said agreement and escrow.

9. BUYER acknowledges that said real property is subject to a lease and lease monies shall be pro-rated upon closing.

10. BUYER further agrees to so acquire said real property, consisting of a service station for dispensing petroleum products, subject to the present gasoline allottment and restrictions, if any, thereto pertaining, and shall purchase from SELLER's designee, namely, T.E. O'HARRA and/or O'CLAN OIL, all necessary petroleum products used and/or sold on said real property, subject to the foregoing, for a period of ten years from the date hereof as long as said real property is used for service station purposes; and, SELLER shall have the exclusive option to so renew this covenant for an additional five year period upon the expiration of said ten years.

11. It is understood that the following property is appurtenant to, and is included, in the above sale, namely:

(2) 4000 galan gas tanks (2) Bennet gas pumps
(2) Hydraulic hoists (2) Air compressors

ane, BUYER accepts all the above property in its present condition. SELLER does not in any way warrant same.

PROVIDED, FURTHER, that in case Buyer shall fail to make the payments aforesaid, or any of them, punctually and upon the strict terms and at the times above specified, or fail to keep any of the other terms or conditions of this agreement, time of payment and strict performance being declared to be the essence of this agreement, then Seller shall have the following rights: (1) To foreclose this contract by strict foreclosure in equity; (2) To declare the full unpaid balance immediately due and payable; (3) To specifically enforce the terms of this agreement by suit in equity; (4) To declare this contract null and void, and in any of such cases, except exercise of the right to specifically enforce this agreement by suit in equity, all the right and interest hereby created or then existing in favor of Buyer derived under this agreement shall utterly cease and determine, and the premises aforesaid shall revert and revest in Seller without any declaration of forfeiture or act of re-entry, and without any other act by Seller to be performed and without any right of Buyer of reclamation or compensation for money paid or for improvements made, as absolutely, fully and perfectly as if this agreement had never been made.

Should Buyer, while in default, permit the premises to become vacant, Seller may take possession of same for the purpose of protecting and preserving the property and his security interest herein, and in the event possession is so taken by Seller he shall not be deemed to have waived his right to exercise any of the foregoing rights.

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.

Buyer further agrees that failure by Seller at any time to require performance by Buyer of any provision hereof shall in no way affect Seller's right hereunder to enforce the same, nor shall any waiver by 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.

This agreement shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective heirs, executors, administrators, successors and assigns, subject to the foregoing.

Witness the hands of the parties the day and year first herein written.

PADDOCK REAL ESTATE COMPANY

By: Ralph A. Cox President

Thomas J. O'Harra (Seller) (Buyer)

By: Secretary

Ruth M. O'Harra

STATE OF OREGON, County of Klamath) ss. January 24, 1979

Personally appeared the above named THOMAS J. O'HARRA and RUTH M. O'HARRA, husband and wife,

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

Before me: Notary Public for Oregon

My Commission expires: 3-22-80

From the office of
PRENTISS K. PUCKETT, P.C.
Attorney at Law,
~~First Federal Bldg.~~ P.O. Box 15
~~Klamath Falls, Oregon~~ Merrill, Oregon
~~97601~~ 97633