

CONTRACT OF SALE Made as of the first day of January, 1987, between WALTER RALPHS, JR. (Vendor), and ALVIN R. MARENCO and PEGGY A. MARENCO, husband and wife, tenants in common (Purchaser);

W I T N E S S E T H:

Vendor agrees to sell to Purchaser and Purchaser hereby agrees to buy from Vendor, at the price and on the terms, covenants, conditions, and provisions hereinafter contained, all of the Property described in this Contract.

I. Description of Property: The Property to be sold and purchased under the terms, covenants, conditions, and provisions of this Contract is the following described Property situate in Klamath County, Oregon:

PARCEL 1: Township 32 South, Range 8 East, Willamette Meridian:

- Section 17: E $\frac{1}{2}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 19: All that portion of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ lying Easterly of the Williamson River
- Section 20: N $\frac{1}{2}$, SE $\frac{1}{4}$, SAVING AND EXCEPTING THEREFROM the South 20 feet of the SE $\frac{1}{4}$ and that portion of the NW $\frac{1}{4}$ lying Westerly of the most Westerly bank of the Williamson River.
- Section 21: SW $\frac{1}{4}$
- Section 29: All, EXCEPT the South 20 feet of the SE $\frac{1}{4}$
- Section 30: All

PARCEL 2: Township 32 South, Range 7 East, Willamette Meridian:

- Section 25: All that portion of the E $\frac{1}{2}$ and of the E $\frac{1}{4}$ NW $\frac{1}{4}$ lying Easterly of the center thread of Williamson River, SAVING AND EXCEPTING THEREFROM any portion thereof lying Northerly of the center thread of Williamson River.

TOGETHER WITH a 60-foot easement from the existing road on the West bank of the Williamson River to the center thread of the Williamson River for bridge construction purposes. Said easement to be located 990 feet North of the South boundary of Section 25, T. 32 S., R. 7 E.W.M.

SUBJECT TO:

1. The assessment roll and the tax roll disclose that the within described premises were specially assessed as farm land. Taxes for the year 1986-1987, and possibly prior years, have been deferred pursuant to ORS 308.370 to 308.403. These, plus earned interest, are due and payable by Purchaser when said reason for the deferment no longer exists.
2. Acreage and use limitations under provisions of United States Statutes and regulations issued thereunder.
3. Rights of the public in and to any portion of the herein described property lying within the boundaries of public roads or highways.
4. Rights of the public and of governmental bodies in and to any portion of the above-described property lying below the high water line of Williamson River.
5. Right of Way for pole line, including the terms and provisions thereof, given by D. E. Noah to The Pacific Telephone and Telegraph Company, dated June 7, 1928, recorded August 10, 1928, in Volume 82, Page 128, Deed Records of Klamath County, Oregon. Affects NW $\frac{1}{4}$ of Section 25, T. 32 S., R. 7 E.W.M.

6. Reservations and restrictions in deeds from Robert David, a widower, to Alice Marie Gentry Hobbs, dated September 18, 1953, recorded October 10, 1953, in Volume 263, Pages 330 and 332, Deed Records of Klamath County, Oregon, as follows: "This deed is subject to any prior valid existing right or adverse claim. There is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by authority of the United States." Affects NE $\frac{1}{4}$ & E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 25, T. 32 S., R. 7 E.W.M.
7. Reservations and restrictions in deed to Restricted Indian Land, dated September 26, 1955, recorded December 9, 1955, in Volume 279, Page 503, Deed Records of Klamath County, Oregon. Affects SW $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 20, and NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29.
8. Reservations and restrictions in Patent, including the terms and provisions thereof, dated November 30, 1955, recorded January 7, 1957, in Volume 289, Page 90, Deed Records of Klamath County, Oregon. Affects SW $\frac{1}{4}$ of Section 21.
9. Approved Road Rights of Way through Klamath Indian Reservation Tribal Land, recorded March 3, 1959, in Volume 13, Page 368, Miscellaneous Records of Klamath County, Oregon.
10. Reservations and restrictions in Land Status Report, including the terms and provisions thereof, dated January 23, 1959, recorded January 26, 1959, in Volume 309, Page 104, Deed Records of Klamath County, Oregon. Affects E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 20.
11. Reservations and restrictions in Land Status Report, including the terms and provisions thereof, dated January 30, 1959, recorded February 2, 1959, in Volume 309, Page 251, Deed Records of Klamath County, Oregon. Affects W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 20.
12. Reservations and restrictions in Deed, including the terms and provisions thereof, dated March 9, 1960, recorded March 9, 1960, in Volume 314, Page 319, Deed Records of Klamath County, Oregon. Affects E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 20.
13. Reservations and restrictions in Deed of Tribal Property, including the terms and provisions thereof, given by the United States of America, Department of the Interior, acting by and through the Area Director of the Portland Area Office of the Bureau of Indian Affairs, to Joseph W. Jackson, Jr., dated July 9, 1959, recorded August 27, 1959, in Volume 315, Page 307, Deed Records of Klamath County, Oregon. Affects NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29.
14. Reservations and restrictions in patent, including the terms and provisions thereof, dated September 5, 1957, recorded August 25, 1961, in Volume 332, Page 35, Deed Records of Klamath County, Oregon, reserving all subsurface rights except water, to heirs of Mary Yhilitate, her heirs and assigns. Affects SE $\frac{1}{4}$ of Section 17.
15. Reservations and restrictions in Deed to Restricted Indian Land, including the terms and provisions thereof, dated October 28, 1957, recorded August 25, 1961, in Volume 332, Page 39, Deed Records of Klamath County, Oregon. Affects Lots 1 & 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 19.
16. Reservations and restrictions in Deed, including the terms and provisions thereof, dated December 18, 1957, recorded August 25, 1961, in Volume 332, Page 43, Deed Records of Klamath County, Oregon. Affects NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, and Lots 1 & 2, E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 19.
17. Reservations and restrictions in Deed, including the terms and provisions thereof, given by Mildred Cookman, a widow, to James C. Miller, Jr., dated December 3, 1959, recorded August 25, 1961, in Volume 332, page 47, Deed Records of Klamath County, Oregon, as follows: "Save and except subsurface rights other than water". Affects SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 17.
18. Right of Way Easement for Electric Line, including the terms and provisions thereof, given by Walter Ralphs, to Midstate Electric Cooperative, Inc., a cooperative corporation, dated April 7, 1980, recorded May 21, 1980, in Volume M-80, Page 9296, Deed Records of Klamath County, Oregon. Affects Sections 29 and 30.

19. Telephone Line Right of Way Easement, including the terms and provisions thereof, given by Walter Ralphs, to Telephone Utilities of Eastern Oregon, Inc., an Oregon corporation, dated April 12, 1983, recorded September 13, 1983, in Volume M-83, Page 15526, Deed Records of Klamath County, Oregon. Affects Section 29.

20. Easements and rights-of-way of record and those apparent thereon.

II. Purchase Price: The purchase price of the Property, which Purchaser agrees to pay, is the sum of \$600,000.00.

III. Payment of Purchase Price: Purchaser shall pay the purchase price in the following form and manner:

A. Down Payment: The down payment is \$125,000.00 consisting of the aggregate of \$5,000.00 Earnest Money and the sum of \$120,000.00 cash upon execution of this Contract; receipt of which Vendor acknowledges.

B. Deferred Balance: The Deferred Balance is \$475,000.00 consisting of the \$600,000.00 purchase price less credit for the \$125,000.00 down payment.

C. Installments of the Deferred Balance: The Deferred Balance of \$475,000.00 is payable in the following installments:

1. Four Equal Annual Installments: Four (4) equal consecutive annual installments of \$40,000.00 each, including principal and interest, commencing on the 1st day of December, 1987, and continuing on the 1st day of each December thereafter, to and including the 1st day of December, 1990.

2. One \$125,000.00 Annual Installment: One (1) annual installment of \$125,000.00, including principal and interest, on the 1st day of December, 1991.

3. Four Equal Annual Installments: Four (4) equal consecutive annual installments of \$40,000.00 each, including principal and interest, commencing on the 1st day of December, 1992, and continuing on the 1st day of each December thereafter, to and including the 1st day of December, 1995.

4. Final Installment: The remaining balance of principal and interest due Vendor under the provisions of this Contract shall be paid on the 1st day of December, 1996.

D. Rate and Commencement Date of Interest: The rate of interest on the Deferred Balance is agreed to be 7.5% per annum simple interest on declining principal balances of the Deferred Balance. Interest shall commence on January 1, 1987.

E. Payments to Escrow Holder: All installments due Vendor from Purchaser under this Contract shall be paid without demand to Klamath County Title Company, 422 Main Street, Klamath Falls, Oregon 97601 (Escrow Holder). All such installments received shall be applied first to interest accrued to the date of receipt and then applied to reduce principal.

F. Prepayment: Purchaser may increase any installment or prepay all or any part of the whole Deferred Balance, together with interest thereon to the date of any such payment. No partial payment, increased installment, receipt by Vendor of net proceeds from eminent domain or from any fire insurance policy, shall be credited in lieu of any regular future installment, nor excuse Purchaser from making regular installments specified in this Contract.

IV. Nature of Estate Sold and Lien Created by This Contract: Vendor sells to Purchaser all of Vendor's right, title, and interest in the Property. This Contract creates an equity in the Property in favor of Purchaser and reserves to Vendor a Vendor's lien in the Property. By way of expansion, and not limitation, of the foregoing, Purchaser agrees the Vendor's lien in the Property is superior to any and all rights of Purchaser under and by any homestead, stay, or exemption laws now in force, or which may hereafter become laws.

V. Possession: The possession of the Property shall be delivered to Purchaser upon the date of this Contract.

VI. Warranties of Vendor: Vendor makes only the following warranties:

A. Merchantable Title to Property: Vendor warrants that Vendor has merchantable title to the Property subject to the exceptions set forth in Article I of this Contract.

B. No Other Warranties: Except for express warranty of merchantable title to the Property contained in this article, Vendor makes no other warranty, express or implied. Purchaser has examined the Property and agrees no representations of any kind have been made by Vendor, or any representative of Vendor, with respect to the condition of title to said Property, or the condition of the Property itself, not contained in this Contract. Purchaser is purchasing the Property described in this Contract as is in its present condition, accepts it as such, and requires no work of any kind to be done on the Property by Vendor. Purchaser acknowledges Purchaser is familiar with the quality of the soil and all soil conditions of the Property and is also familiar with the irrigation, accessories, and improvements upon the Property; and Purchaser accepts the Property as it now is. Prior to execution of this Contract, Purchaser apprised Purchaser of sufficient relative data, either through experts or other sources of Purchaser's own selection, in order Purchaser might intelligently exercise Purchaser's own judgment in deciding upon whether to enter into this Contract. Purchaser's decisions are not based on, or influenced by, any declarations or representations of Vendor, or Vendor's agents, employees, or attorneys.

VII. Escrow of Contract and Related Documents: Vendor will, upon execution of this Contract, make and execute in favor of Purchaser, a good and sufficient warranty deed conveying the Property free and clear, as of the date of this Contract, of all encumbrances, except for the exceptions to title set forth in Article I of this Contract. Vendor will, within a reasonable time after the execution of this Contract, place the deed, an executed recorded original of this Contract, together with any other documents and/or instruments ancillary to, or supplemental of, this Contract, in escrow with Escrow Holder with instructions that, when and if Purchaser shall have paid Deferred Balance, and interest thereon, as specified in this Contract, to deliver same to Purchaser subject to usual printed conditions and provisions of standard form of escrow instructions required by Escrow Holder.

VIII. Title Insurance: Vendor shall furnish a standard form of Purchaser's Title Insurance Policy issued by Escrow Holder under its Order No. K-39146 insuring Purchaser's title in the Property subject to the exceptions set forth in Article I of this Contract and printed conditions and exceptions contained in the usual form of Purchaser's Title Insurance Policy issued by the title insurance company regularly used by Escrow Holder. All cost of such title policy shall be shared equally by Vendor and Purchaser.

IX. Use and Care of the Property: Purchaser shall: neither use nor permit the Property to be used for any unlawful nor objectionable purpose; keep all buildings, fences, and other improvements upon the Property in good repair at Purchaser's own expense; at all times care for the Property in a manner consistent with good management practices in the community; will not, without the written consent of Vendor, cut or remove any trees or remove any sand, gravel, or minerals of any nature, nor permit the same to be done; will not permit nor suffer waste to be committed on the Property; observe all accepted farming methods of good husbandry and best soil conservation practices; constantly take precautions to prevent undue depletion of the soil from erosion by wind or water; and use all reasonable efforts to keep the Property free from noxious weeds or plants.

X. Taxes, Assessments, and Charges: Purchaser shall pay regularly and seasonably, and before the same become delinquent, all future taxes, assessments, and charges of whatever nature (including additional charges by reason of change of use) levied and assessed against the Property by any Governmental Entity having the power to impose ad valorem taxes or to make assessments. Special assessments shall be paid currently. The assessor or tax collector of the Governmental Entity which has the power to levy taxes or assessments is authorized to deliver to Vendor a written statement of such tax or assessment levied or owing at any time. Purchaser shall provide Vendor proof of payment of all taxes and assessments to be paid pursuant to this article, as the same are paid.

XI. Protect Property From Liens: Purchaser will keep the Property free from any adverse lien, security interest (except as expressly permitted by Vendor in writing) or encumbrance (except as expressly permitted by Vendor in writing), and will defend the Property against all claims and demands of all other persons at any time claiming the same, or any interest therein.

XII. Purchaser's Good Faith Dispute of Tax, Assessment, or Claim of Lien: Purchaser may withhold payment of any tax, assessment, levy, or claim in connection with a good faith dispute over the obligation to pay, so long as Vendor's security created by this Contract in Property is not jeopardized. If a lien arises, or is filed as a result of nonpayment, Purchaser shall, within 30 days after the lien is determined valid, either secure discharge of the lien or deposit with Vendor cash or a sufficient corporate surety bond or other security satisfactory to Vendor in an amount sufficient to discharge the lien plus any costs, attorney fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.

XIII. Insurance: Purchaser will have and maintain insurance at all times with respect to the Property against fire, or other casualty, in an amount equal to the lesser of either the sum of \$40,000.00, or the maximum insurable value as determined by the insurer, in such form, for such periods, and written by such companies, as shall be satisfactory to Vendor. All policies of insurance shall have endorsed thereon such standard loss payable clause and/or other endorsements as Vendor may, from time to time, request and Purchaser will promptly provide Vendor with evidence of such insurance. Vendor is hereby made attorney-in-fact for Purchaser to obtain, adjust, settle, and cancel, in Vendor's sole discretion, such insurance and endorse any drafts. At least 30 days prior to the expiration of any insurance policy, a satisfactory renewal or substitute insurance policy shall be secured by Purchaser and proof of the same provided to Vendor. Purchaser may, at Purchaser's election, at any time, furnish Vendor a certificate of insurance rather than deposit any insurance policy with Vendor. If a loss should occur for which insurance proceeds shall be payable, Purchaser may elect either to rebuild, repair, or replace the Property so destroyed, or apply the proceeds toward payment of the then unpaid balance of the Indebtedness. If Purchaser elects to rebuild, repair, or replace, Purchaser shall sign such documents as may be required by Vendor to assure the application of the insurance proceeds to the cost of such rebuilding, repair, or replacement.

XIV. Eminent Domain: In the event any Governmental Entity having the power of eminent domain acquires by eminent domain judicial proceedings, or by a negotiated sale in lieu of eminent domain proceedings, all, or any portion, of the Property, all of the net proceeds therefrom shall be applied toward payment of the Deferred Balance. If any eminent domain judicial proceedings are filed, Purchaser shall promptly take such steps as may be necessary to defend the action and obtain the award.

XV. Vendor's Right to Pay Taxes, Etc., Protect Vendor's Security: At its option (without being obligated to do so), Vendor may discharge taxes, liens, security interests, or other encumbrances placed upon the Property, may pay for insurance on the Property, and may pay for the maintenance and preservation of the Property. In addition, Vendor may appear in or defend any action or proceeding at law, or in equity, or in bankruptcy, in any way affecting the security of Vendor created by this Contract in the Property. If Vendor elects to discharge taxes, liens, security interests, or other encumbrances, or to pay for insurance, or to maintain or preserve the Property, or shall appear in or defend any action or proceeding at law, or in equity, or in bankruptcy, affecting Vendor's security interest in the Property, any amount Vendor expends pursuant to this article shall be added to the Indebtedness. Amounts so added to the Indebtedness shall be payable upon demand with interest from the date of the expenditure of the amount so added. The rate of interest on the amounts referred to in this article shall be 25%. Without limiting the generality of the foregoing, the amounts referred to in this article shall include all costs, charges and expenses, including costs of evidence of title or validity and priority of the security rights of Vendor created by this Contract, and attorney fees (both at trial or on appeal) in a reasonable sum, incurred in any action or proceeding in which Vendor may appear.

XVI. Right to Inspect: Vendor, or any agent or attorney in fact for Vendor or duly authorized representative of Vendor, may, at any reasonable time, enter upon the Property to inspect it.

XVII. Transfer of Property By Purchaser: Purchaser shall not, without the prior written consent of Vendor, transfer Purchaser's interest in the Property, whether or not the transferee assumes or agrees to pay the

Indebtedness. If Purchaser, or a prospective transferee of the Property, applies to Vendor for consent to such a transaction, Vendor may require such information concerning the transferee as shall be reasonable. As a condition to its consent to any transfer, Vendor may, in Vendor's discretion, increase the interest rate of the Indebtedness to any rate which is satisfactory to Vendor, and adjust the payments to include the increased interest; provided, however, the increased rate of interest shall not exceed 10%. Following a transfer, Vendor may agree to any extension of time for payment or modification of the terms of this Contract or waive any right or remedy under this Contract without relieving Purchaser from liability. If Purchaser should make any sale or transfer of the Property, without the written consent of Vendor, Vendor shall have a security interest in the proceeds.

XVIII. Default of Purchaser: The following shall constitute a default of Purchaser:

A. Failure to Make Payments: Failure of Purchaser to make payments as herein provided and if said failure shall continue for more than 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 Vendor's right either to require prompt payment when due of all other sums so secured or to seek any remedy provided for in this Contract.

B. Failure to Perform Covenants: Failure of Purchaser to perform any covenants or conditions of this Contract (other than failure to make payments as provided in the preceding subarticle) after 30 days' written notice of such failure and demand for performance.

C. Insolvency, Etc.: Termination of Purchaser's business, insolvency of Purchaser, business failure of Purchaser, appointment of a receiver of any part of the Property, assignment by Purchaser for the benefit of Purchaser's creditors of any of the Property, or the commencement of any proceeding under any state insolvency law by or against Purchaser, or any one or more of the foregoing.

XIX. Remedies: If Purchaser shall be in default as above provided, Vendor shall have the following cumulative rights: Vendor may declare a forfeiture of this Contract by written notice to Purchaser in accordance with Oregon statute, and at the expiration of the required notice, the terms of this Contract meanwhile not having been complied with, Vendor may enter into said premises and take possession of them, and this Contract shall be at an end and null and void, and Purchaser shall forfeit to Vendor, as liquidated damages, all payments made hereunder and all improvements placed upon the premises, and immediately surrender possession of said premises. The failure of Vendor to declare a forfeiture at any time upon violation of any of the terms of this Contract by Purchaser shall be deemed only an indulgence by Vendor of that particular default and shall not be construed to be a waiver of any rights of Vendor specified herein. The remedy provided for in this subarticle is not exclusive and Vendor, at its option, may exercise any legal rights available to Vendor, including, without limiting the generality of the foregoing, foreclose this Contract by strict foreclosure in equity, declare the full unpaid balance of the Indebtedness immediately due and payable, or specifically enforce the terms of this Contract by suit in equity.

XIX. Exercise of Remedies: The remedies provided for in this Contract may be exercised by Vendor singularly or concurrently at the sole discretion and option of Vendor.

XXI. No Waiver: No waiver by Vendor 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.

XXII. Time is of the Essence: Time is expressly made the essence of this Contract.

XXIII. Notice: Any notice, demand, or communication to be given by either party to this Contract to the other party shall be sufficient if in writing and transmitted to the other party by registered or certified mail, deposited with the United States Postal Service with postage fully prepaid, addressed to said party at their address shown below, provided that either party may change his place of address by notice to the other party as herein provided. Any such notice or demand shall be deemed conclusively to have been delivered to the addressee

thereof 48 hours after the deposit thereof with the United States Postal Service. As of the date of this Contract, the addresses for notice are:

Address of Vendor
Walter Ralphs, Jr.
1199 Tower Grove Drive
Beverly Hills, CA 90210

Address of Purchaser
Alvin R. & Peggy A. Marengo
8475 Marengo Ranch Drive
Red Bluff, CA 96080

XXIV. Provisions Regarding Suit or Action Due to Default of Purchaser: In the event any suit or action is commenced because of any default of Purchaser, the following provisions shall apply:

A. Receivership: The Court having jurisdiction of the case may, ex parte, upon motion by Vendor, appoint a receiver to collect the rents and profits arising out of the Property, or to take possession, management and control of any of the Property during pendency of suit or action or until payment of the Indebtedness hereby secured and apply said rents and profits to the payment of the Indebtedness, first deducting all proper charges and expenses during the execution of the receivership.

B. Title Insurance: Purchaser shall pay to Vendor, in addition to all statutory costs and disbursements, any amount Vendor 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 Property and this Contract shall be security for the payment thereof.

C. Attorney Fees: 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.

XXV. Duties and Obligations of Purchaser Joint and Several: The duties and obligations of Purchaser shall be joint and several.

XXVI. No Oral Modification Binding: No modification of this Contract shall be given effect unless the same be in writing subscribed by the parties hereto or their successors in interest.

XXVII. Binding Effect: This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, executors, administrators, and assigns, subject to the provisions pertaining to transfer by Purchaser contained in this Contract.

XVIII. Construction of Contract: In construing this Contract, the following shall control:

A. Definitions: The following terms shall have the following meanings:

1. Vendor: The term "Vendor" shall mean Walter Ralphs, Jr., as the circumstances and context shall require.

2. Purchaser: The term "Purchaser" shall mean Alvin R. Marengo and Peggy A. Marengo, husband and wife, tenants in common, as the circumstances and context shall require.

3. Property: The term "Property" shall mean the Real Property described in Article I of this Contract, as the context and circumstances shall require. The term shall also include the tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or in any wise appertaining, improvements thereon, the reversions, remainders, rents, issues and profits thereof, together with all the rights of the use of water for irrigating said premise and for domestic use thereon to which Vendor is now entitled, or which are now used on said premises, however the same may be evidenced, and together with all shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles the Vendor to water for irrigating or domestic purposes upon the same, within the metes and bounds of the description contained in Article I.

4. Deferred Balance: The term "Deferred Balance" shall mean the unpaid portion of the purchase price owing Vendor by Purchaser under the terms of this Contract.

5. Net Proceeds From Eminent Domain: The term "net proceeds from eminent domain" shall mean the proceeds received by Purchaser from eminent domain acquisition remaining after payment of all reasonable costs, expenses, and attorney fees necessarily paid or incurred by Purchaser and Vendor in connection with the eminent domain acquisition.

6. Governmental Entity: The term "Governmental Entity" shall mean the United States of America, the State of Oregon, the County of Klamath, and any political subdivision, municipal corporation, quasi-governmental entity, or agency thereof.

7. Indebtedness: The term "Indebtedness" shall mean all obligations, debts, and liabilities of Purchaser to Vendor, including, without limiting the generality of the foregoing, all existing and future obligations of Purchaser to Vendor, arising out of, or in connection with, this Contract. Without limiting the generality of the foregoing, it shall also include interest on the Deferred Balance.

B. Severability: All covenants, terms and provisions of this Contract are severable, and in event any shall be held to be invalid by any competent Court, this Contract shall be interpreted as though said invalid covenants, terms, or provisions were not contained herein.

C. Governing Law: This Contract shall be governed by the laws of the State of Oregon regardless of where signed.

D. Pronouns: Pronouns used in this Contract shall be construed in accordance with the appropriate gender or neuter, and as either singular or plural as the context requires.

E. Paragraph Headings For Convenience Only: Paragraph headings are for convenience only and shall not be used in construing covenants, terms and provisions of this Contract.

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 FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year hereinabove first written.

PURCHASER

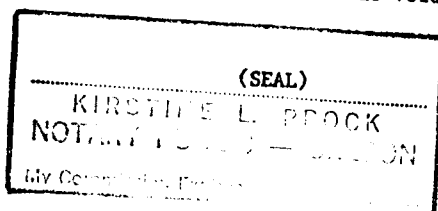
Alvin R. Marenco
ALVIN R. MARENCO
Peggy A. Marenco
PEGGY A. MARENCO

SELLER

Walter Ralphs, Jr.
WALTER RALPHS, JR.

STATE OF OREGON, County of Klamath) ss:

Personally appeared before me the above-named ALVIN R. MARENCO and PEGGY A. MARENCO and acknowledged the foregoing instrument to be their voluntary act and deed.



January 12, 1987
Kirstine L. Prock
NOTARY PUBLIC FOR OREGON
My Commission Expires: 12/16/88

GENERAL ACKNOWLEDGMENT

State of CALIFORNIA
County of LOS ANGELES } SS.



On this the 5 day of JANUARY 1987, before me,

SHIRLEY J. KORT
the undersigned Notary Public, personally appeared

WALTER W. RALPH JR.

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) IS subscribed to the
within instrument, and acknowledged that HE executed it.
WITNESS my hand and official seal.

Notary's Signature Shirley J. Kort

NATIONAL NOTARY ASSOCIATION • 23012 Ventura Blvd. • P.O. Box 4625 • Woodland Hills, CA 91364

WHEN RECORDED MAIL TO:
KCTC

MAIL TAX STATEMENTS TO:

Alvin R. & Peggy A. Marenco
8475 Marenco Ranch Drive
Red Bluff, Calif. 96080

Fee: \$37.00

STATE OF OREGON

County of Klamath } ss:

I certify that the within
instrument was received for record
on the 30th day of January,
1987, at 12:21 o'clock P.M., and
recorded in Book M87 on Page
81558 or as filing fee number
70929.

Record of Deeds of said County.
Witness my hand and seal of
County affixed.

Evelyn Biehn.
Klamath County Clerk Title
BY: Sam Smith Deputy