

CONTRACT OF SALE

THIS AGREEMENT made this 19th day of May, 1983, at Salem,
Marion County, Oregon between S.W. McPherson

called Assignor, and UNITED SAVINGS BANK, MUTUAL, hereinafter called Assignee.

WITNESSETH:

In consideration of Assignee's loan to Assignor of the sum of Thirty thousand and no/100*****

(\$30,000.00**) dollars, Assignor hereby assigns, transfers and sets over unto Assignee all of the Assignor's rights and interests in and to the written and attached Contract of Sale dated February 22, 1982 between S.W. McPherson and an undivided 1/3 and Lee H. Quiring, an undivided 2/3, as tenants in common, as Seller, and Gene E. Gailey and Mary C. Gailey, husband and wife*****, as Purchaser, by the terms of which Purchaser agrees to purchase from Seller the following described real property:

SEE ATTACHMENTS EXHIBIT A AND EXHIBIT C.

IT IS FURTHER AGREED that this Assignment is for the purpose of security only, and shall cease and be of no effect on full payment and satisfaction of the above described indebtedness. This Agreement secures the above indebtedness, as well as any and all other indebtedness of Assignor to Assignee, whether such indebtedness is now outstanding or comes into existence in the future. It is further agreed that by this Agreement Assignor expressly conveys and transfers to Assignee the said Assignor's rights to payment and vendor's lien under the above described Contract of Sale, Assignor retaining only the legal title to the real property described herein. Assignor also assigns to Assignee all securities, guarantees, warranties, indemnity agreements, maintenance agreements, insurance policies and other agreements pertaining to said Contract of Sale and the property described therein.

IT IS FURTHER AGREED that Assignee does not assume and shall not be subject to any obligation or liability of Assignor to perform any of its covenants, warranties or agreements pursuant to said Contract of Sale. Assignor agrees that it will perform all of its obligations, if any, under the Contract of Sale.

IT IS FURTHER AGREED that Assignor hereby constitutes and appoints Assignee as its true attorney in fact, but without obligation to do so; to demand, receive and enforce payment; to give receipts, releases and satisfactions for, and to sue for, all monies owing under said Contract of Sale; to make extension agreements with respect to the rights assigned hereunder, release persons liable thereon for securities for the payment thereof, compromise disputes in connection therewith; and exercise all rights of Assignor upon default, including rights of foreclosure; all provided that Assignee act in good faith and in the belief that such actions will not materially increase the risk of non-payment thereof. Assignee shall only be accountable for such sums as are actually received by it.

IT IS FURTHER AGREED that Assignee may in its name or in the name of Assignor prepare, execute and file or record financing statements, continuation statements, and like papers to perfect, preserve or release the rights evidenced by this Agreement.

IT IS FURTHER AGREED that Assignor will pay all costs and expenses including reasonable attorney's fees, and including any attorney's fees on appeal, incurred by Assignee in the preservation, realization, enforcement, defense and exercise of the rights, powers, remedies and collateral of Assignee and obligations of Assignor hereunder.

IT IS FURTHER AGREED that Assignor will pay all costs and expenses including reasonable attorney's fees, and including any attorney's fees on appeal, incurred by Assignee in the preservation, realization, enforcement, defense and exercise of the rights, powers, remedies and collateral of Assignee and obligations of Assignor hereunder.

IT IS FURTHER AGREED that the following shall be events of default hereunder for the Assignor: failure to pay any debt secured hereby when due; failure to perform any obligation secured hereby when the same should be performed; breach of any covenant, warranty or agreement contained herein; filing of a petition by or against Assignor under the bankruptcy or like law; receivership of Assignor or assignment for the benefit of creditors; attachment or like levy on any property of Assignor; any financial statement by Assignor to Assignee proves false; the insolvency or cessation of the business of Assignor, or any surety or guarantor of Assignor's obligation; or the occurrence of any sale of all or a substantial part of Assignor's assets other than in the ordinary course of business.

IT IS FURTHER AGREED that upon occurrence of any of the above events of default, Assignee shall have the right to declare immediately due and payable all or any indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Assignor. Assignee shall have all other rights, privileges, powers and remedies provided by law; the rights, privileges, powers and remedies of Assignee shall be cumulative; no single or partial exercise of any of them shall preclude the further or other exercise of the same or any other or them.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 19th day of May, 1983.

By:

S.W. McPherson

Attest:

SECRETARY

UNITED SAVINGS BANK, MUTUAL

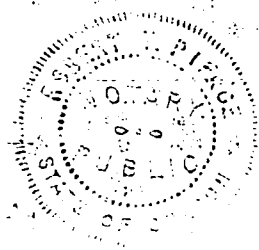
By:

Robert Bruce A. V.P.

STATE OF OREGON)
 County of MARION) ss.

On this 19TH day of MAY, 19 83, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named S.W. McPHERSON

known to me to be the identical individual 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.

Robert Thorne

Notary Public for Oregon

My commission expires: 4-2-86

STATE OF OREGON)
 County of _____) ss.

On this _____ day of _____, 19 _____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named _____

known to me to be the identical individual 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.

 Notary Public for Oregon

My commission expires: _____

EXHIBIT A
DESCRIPTION

A portion of the SW 1/4 SW 1/4 of Section 21, Township 27 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point on the Westerly line of the right of way of the Dalles-California Highway which is South 19°24' East 130 feet from the Southeast corner of Lot 1, Block 7, Chemult, Klamath County, Oregon; thence South 70°36' West 300 feet; thence South 19°24' East 200 feet; thence North 70°36' East 300 feet, more or less, to the Westerly line of the Dalles-California Highway; thence along the Westerly line of the right of way of said highway, North 19°24' West 200 feet to the point of beginning.

SUBJECT TO; Reservations of mineral rights, including the terms and provisions thereof, reserved by James R. Thorpe, as disclosed by instrument recorded February 5, 1941, Book 135, page 269.

TOGETHER WITH: An easement created by instrument, including the terms and provisions thereof, in favor of C. C. "Jack" Grewell, Flora Mae Black, and Earl Blakley and Melba Blakley, for water system, dated May 6, 1974, recorded July 3, 1979, Book M-79, page 15820. RESERVING HOWEVER, unto the Seller (grantor) the right to use water from said easement for the purpose of supplying water to a house situated on Lot K in the original town addition of Chemult, Klamath County, Oregon.

EXHIBIT C

Beginning at the Northeast corner of Lot 36, Capital City Fruit Farms, in Township 7 South Range 2 West of the Willamette Meridian in Marion County, Oregon; thence South $89^{\circ}54'$ West along the North line of the said Lot, a distance of 330.85 feet to the Northwest corner thereof; thence South $0^{\circ}34'$ East along the West line of the said Lot, a distance of 378.02 feet; thence Easterly 330.85 feet more or less to a point on the East line of the said Lot which is 381.34 feet South $0^{\circ}34'$ East from the place of beginning; thence North $0^{\circ}34'$ West along the East line of the said Lot, a distance of 381.34 feet to the place of beginning.

Ad.

Unitel Savings Bank

P. O. BOX 868, SALEM, OREGON 97308

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record .

this 31st day of May A. D. 19 83 at 9:35 o'clock A. M. and
duly recorded in Vol. M83 of 2 deeds on a c. 8373

16.00 fee

By EVELYN BIEHN, County
[Signature]