

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 31st day of DECEMBER, 1986, by and between G. BOB TAYLOR and JOAN TAYLOR, husband and wife, hereinafter referred to as "Vendor" and JAMES R. LEARD and MARJORIE J. LEARD, husband and wife, hereinafter referred to as "Purchaser":

W I T N E S S E T H:

Vendor hereby agrees to sell unto Purchaser, and Purchaser hereby agrees to purchase from Vendor, that certain leasehold interest in the real property situated at U.S. Forest Service Lot 3, Block A, ROCKY POINT, Klamath County, Oregon, including all appurtenances, fixtures, improvements, and furniture situated therein as of this date.

Purchase Price and Terms:

I.

The purchase price of the subject property, which Purchaser hereby agrees to pay, is the sum of \$34,500.00 and payable as follows:

- (a) The sum of \$500.00 previously paid as Earnest Money.
- (b) The sum of \$16,500.00 paid upon execution of this agreement and receipt thereof is hereby acknowledged, which said payment consists of the transfer of title to a 1968 Cessna Cardinal airplane, Model 177, N3393T.
- (c) The remaining balance of \$17,500.00 shall be paid in monthly installments of not less than \$178.00 each, including interest at the rate of 9% per annum on the unpaid balances, with the first of such installments to be paid on or before the 1st day of February, 1987, and subsequent installments to be paid on or before the 1st day of every month thereafter until the entire purchase price, principal and interest, is paid in full.
- (d) Interest on all unpaid balances shall commence on the date of execution of this agreement.

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- (e) Purchaser shall have the privilege of increasing any payment or prepaying the whole consideration at any time so long as it is understood that no additional payments shall be credited as regular future payments nor excuse Purchaser from making the payments provided for in this agreement in Subsection (c) above.
- (f) In the event Purchaser fails to pay, when due, any amounts required of Purchaser to be paid to others under this contract, Vendor may pay any or all of such, and if Vendor does so, the amounts so paid shall be due and payable with the next regular installment of purchase price. It is expressly understood and agreed that Vendor's election to make any payments on behalf of Purchaser shall not result in the waiver of Vendor's right to declare Purchaser in default of this contract and exercise any of the remedies set forth below.

II.

Taxes And Assessments:

All taxes levied against the subject property for the current tax year have been prorated between the parties as of the date hereof. Purchaser agrees to pay, when due and before delinquent, taxes which are hereafter levied against the subject property, and all public and statutory assessments and liens which may be hereinafter imposed on the premises. Breach of this provision shall be considered a material breach of this agreement entitling Vendor to all of the remedies set forth below. If Purchaser objects, in good faith, to the validity or the amount of any tax assessed, or lien, Purchaser may, at Purchaser's sole expense, contest the validity or amount of such tax assessment or lien provided that Vendor's security in the subject real property is not thereby jeopardized.

III.

Insurance:

Purchaser shall procure and maintain policies of all risk insurance on a replacement cost basis, covering all improvements on the subject real property in an amount equal to the full insurable value with the parties hereto named additional insureds. The policies shall be written in such form and by such insurance companies as are acceptable to Vendor. Purchaser shall

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deliver to Vendor certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled nor diminished without a minimum of ten (10) days written notice to Vendor. In the event of loss, Purchaser shall give immediate notice to Vendor, and Vendor may make proof of loss if Purchaser fails to do so within 15 days of the casualty.

All proceeds of any insurance shall be received and held by Vendor. If Purchaser elects to restore the improvement, the proceeds shall be paid to Purchaser, by Vendor, in installments as work progresses, and Purchaser shall repair or replace same in a manner satisfactory to Vendor. If Purchaser elects against restoration of the improvements, Vendor shall retain a sufficient sum from the proceeds to satisfy Purchaser's payment obligations under this Contract of Sale, and pay the balance unto Purchaser.

IV.

Possession:

- (a) The Purchaser shall be entitled to possession of the subject premises immediately upon the execution of this Agreement.
- (b) Purchaser shall forever defend, indemnify, and hold Vendor harmless from any claim, loss or liability arising out of, or in any way connected with Purchaser's possession or use of the subject property, or any condition of the property. In the event of litigation or other proceedings against Vendor in connection with the events described in this section, Purchaser shall, upon notice from Vendor, defend such action or proceedings at Purchaser's sole cost.

V.

Improvements and their Alterations and Repairs:

- (a) Purchaser agrees all improvements now located on the subject premises, or which hereafter shall be placed thereon, shall be considered affixed to the real property and shall not be removed at any time prior to the expiration of this Agreement under any circumstances without the prior written consent of Vendor. Purchaser shall not commit nor suffer any

waste of the subject property, or any improvements thereon and shall maintain the property and all improvements in good condition and repair.

- (b) If Purchaser shall undertake the construction or renovation of any improvements, Purchaser shall comply with all appropriate laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities. Purchaser may contest, in good faith, any such requirements and withhold compliance during any proceeding, including appropriate appeals, so long as Vendor's interest in the property is not at all jeopardized. In the event that construction liens of any sort are filed against the subject real property, Purchaser shall remove the same within ten (10) days of the filing or post a surety bond issued by a surety licensed to issue same in the State of Oregon in the full amount claimed. Said bond shall be delivered to Vendor within said ten (10) day period.

VI

Covenants of Title and Delivery of Deed:

Vendor covenants that Vendor is in title to the subject U.S. Forest Lease and that title to same is free and clear of all encumbrances. Purchaser covenants that Purchaser is in title to the subject Cessna airplane and that title to same is free and clear of all encumbrances.

VII

Default Provisions:

- (a) Events of Default: Time is of the essence of this agreement. A default of this agreement shall be deemed to have occurred under any of the following circumstances:
- (1) Failure of Purchaser to cure any payment delinquency within 10 days of Vendor's mailing of written notice. Notice shall be sent by Certified Mail addressed to Purchaser's last-known address and it shall be deemed received on the day following its mailing.

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- (2) Failure of Purchaser to cure any breach of this contract within 20 days of Vendor's mailing of written notice of same by Certified Mail to Purchaser at Purchaser's last-known address and it shall be deemed received on the day following its mailing. Said written notice shall specify the nature of the default with particularity.
 - (3) Purchaser's sale or other transfer of the subject leasehold interest, or any interest therein, in violation of the terms of this agreement.
 - (4) Any act or omission of Purchaser which causes Vendor to be in breach of the provisions of the lease mentioned above. Purchaser has received copies of all relevant instruments and is familiar with all of the terms thereof.
- (b) Remedies on Default: In the event of a default, Vendor may take any one or more of the following remedies:
- (1) Declare the entire balance of purchase price and interest immediately due and payable;
 - (2) Foreclose this contract;
 - (3) Specifically enforce the terms of this agreement.
 - (4) Declare this agreement null and void as of the date of the breach, and retain, as liquidated damages, the amount of the payments theretofore made. Under this option, all of the rights, title and interest of Purchaser shall be forfeited and shall revert and revest in Vendor without any act of re-entry or other act by Vendor to be performed, and Purchaser agrees to peaceably surrender the premises to Vendor, or in default thereof, Purchaser may, at the option of Vendor, be treated as a tenant holding over unlawfully after the expiration of a lease and may be ousted and removed as such.
 - (5) Any and all other legal remedies available to Vendor.

Attorney Fees:

IX

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(a) If Vendor places this agreement in the hands of an attorney due to a default by Purchaser, then the attorney fees so incurred by Vendor, plus reasonable costs including lien searches, shall be added to and become a part of the unpaid balance owing on this agreement as of the date such expenses are paid by Vendor. Purchaser shall reimburse Vendor for such costs and fees within ten days after receipt of notice from Vendor specifying the amounts and demanding such reimbursement.

(b) In addition, if either party institutes suit or action to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to recover from the other party all costs and disbursements incurred by it in that connection, plus such sum as the court may adjudge reasonable for attorney fees at trial and on appeal.

Representations:

X.

It is understood and agreed that Purchaser accepts the subject land, buildings, improvements, and all other aspects of the property in its present condition "as is", including all latent defects, without any representations or warranties, expressed or implied, surviving the execution of this agreement unless expressly set forth herein. Purchaser acknowledges that Purchaser has ascertained, from sources satisfactory to Purchaser and independent of Vendor and Vendor's agents, the applicable zoning, building, housing, and other regulatory ordinances and laws, and that Purchaser accepts the property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the property. This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring the fee title to the property should check with the appropriate city or county planning department to verify approved uses.

It is understood and agreed that Vendor accepts the subject airplane in its present condition "as is", including all latent defects, without any representations or warranties, expressed or implied, surviving the execution of this agreement unless expressly set forth herein.

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LAW OFFICES OF
DAVIS, AINSWORTH, PINNOCK, DAVIS & GILSTRAP, P.C.
515 EAST MAIN STREET
ASHLAND, OREGON 97520
(503) 482-3111

Waiver:

XI

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Failure by Vendor at any time to require the performance by Purchaser of any of the provisions hereof shall in no way affect Vendor's rights hereunder to enforce same, nor shall any waiver by Vendor of any breach hereof be held to be a waiver of any succeeding breach or waiver of this clause.

XII

Successor Interests:

The covenants, conditions, and terms of this agreement shall extend to, and be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

It is agreed that Purchaser shall not transfer or convey the subject leasehold interest, or any interest therein, without first obtaining the written consent of Vendor. It is further agreed that Vendor shall not arbitrarily withhold said consent.

XIII

Miscellaneous:

This agreement was prepared on behalf of Vendor.

IN WITNESS WHEREOF, we have hereunto executed this agreement in triplicate as of the date above-mentioned.

VENDOR:

G. Bob Taylor
G. BOB TAYLOR
Joan Taylor
JOAN TAYLOR

PURCHASER:

James R. Leard
JAMES R. LEARD
Marjorie J. Leard
MARJORIE J. LEARD

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815 EAST MAIN STREET
ASHLAND, OREGON 97520
(503) 482-3111

Ret-Jim Leard
11800 Tangley Ln. #11
11.5. 97603
2900 ch

STATE OF OREGON: COUNTY OF KLAMATH: ss. _____

Filed for record at request of _____
of _____ January _____ A.D., 19 87 at 1:45 o'clock P M., and duly recorded in Vol. M87 day
of _____ Miscellaneous _____ on Page 606

FEE \$29.00

Evelyn Biehn County Clerk
By Marjorie J. Leard