

CONTRACT OF SALE of the real property described in the attached Exhibit "A" (herein called "Real Property"), subject to the exceptions to title set forth in said Exhibit "A", made, as of the last date set opposite the signatures of parties hereto, between I.V. SMIRNOV and IRENE SMIRNOV, husband and wife, and FRANK JAKUBOWSKI and DANNI JAKUBOWSKI, husband and wife (herein called "Seller"), and DONALD A. PISANO and JOYCE L. PISANO, husband and wife (herein called "Buyer"), whose address is 8347 Glencrest Drive, Sun Valley, California 91352.

1. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Real Property for the price and on the terms, covenants, conditions and provisions herein contained.

2. Buyer agrees to pay Seller the sum of \$50,000.00 for the Real Property as follows: \$5,000.00 down (which Seller has received) and \$45,000.00, plus interest on declining principal balances at the rate of 10% per annum, in monthly installments of not less than \$395.00 each, including interest. The first of such installments shall be paid on the 10th day of October, 1982, and subsequent such installments shall be paid on the 10th day of each month thereafter, until the entire purchase price, including principal and interest, is paid in full. Interest shall commence on September 11, 1982. All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal. Buyer may prepay all, or any part of, the principal or interest at any time.

3. Buyer further agrees to reimburse Seller, upon proof of payment by Seller, for annual taxes and assessments to be levied against the Real Property until such time as the existing encumbrance is paid, whereupon, at that time, all taxes and assessments levied against the Real Property are to be paid by Buyer. Buyer also agrees to keep the Real Property insured against loss by fire or other casualty in an amount not less than the maximum insurable value providing for loss payable to Seller and Buyer as their respective interests may appear.

4. All installments shall be paid, without demand, to South Valley State Bank, 5215 South 6th Street, Klamath Falls, Oregon 97601 (herein called "Escrow Holder").

5. Buyer does not assume the liens in favor of First National Bank of Oregon, Theodore J. Paddock, Ralph A. Crawford and Joan E. Crawford (herein referred to as "First National-Paddock-Crawford Liens"). Seller, therefore, covenants and agrees with Buyer, to hold Buyer harmless from, and indemnify Buyer against, any and all liability, loss, or damage Buyer might otherwise suffer by reason of said First National-Paddock-Crawford Liens. This covenant shall include (without limiting the generality of the foregoing) the following: to pay the debt secured by the First National-Paddock-Crawford Liens according to its terms, including payment in full of such debt contemporaneously with payment in full of the sums due Seller from Buyer under this Contract; not to increase the amount of the debt; to pay and/or discharge all claims, costs, attorney fees (both at trial and on appeal) or judgments arising out of or related to, the First National-Paddock-Crawford Liens; and to defend Buyer from any claims brought, or suits or actions filed, against Buyer by reason of the First National-Paddock-Crawford Liens. In addition to all remedies provided by law, or in equity, Buyer is hereby given the right of offset against the purchase price (principal and interest) all sums due Seller under this covenant, together with interest at the rate of 12% per annum from date Buyer makes any expenditure to which this covenant applies.

6. Buyer warrants and covenants that the Real Property is being purchased primarily for personal, household or agricultural purposes.

7. Possession of the Real Property shall be delivered on the date hereof.

8. The terms, covenants, conditions, and provisions set forth on the reverse hereof, and any exhibit attached hereto, is incorporated into this Contract as though fully set forth at the place in this Contract at which reference to them is made.

THIS DOCUMENT CONSTITUTES A BINDING CONTRACT. THE PARTIES HAVE READ BOTH SIDES AND ALL EXHIBITS.

DATE

9-17-82

9-17-82

9-17-82

9-17-82

9-13-82

9-13-82

SIGNATURE

Danni Jakubowski  
Seller

Frank J. Jakubowski  
Seller

[Signature]  
Seller

Donna G. Pisano  
Seller

Donald A. Pisano  
Buyer

Joyce L. Pisano  
Buyer

ACIST

## GENERAL TERMS, COVENANTS, CONDITIONS AND PROVISIONS

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1. Seller hereby warrants to Buyer that Seller has good and merchantable title to the real property described in this Contract, subject to the exceptions to title set forth in this Contract. Seller agrees that when the sums due Seller secured by this Contract have been fully paid, Seller shall, upon Buyer's request, deliver a good and sufficient warranty deed conveying said real property in fee simple unto Buyer, and Buyer's heirs and assigns, free and clear of encumbrances as of the date of the Contract, except those exceptions to title set forth in this Contract, and those exceptions to title permitted or created by Buyer. To the extent that this Contract designates an Escrow Holder, Seller will, upon execution of this Contract, execute the aforesaid warranty deed, and, within a reasonable time thereafter, place said warranty deed, together with an executed original of this Contract, in escrow with the designated Escrow Holder with instructions (subject to the usual printed conditions and provisions of the standard form of escrow instructions provided by said Escrow Holder) to said Escrow Holder that, when and if Buyer shall have paid the sums due Seller provided for in this Contract, to deliver said warranty deed to Buyer.

2. Buyer shall remain in possession of the real property so long as Buyer is not in default hereunder. Buyer shall and hereby agrees to keep the real property and improvements in good condition and repair at all times, reasonable wear and tear excepted; to commit no waste or otherwise damage or injure the real property; to maintain the real property in accordance with the laws and ordinances and regulations of any constituted authority applying to the real property and to make no unlawful use thereof; to pay regularly and seasonably, and before the same shall become delinquent, all taxes, assessments and charges of whatever nature levied and assessed against the real property and to pay and discharge all encumbrances thereafter placed thereon by Buyer; to permit no lien or other encumbrances to be filed upon or placed against the real property without the written consent of Seller; and it is further understood and agreed, for the purposes of this provision, that if Buyer fails to pay or discharge any taxes, assessments, liens, encumbrances or charges, Seller, at Seller's option and without waiver of default or breach of Buyer, and without being obliged to do so, may pay, or discharge all or any part thereof, all of which said sums so paid by Seller shall become repayable by Buyer, together with interest at the rate of twelve per cent (12%) per annum, upon demand, payment of which is part of the performance of this Contract by Buyer.

3. Buyer agrees to keep the building and improvements now on, or hereafter placed upon, the real property insured against loss by fire or other casualty in an amount not less than maximum insurable value as determined by the insurance carrier and shall obtain, at Buyer's expense, an endorsement thereon providing for loss payable to Seller, Buyer, and any third party shown in this Contract as having an encumbrance upon the real property as an exception to the title as their respective interests may appear. A certificate of such insurance shall be delivered to Seller and such third party. If a loss should occur for which insurance proceeds shall become payable, Buyer may (subject to the rights of said third party encumbrance holder) elect to either rebuild or repair the portion of the building so destroyed, or apply the proceeds toward payment of the then unpaid balance of the sums due Seller. If Buyer elects to rebuild or repair, Buyer shall sign such documents as may be required by Seller (subject to the rights of said third party encumbrance holder) to guarantee the application of the insurance proceeds to the cost of such rebuilding or repair.

4. Seller 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, Seller shall be allowed and paid, and Buyer 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 Seller may appear, which shall bear interest at twelve per cent (12%) from date of demand therefor. Failure of Buyer to pay Seller for such costs, charges and expenses within thirty (30) days from the date of demand therefor shall constitute a breach of this Contract.

5. The following shall constitute a default of Buyer:

a. Failure of Buyer to make payments as herein provided 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 Seller's right either to require prompt payment when due or to seek any remedy provided for herein.

b. Failure of Buyer 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.

6. If Buyer shall be in default as above provided, Seller shall have the following cumulative rights which Seller may, at Seller's election, exercise sequentially or contemporaneously:

a. To foreclose this Contract by strict foreclosure in equity;

b. To declare the full unpaid balance secured by this Contract immediately due and payable;

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

7. In the event any suit or action is commenced because of any default of Buyer, the following provisions shall apply:

a. The Court having jurisdiction of the case may, upon motion by Seller, appoint a receiver to collect the rents and profits arising out of the real property and to take possession, management and control of the same during pendency of suit or action 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 proper charges and expenses attending the execution of said receivership.

b. Buyer shall pay to Seller, in addition to all statutory costs and disbursements, any amount Seller 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 the real property above described and this Contract shall be security for the payment thereof.

c. 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.

8. This Contract creates a lien upon the real property in favor of Seller as security for the performance of all covenants of Buyer and remedies of Seller contained herein and Buyer agrees with Seller that said lien is superior to any and all rights of Buyer hereunder or by reason of any homestead, stay, or exemption laws now in force or which may hereafter become law.

9. Time is expressly made the essence of this Contract.

10. 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 certified mail, postage prepaid, and addressed to the address of such party set forth in the Contract.

11. No waiver by Seller 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.

12. All terms, covenants, conditions, and provisions contained in this Contract are severable and, in the event any of them shall be held to be invalid by any competent Court, this Contract shall be interpreted as though the same were not contained in this Contract.

13. All words used herein in the singular number shall extend to and include the plural. All words used in the plural number shall extend to and include the singular. All words used in any gender shall extend to and include all genders.

14. The term real property, when used in this Contract, includes, all and singular, the tenements, hereditaments, rights, easements, privileges, and appurtenances thereunto belonging, or in anywise appertaining, and improvements thereon, together with the reversions, remainder, rents, issues, and profits thereof.

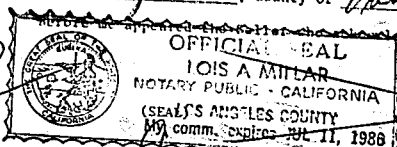
15. This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, personal representatives, or assigns.

16. The debts and obligations under this Contract of Seller and Buyer are both joint and several.

STATE OF Calif., County of Los Angeles, ss:

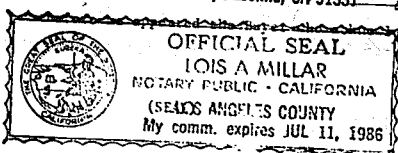
Sept. 13, 1982

appeared before me, the undersigned, a Notary Public for the State of California, and acknowledged the foregoing Contract to be Seller's voluntary act and deed.



Lois A. Millar  
NOTARY PUBLIC FOR Calif.  
My Commission Expires: 7-11-86

STATE OF Calif., County of Los Angeles, ss:



Lois A. Millar  
NOTARY PUBLIC FOR Calif.  
My Commission Expires: 7-11-86

10865 Sutter Avenue, Pacoima, CA 91331

The following described real property situate in Klamath County, Oregon, to-wit:

The Easterly 75 feet of Lot 9, GRACE PARK, in the County of Klamath, State of Oregon.

SUBJECT TO:

1. 1982-83 taxes, a lien in an amount to be determined, but not yet payable.

2. Regulations, including levies, liens and utility assessments of the City of Klamath Falls.

3. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Enterprise Irrigation District.

4. Regulations, including levies, liens, assessments, rights of way and easements of the South Suburban Sanitary District.

5. Restrictions, but omitting restrictions, if any, based on race, color, religion or national origin, as shown on the recorded plat of Grace Park.

6. An easement created by instrument, including the terms and provisions thereof,

Dated : May 13, 1943 Book: 155 Page: 304  
Recorded : May 18, 1943  
In favor of : The California Oregon Power Company, a California Corporation

7. Trust Deed, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein, given to secure the payment of \$27,500.00

Dated : August 8, 1978 Book: M-78 Page: 17831  
Recorded : August 15, 1978  
Trustor : Theodore J. Paddock, Ralph A. Crawford, and Joan E. Crawford

Trustee : Transamerica Title Insurance Co.  
Beneficiary : First National Bank of Oregon  
(Covers additional property)

8. Proposed Improvement of Marius Drive as disclosed by Affidavit of Mailing filed April 12, 1978 in M-78 at page 1377 County Commissioners Journal.

9. Contract, including the terms and provisions thereof,

Dated : July 15, 1979 Book: M-79 Page: 17298  
Recorded : July 20, 1979  
Vendor : Theodore J. Paddock and Ralph A. Crawford and Joan E. Crawford  
Vendee : George T. Bryant and Diana R. Bryant, husband and wife

The Vendees interest in said contract was assigned by instrument

Dated : December 15, 1980 Book: M-81 Page: 230  
Recorded : January 7, 1981  
To : I. V. Smirnov and Irene Smirnov and Frank Jakubowski and Danni Jakubowski

(Covers additional property)

10. Easements and rights of way of record and apparent thereon.

Exhibit "A" to Contract

STATE OF OREGON,

County of Klamath

ss.

BE IT REMEMBERED, That on this 17th day of September, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named I. V. Smirnov, Irene A. Smirnov, Frank S. Jakubowski and Danni A. Jakubowski

known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

*Mary Ann O'Leary*  
Notary Public for Oregon  
My Commission expires 11/16/82

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STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record

this 20 day of Sept A.D. 1982 at 11:01 o'clock A.M. and  
duly recorded in Vol. M 82 of Deeds on G.C. 12434

Fee \$16.00

By Joyce McQuire Evelyn Biehn County Clerk

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 20th day of September, 1982.

*Joyce McQuire*  
County Clerk