

LEASE AND OPTION TO PURCHASE

THIS INDENTURE OF LEASE, Made and entered into as of the last date set opposite the signatures of the parties hereto, by and between WAYNE CUNNINGHAM (hereinafter called "Lessor"), and FORNEY SCRONCE and KARL SCRONCE, or the survivor of them (hereinafter called "Lessee");

W I T N E S S E T H:

In consideration of the covenants, agreements, and stipulations herein contained on the part of the Lessee to be paid, kept, and faithfully performed, Lessor does hereby lease, demise and let unto the said Lessee, the following described real property, situate in Klamath County, State of Oregon (hereinafter called "Farm"), for agricultural and related purposes, only, to-wit:

T. 37 S., R. 8 E.W.M.:

Section 12: Lot 4

Section 13: Lot 1, N $\frac{1}{2}$ of Lot 2, NE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$

EXCEPT those portions of the above described properties heretofore conveyed to the State of Oregon for highway purposes in Deed Volume 224 at Page 139, Records of Klamath County, Oregon;

ALSO EXCEPTING those portions of the above described properties heretofore conveyed to the Oregon Eastern Railway Company, an Oregon corporation, for railroad right of way in Deed Volume 26 at Page 396, Records of Klamath County, Oregon.

T. 37 S., R. 9 E.W.M.:

Section 7: Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 18: N $\frac{1}{2}$ NW $\frac{1}{4}$, Portions of the S $\frac{1}{2}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18; thence Southwesterly along the center of the dredger cut to a point 10 chains North of the quarter section corner on the West line of said Section 18; thence North to the Northwest corner of SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 18; thence East along the North line of the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 18 to the place of beginning.

together with the following permanent pumps:

Pump #1: Verli-Line Pump #027600 with Fairbanks Morris Motor #288605.

Pump #2: One 5 h.p. pump with an approximate value of \$100.00.

1. Term: The term of this Lease is 4 years and 215 days, commencing on April 1, 1984, and ending November 1, 1988, at Midnight.

2. Transfer of the Farm: Lessor may, at any time, transfer all, or any part of the Farm to any partnership (general or limited), corporation, or trust. Any such transfer shall be subject to all of the terms, covenants, and provisions of this Lease.

3. Rent: Lessee shall pay Lessor, without demand, the following rent:

a. Cash: \$25,000.00, contemporaneously with the execution of this Lease.

b. Installments: \$100,000.00, payable as follows: \$25,000.00 on April 1, 1985; \$25,000.00 on April 1, 1986; \$25,000.00 on April 1, 1987, and \$25,000.00 on April 1, 1988.

c. Irrigation and Drainage Charges: In addition to the foregoing, Lessee shall pay Lessor, upon demand, any charge or assessment made by any duly constituted irrigation, drainage or improvement district pertaining to the providing of irrigation water and/or drainage, or related items, services, or maintenance for the benefit of the Farm described in this Lease. In order to

implement the provisions of this subparagraph, Lessor shall, upon receipt of any statement for any of the irrigation or drainage charges or assessments referred to in this subparagraph, promptly submit to Lessee a statement showing thereon the amount due from Lessee and if Lessee should not pay such amount within 30 days from the date billed by Lessor, the amount billed shall bear simple interest at the rate of 12% per annum from the expiration of said 30-day grace period until paid.

4. Lessor's Obligations: Lessor shall have the following obligations and duties:

a. Taxes And/Or Assessments On Farm: Lessor shall pay all ad valorem taxes and assessments levied or assessed against the Farm described in this Lease by any county, governmental body or political subdivision of the State of Oregon having the power to levy and/or assess and collect any such tax or assessment.

b. Quiet Possession: Lessor shall warrant and defend Lessee's possession of the Farm against any and all persons as long as this Lease remains in effect.

c. Cooperate In Governmental Agricultural Programs: Where the governmental agency administering any governmental agricultural program available for the Farm in which Lessee desires to participate requires the cooperation of Lessor with Lessee, Lessor shall do all acts necessary to cooperate with Lessee's participation in such governmental agricultural program.

5. Lessee's Obligations: Lessee shall have, in addition to other obligations of Lessee, the following obligations and duties:

a. Pay Rent: To pay the rent in the manner and form specified herein when due.

b. Use of Farm: To use the Farm for agricultural purposes only; shall comply with all applicable laws, ordinances, regulations, and rulings of any governmental or quasi-governmental entity or agency; shall not permit the Farm to be used for illegal purposes; shall not commit any waste or damage to the Farm; and shall, at the expiration of the term of this Lease, redeliver the Farm to its owner in as good condition as the same now is, or later improved, reasonable wear and tear alone excepted.

c. Utilities: To pay all utility charges for the operation of any irrigation or drainage pumps upon the Farm.

d. Choice of Crops: To grow such crops as Lessee shall determine.

e. Furnish Implements and Labor, Etc.: To furnish all farming implements, tools, tractors, trucks, seed, labor, and everything necessary to plant, raise, and harvest crops to be grown by Lessee on the Farm.

f. Maintain Insurance: To, at Lessee's own expense, maintain in full force and effect a policy or policies of comprehensive liability insurance, including property damage, written by one or more responsible insurance companies licensed to do business in the State of Oregon, that will insure Lessee against liability for injury to persons and property and for death of any person or persons occurring in or about the premises. The liability under such insurance shall not be less than \$500,000.00 for any one person injured or killed, not be less than \$1,000,000.00 for any one accident, and not less than \$1,500,000.00 for property damage. Lessee shall provide Lessor with copies or certificates of all policies.

g. Permit Lessor Entry: To allow Lessor, or anyone designated by Lessor, to enter the premises at any reasonable time

to inspect the property, to work and make improvements as Lessor shall deem expedient, provided such entry and work by Lessor does not injure crops already growing on the Farm.

h. Return of Farm: To, upon the expiration or sooner termination of this Lease, quietly yield possession of the Farm unto Lessor or Lessor's agents or assigns in as good order and condition as reasonable use and wear thereof permit, damage by the elements excepted.

i. Not To Hold Over: Not to retain possession of the Farm after the termination of this Lease and, if such possession is retained, to retain the same not as a new rental, but only at the will of Lessor.

j. Subordination By Lessee: Lessee agrees that Lessee will, during the term of this lease, subordinate to a loan to Lessor secured by Farm in an amount in which the annual payment for such a secured loan does not exceed \$30,000.00 (including principal and interest); that the terms of the secured loan will permit Lessee to pay directly to the lender thereof all sums due under this Lease, and Lessor will agree (if Lessor elects to obtain the loan referred to in the immediately preceding sentence) that Lessee may pay all sums due, or to become due, under this Lease directly to the lender of such loan; provided, however, that any surplus shall be paid to Lessor. In addition, Lessor covenants not to encumber the Farm other than as provided in this paragraph.

k. Maintenance of Canal Bank: To maintain the canal bank which runs along the southern boundary of Farm. Lessee agrees to be responsible for any damage resulting from the escape of water from said canal bank.

6. Acceptance of Farm: Lessee hereby acknowledges that Lessee is familiar with the quality of the soil and all soil conditions of the Farm and is also familiar with the irrigation accessories and improvements upon said Farm; Lessee accepts the Farm without any warranty or guaranty on the part of Lessor as to said Farm, and Lessee accepts the Farm as it now is.

7. Equipment of Lessee to Remain Personal Property With Title In Lessee: Any equipment, including, but not limited to, irrigation pipe, placed on Farm by Lessee shall at all times remain, during the term of this Lease, personal property, notwithstanding any attachment of it, or part of it, to the Farm, and title to the equipment placed on Farm by Lessee shall be, and at all times remain, in Lessee unless transferred to Lessor by sale. Lessor shall give Lessee immediate notice of any claim, levy, lien, or legal process issued against the equipment placed on the Farm by Lessee.

8. Condemnation: If any portion of the Farm should be taken by any governmental agency or other entity having the power of eminent domain, or if any portion of the Farm should be sold to such governmental agency or body having the power of eminent domain in lieu of eminent domain proceedings, Lessor shall retain all proceeds from any such taking or sale. In the event any such taking or sale should exceed more than 50% of the farmable acreage of the Farm or the Farm shall become uneconomical to farm by reason of such sale or taking, either party may rescind this Lease. To the extent that there should be any growing crops on the Farm at the time of any such sale or taking by eminent domain proceedings, and compensation should be payable therefor, the proceeds allowed for growing crops shall be divided between Lessor and Lessee in the same proportion as the crop would be divided as rent.

9. Option To Purchase: For and in consideration of the payment of \$5,000.00 upon the execution of this Lease and the further payment of the sum of \$5,000.00 per year, commencing with the first day of April, 1985, and a like payment on the first day of each April thereafter, until exercise by Lessee of the option herein provided, Lessor hereby

grants unto Lessee an option to buy the Farm at any time between November 1, 1988, and December 1, 1988, as Lessee may elect, at a price of \$500,000.00, provided Lessee shall have timely paid the yearly sums specified for said option and shall have fully performed all of the terms, covenants and provisions of this Lease. In the event of a termination of this Lease, for breach or any other reason, this option shall also terminate and the option money shall be retained by Lessor. The terms and covenants of the option are:

a. The purchase price of \$500,000.00 is payable as follows:

(1) \$75,000.00 as down payment to be made on or before the closing of the escrow as provided hereafter.

(2) As additional down payment, Lessee shall be credited with the total sums paid Lessor for this option as above provided.

(3) The remainder of the purchase price, less credit for the sums specified in the immediately preceding Subparagraphs (1) and (2) shall be payable in 20 yearly installments of \$46,980.00. Said installments shall be inclusive of interest. Interest shall commence on the date of the closing of the escrow provided for herein. The first yearly installment shall be due and payable on the first day of February, 1990. The balance of the principal and interest to be paid as provided in this paragraph shall be evidenced and secured by a Contract of Sale containing substantially the same provisions set forth in the attached Exhibit "A".

b. Exercise of this option shall be as follows: Lessee shall give Lessor notice of his election to exercise this option by delivering to Lessor a letter designating Klamath County Title Co. (hereinafter called "Closing Escrow Holder") the agent to close the purchase and sale provided for in this option and stating that Lessee is exercising this option. Within 10 days after Lessor's receipt of said notice, the parties shall execute such closing instructions with the Closing Escrow Holder as it may require. Said closing escrow shall close on February 1, 1989.

c. Real property taxes and assessments shall not be prorated.

d. The closing costs of the escrow shall be borne as follows: each party shall pay one-half of the fee of the Closing Escrow Holder; Lessee shall pay for the cost of recording the Contract of Sale, and all other costs not specifically specified herein; Lessor shall pay the charge for an owner's policy of title insurance issued by Klamath County Title Co. in favor of Lessee, all recording fees not specifically required to be paid by Lessee, the cost of removing any liens for which Lessee objects (as hereinafter provided) and any fees charged for the preparation of the Contract.

e. Lessor agrees to provide Lessee, upon closing of said escrow, a standard form of owner's title insurance policy to the real property described in this Lease naming Lessee as the insured. The parties agree to accept the form of said policy subject to the exceptions shown thereon. Prior to the issuance of any such policy and the closing of the escrow provided herein, the Closing Escrow Holder shall secure issuance to the Lessee of a preliminary report for title insurance. If said preliminary report shows an exception other than easements and rights of way of record and real property taxes and assessments for the fiscal year in which this option is exercised, Lessee may object, within 10 days from the date of receipt of said preliminary report, to the inclusion of the same in any policy issued pursuant to this option. However, Lessee agrees that Lessee will subordinate to a loan to Lessor secured by Farm in an amount not to exceed \$110,000.00, provided, however, that the annual payment for such encumbrance does not exceed \$45,000.00.

(including principal and interest); that the terms of said loan will permit Lessee to pay directly to the lender all sums owed by Lessee as a result of exercise of the option and Lessor agrees that all sums due Lessor by Lessee as a result of exercise of the option shall first be paid directly to lender until the full amount of loan (including principal and interest) secured by Farm has been paid in full. If there are monetary encumbrances greater than \$110,000.00, Lessee may object to inclusion of the same in any title policy issued pursuant to this option. Such objections shall be by written notice to both Lessor and the Closing Escrow Holder. If Lessee makes such exception, and the defect shown in said title report is other than an encumbrance securing a monetary sum, Lessor agrees to do all that Lessor reasonably can to remove such defect prior to the closing date of said escrow, but if such defect cannot be removed by all reasonable means by such closing date, Lessee may, at Lessee's election, by written notice to Lessor and the Closing Escrow Holder, do either of the following: (1) postpone the closing date of the exercised option for such time as Lessee may wish, not exceeding 3 months in the aggregate, to allow Lessor further time to remove such default; or (2) rescind the exercised option in its entirety. If such defect is in the form of an encumbrance against the real property subject to this option, which encumbrance secures a monetary sum created by, for, or on account of, Lessor, Lessor shall remove the same prior to the closing date of escrow provided for herein, and if Lessor fails to remove any such encumbrance, Lessee may, at Lessee's election, by written notice to Lessor and the Closing Escrow Holder, do any of the following: (1) require Lessor to satisfy the same; (2) accept title subject to such encumbrance and assume the same after application of the balances due Lessor from closing of the sale contemplated by this option; or (3) rescind the exercised option in its entirety. If Lessee elects to accept title subject to such encumbrance, the following provisions shall apply: (1) the amount so assumed shall be deducted from the purchase price provided for in this option; (2) interest on the monetary sum secured by such encumbrance shall be prorated by the Closing Escrow Holder and all interest accrued to the closing date of such escrow shall be charged to Lessor; (3) any penalties or assumption charges shall be paid by Lessor; and (4) Lessor shall obtain the consent of the party secured by such an encumbrance, if the encumbrance contains a provision either requiring consent to an assumption or for acceleration in the event of transfer of said real property by Lessor, or both, and if such consent is required by such encumbrance, but Lessor is unable to obtain the same by the closing date of said escrow, Lessee may, at Lessee's election by written notice to Lessor and the Closing Escrow Holder, do either of the following: (1) postpone the closing date of this transaction for such time as Lessee may wish, not exceeding 3 months in the aggregate, to allow Lessor further time to secure such consent; or (2) rescind the exercised option in its entirety. This provision shall not apply to any defect created by Lessee, and Lessee shall accept title subject to such defect.

f. In addition to the rights of Lessee contained in Subparagraph e above, Lessee may specifically enforce the provisions of this option.

g. Lessor covenants with Lessee that Lessor has marketable title in the real property described in this Lease. It is understood and agreed that issuance of the owner's policy of title insurance as set forth above shall constitute conclusive evidence of marketable title.

10. Attorney Fees: In the event either party institutes any suit or action against the other to recover any rent, or for the breach of any agreement or condition herein contained, or if any summary action be brought by Lessor for the forfeiture of this Lease or to recover the possession of said premises, the prevailing party shall recover from the other party reasonable attorney fees to be fixed by the court for both trial and on appeal.

11. Notices: Any notice by any party to the other required by this Lease shall be deemed to have been fully given when written and deposited in a sealed envelope with the United States Postal Service as certified mail with postage prepaid and addressed to the party to receive the same at the following addresses:

Lessor

WAYNE CUNNINGHAM
Route 2, Box 712
Klamath Falls, Oregon 97601

Lessee

FORNEY SCRONCE/KARL SCRONCE
P.O. Box 221
Merrill, Oregon 97633

12. No Partnership And Lessee Independent Contractor: Notwithstanding anything else provided herein, nothing contained herein shall be construed as creating a general partnership between Lessor and Lessee. Lessee shall, at all times, be an independent contractor and the manner and means of Lessee's performance of Lessee's covenants shall be Lessee's responsibility. Lessee shall be entirely and solely responsible for Lessee's own acts, and the acts of Lessee's agents, employees, and subcontractors, engaged in Lessee's undertaking specified in this Lease.

13. Obligations Joint and Several: All obligations created by this Lease shall be joint and several.

14. Broker's Commission: Both Lessor and Lessee represent, each to the other, that no person, firm or corporation has been engaged by either party in this transaction. This Lease and Option was entered into between the parties hereto by reason of their own efforts. In the event that either party engaged, on his own behalf, a real estate broker not disclosed herein, such party hereby covenants with the other to pay such broker any commission claimed by such broker or to, at his expense, defend, hold harmless, and indemnify the other party against any suit or action brought by such undisclosed broker, which covenant shall include, but not be limited to, the payment of all costs, judgments, and attorney fees, both at trial and upon appeal.

15. Entire Agreement: This Lease embodies the entire agreement of the parties. It may not be modified or terminated except as provided herein, or by other written agreement.

16. Waiver of Conflict of Interest: Each party to this Lease understands that the firm of Giacomini, Jones & Associates, Attorneys at law, A Professional Corporation, 635 Main Street, Klamath Falls, Oregon 97601, has assisted the parties in drafting this Lease. Each party understands that, to the extent that a conflict of interest should otherwise arise in the performance of such services, each has acknowledged such conflict and each, with the opportunity to consult independent counsel, has consented to the preparation of this Lease by said firm of attorneys.

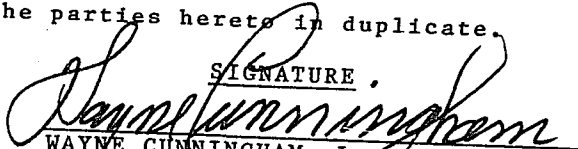
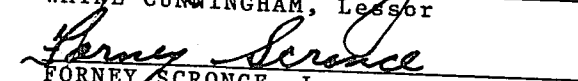
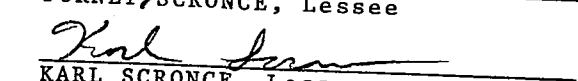
17. Construction: All agreements and covenants contained herein are severable, and in the event any of them shall be held to be invalid by any competent court, this Lease shall be interpreted as if such invalid agreements or covenants were not contained herein. The headings contained in this Lease are for convenience only and are not to be construed as part of this Lease. The singular shall include the plural, the plural shall include the singular, the neuter shall include the masculine and the feminine, and the masculine the feminine and the neuter, whenever the context shall require. This Lease shall not be construed against the party preparing it, but shall be construed as if all parties prepared it. Any such exhibit attached hereto is incorporated into this Lease as though fully set forth at the place in this Lease at which reference to such exhibit is made. All rights and liabilities hereunder shall be determined in accordance with the laws of the State of Oregon.

18. Binding Effect: Subject to the provisions hereinabove contained against the transfer, assignment and sublease, this Lease

shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

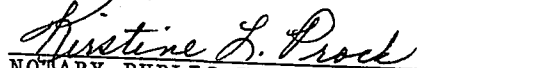
WITNESS the signatures of the parties hereto in duplicate.

DATE
4/2/84
4/2/84
4/2/84

SIGNATURE

 WAYNE CUNNINGHAM, Lessor

 FORNEY SCRONCE, Lessee

 KARL SCRONCE, Lessee

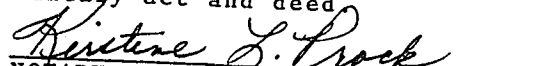
STATE OF OREGON, County of Klamath) ss:
 Before me on the 2nd day of April, 1984,
 personally appeared WAYNE CUNNINGHAM and acknowledged the foregoing
 instrument to be his voluntary act and deed.

(SEAL)
 KIRSTINE L. PROCK
 NOTARY PUBLIC — OREGON
 My Commission Expires


 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 12/16/84

STATE OF OREGON, County of Klamath) ss:
 Before me on the 2nd day of April, 1984,
 personally appeared FORNEY SCRONCE and KARL SCRONCE and acknowledged the
 foregoing instrument to be their voluntary act and deed.

(SEAL)
 KIRSTINE L. PROCK
 NOTARY PUBLIC — OREGON
 My Commission Expires


 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 12/16/84

CONTRACT OF SALE of the real property described in the attached Exhibit "1" (herein called "Real Property"), subject to the exceptions to title set forth in said Exhibit "1", made, as of the last date set opposite the signatures of the parties hereto, between WAYNE CUNNINGHAM (herein called "Seller"), and FORNEY W. SCRANCE and KARL D. SCRANCE, or the survivor of them (herein called "Buyer"), whose address is P.O. Box 221, Merrill, Oregon 97633.

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 \$500,000.00 for the Real Property as follows: \$75,000.00 down (which Seller has received); credit as additional down payment for the total sums paid Seller as option payments from date of Lease Option to date of this Contract, and the remainder of the purchase price, in 20 annual installments of \$46,980.00. Said installments shall be inclusive of interest. The first of such installments shall be paid on the 1st day of February, 1990, and subsequent such installments shall be paid on the 1st day of each February thereafter, until the entire purchase price, including principal and interest, is paid in full. Interest shall commence on the date hereof. 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 after the 14th annual payment.

3. All installments shall be paid, without demand, to Klamath County Title Co., 422 Main Street, Klamath Falls, Oregon 97601 (herein called "Escrow Holder").

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

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

6. 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

SIGNATURE

WAYNE CUNNINGHAM

Seller

FORNEY W. SCRANCE

Buyer

KARL D. SCRANCE

Buyer

(SEE ACKNOWLEDGMENTS ON REVERSE SIDE)

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 ~~_____~~ (25%) 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 ~~_____~~ (25%) 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 _____, County of _____) ss: _____, 19 _____

Before me appeared the Seller who acknowledged the foregoing Contract to be Seller's voluntary act and deed.

(SEAL)

NOTARY PUBLIC FOR _____
My Commission Expires: _____

STATE OF _____, County of _____) ss: _____, 19 _____

Before me appeared the Buyer who acknowledged the foregoing Contract to be Buyer's voluntary act and deed.

(SEAL)

NOTARY PUBLIC FOR _____
My Commission Expires: _____

5493

EXHIBIT "1"

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

T. 37 S., R. 8 E.W.M.:

Section 12: Lot 4
Section 13: Lot 1, N $\frac{1}{2}$ of Lot 2, NE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$
EXCEPT those portions of the above described properties
heretofore conveyed to the State of Oregon for highway
purposes in Deed Volume 224 at Page 139, Records of
Klamath County, Oregon;
ALSO EXCEPTING those portions of the above described
properties heretofore conveyed to the Oregon Eastern
Railway Company, an Oregon corporation, for railroad
right of way in Deed Volume 26 at Page 396, Records of
Klamath County, Oregon.

T. 37 S., R. 9 E.W.M.:

Section 7: Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
Section 18: N $\frac{1}{2}$ NW $\frac{1}{4}$, Portions of the S $\frac{1}{2}$ NW $\frac{1}{4}$, more
particularly described as follows:
Beginning at the Northeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of
Section 18; thence Southwesterly along the center of
the dredger cut to a point 10 chains North of the
quarter section corner on the West line of said
Section 18; thence North to the Northwest corner of
SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 18; thence East along the
North line of the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 18 to the place
of beginning.

together with the following permanent pumps:
Pump #1: Verli-Line Pump #027600 with Fairbanks Morris
Motor #288605.
Pump #2: One 5 h.p. pump with an approximate value of
\$100.00.

Return:

GIACCHINI, JONES & ASSOCIATES
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
635 MAIN STREET
KLAMATH FALLS, OREGON 97601

STATE OF OREGON,
County of Klamath)
Filed for record at request of

on this 5th day of April A.D. 19 84
at 8:39 o'clock A M, and duly
recorded in Vol. M84 of Deeds
Page 5484
EVELYN BIEHN, County Clerk
By Pam Smith Deputy
Fee 40.00