

WHEN RECORDED MAIL TO:

MOUNTAIN TITLE COMPANY
407 MAIN STREET
KLAMATH FALLS, OR 97601

MAIL TAX STATEMENTS TO:

LESLIE E. NORTHCUTT
NORMA V. NORTHCUTT
11749 SAWYER ROAD
OAKDALE, CA 95361

73991

(Don't use this
space; reserved
for recording
label in coun-
ties where
used.)

STATE OF OREGON

County of _____

I certify that the within instrument
was received for record on the _____ day
of _____, 19____,
at _____ o'clock _____ M., and recorded
in book _____ on page _____ or as
filing fee number _____, Rec-
ord of Deeds of said County.
Witness my hand and seal of County
affixed.

By _____ Title
Deputy

CONTRACT OF SALE Made this 20th day of April, 1987, by and between
THE FEDERAL LAND BANK OF SPOKANE, a corporation, with its office and principal place of
business at Spokane, Washington, as Seller, and LESLIE E. NORTHCUTT and NORMA V.
NORTHCUTT, husband and wife, as Purchaser;

WITNESSETH:

Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller, upon
the terms and conditions hereinafter set forth, the following described Property situate
in Klamath County, Oregon, to-wit:

A. Real Property:

PARCEL A

Parcel 1:

Lots 3 and 4 of Section 35; S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, Lots 7 and 8 in Section 36; all in Township 38
South, Range 7 East of the Willamette Meridian.
EXCEPTING therefrom, a portion of Lots 3 and 4, Section 35, Township 38 South, Range
7 East of the Willamette Meridian more particularly described: Beginning at the Round Lake
Meander Line angle point number one, which is North 22°49'23" West, 1593.30 feet from the
Meander Corner common to Section 35, Township 38 South, Range 7 East of the Willamette
Meridian, and Section 2, Township 39 South, Range 7 East of the Willamette Meridian;
thence South 22°49'23" East along said Meander Line, 248.86 feet; thence North 17°40'31"
West, 64.62 feet; thence North 04°33'21" West, 199.74 feet to a point on said Meander
Line, 68.60 feet to the point of beginning.

Parcel 2:

The NE $\frac{1}{4}$ SW $\frac{1}{4}$, Lots 2, 3, and 5, in Section 31, Township 38 South, Range 8 East of the
Willamette Meridian, EXCEPTING AND RESERVING THEREFROM part of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and of Lots 2
and 3 of said Township, Range and Section, more particularly described as follows:
Beginning at the quarter corner of the West line of said Section 31; thence South
along said West line a distance of 676.0 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long;
thence South 67° East, a distance of 1169.0 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long;
thence South 50° East, a distance of 969.0 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long;
thence South 27° East, a distance of 927.0 feet, more or less, to a point on the South
line of said Section, which point is marked by a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence
East along said South line, a distance of 379.0 feet, more or less, to the South quarter
corner of said Section 31; thence North along the North and South center line of said
Section 31, a distance of 2640.0 feet, more or less, to the center of said Section; thence
West along the East and West center line of said Section, a distance of 2640.0 feet, more
or less, to the point of beginning.

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Parcel 3:

SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Lots 1, 2, 3, 6, and 7 of Section 6; all in Township 39 South, Range 8 East of the Willamette Meridian.

EXCEPTING therefrom, the Eastern 850 feet of fractional Lot 1, Section 6, Township 39 South, Range 8 East of the Willamette Meridian, more particularly described: Beginning at the East 1/16 Section 6, Township 39 South, Range 8 East as located on Klamath County Survey No. 3141; thence South 89°09'39" West, 850.0 feet; thence South 00°03'47" East of the Willamette Meridian, 1247.657 feet; thence North 89°22'55" East, 850.0 feet; thence North 00°03'53" West, 1250.937 feet to the point of beginning.

Parcel 4:

Part of Lots 4 and 3 of Section 36, Township 38 South, Range 7 East of the Willamette Meridian, and more particularly described as follows: Commencing at the East quarter corner of said Section 36; thence South along the East line of said Section 676.0 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long, which is the true point of beginning; thence South 75°32' West, a distance of 820.13 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence North 79°54' West, a distance of 647.74 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence North 64°25' West, a distance of 692.67 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence North 57°56' West, a distance of 530.90 feet to a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence North 77°24' West, a distance of 169.01 feet, more or less, to a point on the West line of Lot 3, said point being marked by a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence North West line, a distance of 284.04 feet, more or less, to an intersection with the meander line, said point being marked by a 1 $\frac{1}{2}$ -inch iron pipe 30 inches long; thence South 73°21' East, along said meander line, a distance of 2786.44 feet, more or less, to the meander corner on the East line of said Section 36; thence North along said East line, a distance of 555.66 feet, more or less, to the true point of beginning.

Parcel 5:

Governments Lots 5 and 6 in Section 36, Township 38 South, Range 7 East of the Willamette Meridian.

Parcel 6:

(A) That portion of Section 31, Township 38 South, Range 8 East of the Willamette Meridian, more particularly described as follows: That portion of said Section 31, lying South and Westerly of the Southwesterly line of Government Lot 3, East of the East line of Government Lot 5, and North of the South line of said Section 31.
(B) That portion of Section 6, Township 39 South, Range 8 East of the Willamette Meridian, more particularly described as follows: That portion of said Section 6, lying South of North line of said Section 6, West of the Westerly line of Government Lot 1, North of North line of Government Lot 7, and East of the East line of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 6.

Parcel 7:

A portion of Lot 2, Section 35, Township 38 South, Range 7 East of the Willamette Meridian, more particularly described: Beginning at the Round Lake Meander Corner common to Section 35, Township 38 South, Range 7 East of the Willamette Meridian, and Section 2, Township 39 South, Range 7 East of the Willamette Meridian; thence North 22°49'23" West along Round Lake Meander Line, 1344.44 feet; thence South 17°40'31" East, 120.73 feet; thence South 19°37'20" East, 185.878 feet; thence South 21°59'03" East, 125.58 feet; thence South 28°01'55" East, 261.442 feet; thence South 20°46'05" East, 82.846 feet; thence South 11°09'11" East, 346.271 feet; thence South 15°06'27" East, 102.59 feet; thence South 56°31'37" East, 155.20 feet to the point of beginning.

Parcel 8:

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A portion of Lots 1 and 2, Section 36, Township 38 South, Range 7 East and Lot 1, Section 35, Township 38 South, Range 7 East of the Willamette Meridian, more particularly described: Beginning at a point on the Round Lake Meander Line, which is North 73°07'15" West, 2803.186 feet from the Meander Corner common to Section 36, Township 38 South, Range 7 East of the Willamette Meridian and Section 31, Township 38 South, Range 8 East of the Willamette Meridian; thence North 73°07'15" West along said Meander Line, 1826.137 feet; thence South 62°50'27" West along said Meander Line, 1060.662 feet to the West line of said Section 36; thence South 62°51'25" West along said Meander Line, 1389.60 feet; thence North 04°33'21" West, 109.76 feet; thence North 14°34'05" East, 112.153 feet; thence North 35°56'03" East, 325.695 feet; thence North 50°21'21" East, 508.430 feet; thence North 59°54'31" East, 413.479 feet; thence North 70°29'37" East, 294.126 feet to a point on the East line of said Section 35; thence North 70°29'37" East, 42.96 feet; thence North 80°19'58" East, 765.797 feet; thence South 81°49'58" East, 203.082 feet; thence North 81°43'02" East, 280.351 feet; thence South 60°18'51" East, 194.825 feet; thence South 71°42'17" East, 141.931 feet; thence South 78°42'11" East, 758.094 feet; thence South 88°08'42" East, 227.595 feet; thence South 82°32'02" East, 57.118 feet; thence South 69°20'53" East, 87.05 feet; thence South 00°00'00", 263.71 feet to the point of beginning. Together with a perpetual easement non-exclusive easement 30 feet in width for access over an existing road located in Section 6, Township 39 South, Range 8 East of the Willamette Meridian, as described in easement recorded July 7, 1980, in Vol. M-80, Page 12439, Microfilm Records of Klamath County, Oregon.

Together with an easement 50 feet in width for right of way for pumping plant and ditch, and for ingress and egress for repair and maintenance of same, along the Northerly line of lots 4 and 5 and the SW¼SW¼ of Section 6, Township 39 South, Range 8 East of the Willamette Meridian.

SUBJECT TO:

1. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Purchaser assumes and agrees to pay and perform.
2. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.
3. Reservation of 1/2 interest in and to all oils, gases, coal, ores, minerals and fossils as set forth in Deed recorded December 10, 1927, in Book 79, Page 282, Deed Records of Klamath County, Oregon, from The Long-Bell Lumber Company to Weyerhaeuser Timber Company. (Affects Parcel 5)
4. Right of way for pole line conveyed by Louis Soukup and Mildred D. Soukup, husband and wife, to California Oregon Power Company, dated August 26, 1953, recorded September 3, 1953, in Vol. 262, Page 641, Records of Klamath County, Oregon.
5. Reservation of 1/2 interest in and to all ores and minerals as set forth in Warranty Deed from Weyerhaeuser Timber Company to Louis W. Soukup and Mildred D. Soukup, dated October 7, 1953, and recorded December 15, 1953, in Book 264, Page 414, Deed Records of Klamath County, Oregon. (Affects Parcels 4 and 5)
6. Reservation of oil and minerals, including the terms and provisions thereof as set forth in Deed from John S. Ashley and Eve B. Ashley, husband and wife, to William R. Owens and Margaret H. Owens, husband and wife, recorded September 4, 1964, in Vol. 356, Page 42, Records of Klamath County, Oregon. (Affects Parcels 1 - 4)
7. An easement created by instrument, including the terms and provisions thereof, dated May 12, 1966, recorded May 17, 1966, in Vol. M-66, Page 5254, Microfilm Records of Klamath County, Oregon, in favor of Pacific Power and Light Company for a 20-foot wide electric transmission line. (Affects across SE¼SE¼ of Section 6)
8. An easement created by instrument, including the terms and provisions thereof, dated December 15, 1977, recorded January 9, 1978, in Vol. M-78, Page 439, Microfilm Records of Klamath County, Oregon, in favor of William B. Hughes and Evelyn Hughes, for a 20-foot wide easement for existing ditch. (Affects across N¼N¼SE¼SE¼ Section 6)

9. Reservation of all geothermal steam and heat and all metals, ores and minerals as set forth in Deed from Weyerhaeuser Company to Federal Land Bank of Spokane, recorded February 10, 1987, in Vol. M-87, Page 2190, Microfilm Record of Klamath County, Oregon. (Affects Parcels 7 and 8)

PARCEL B

Township 39 South, Range 8 East of the Willamette Meridian:

Section 6: SW1SW4 and Lots 4 and 5

SUBJECT TO:

1. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Purchaser assumes and agrees to pay and perform.
2. Right of way for pole line conveyed by Louis Soukup and Mildred D. Soukup, husband and wife, to California Oregon Power Company, dated August 26, 1953, recorded September 3, 1953, in Vol. 262, Page 641, Records of Klamath County, Oregon.
3. Reservation of oil and minerals, including the terms and provisions thereof as set forth in Deed from John S. Ashley and Eve B. Ashley, husband and wife, to William R. Owens and Margaret H. Owens, husband and wife, recorded September 4, 1964, in Vol. 356, Page 42, Records of Klamath County, Oregon.
4. An easement created by instrument, subject to the terms and provisions thereof, dated February 7, 1980, recorded February 13, 1980, in Vol. M-80, Page 2913, Mortgage Records of Klamath County, Oregon, for pumping plant and ditch, and for ingress and egress for repair and maintenance.
5. An easement created by instrument, subject to the terms and provisions thereof, dated April 30, 1980, recorded May 5, 1980, in Vol. M-80, Page 8233, Microfilm Records of Klamath County, Oregon, re-recorded July 7, 1980, in Vol. M-80, Page 12439, Microfilm Records of Klamath County, Oregon, for perpetual non-exclusive road easement 30-feet wide for the benefit of adjoining property.
6. Agreement, subject to the terms and provisions thereof, recorded March 12, 1984, in Vol. M-84, Page 3932, Microfilm Records of Klamath County, Oregon, from Robert T. Morris and Jacqueline L. Morris, husband and wife, to Benjamin J. Hickman and Catherine F. Hickman, husband and wife, for use of well. Addendum, subject to the terms and provisions thereof, dated July 7, 1980, recorded March 12, 1984, in Vol. M-84, Page 3934, Microfilm Records of Klamath County, Oregon.

Together with all tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or any wise appertaining, improvements thereon, including, but not limited to, stationary pumps, pumping stations, pumping motors, pumping engines, reservoirs, non-portable pipes and flumes or other non-portable equipment now used for the production of water thereon or for the irrigation or drainage thereof, and the reversions, remainders, rents, issues and profits thereof, together with all of the rights of the use of water for irrigating the above-described real property, however evidenced, and for domestic use thereon, to which Vendor is now entitled, or which are now used on said real property, 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 use of water for irrigating or domestic purposes upon the real property within the metes and bounds of the above description.

Subject to any and all easements, rights of way, or restrictions of record, and the exceptions, provisions and reservations contained in patents or deeds from the United States of America, or the State of Oregon, or in any other deeds of record.

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B. Personal Property: The following described Personal Property located upon the Real Property:

- 1 50 hp Weaver 1200 RPM Electric Motor and Centrifugal Pump
- 1 100 hp General Electric 1770 RPM Motor, Model No. 5K6267xH3A, and Johnston Turbine Pump, No. GA3077
- 1 100 hp Newman 1800 RPM Electric Motor, Serial No. X030804, and Berkeley Turbine Pump, Model No. 140 4H-2

I. Purchase Price: The total purchase price shall be the sum of \$259,000.00 and shall be payable as follows:

A. Down Payment: The sum of \$54,000.00, consisting of the aggregate of the following: \$10,000.00, plus \$44,000.00 credit for the exchange by Purchaser by Vendor of Parcel B of the Real Property, receipt of which is hereby acknowledged.

B. Deferred Balance: The balance of \$205,000.00 shall be payable in annual installments as follows:

1. First Five Installments: Five (5) annual payments of \$24,079.30 each, including interest at 10% per annum, beginning on the 1st day of December, 1987, and continuing on the 1st day of each and every December thereafter through and including December 1, 1991.

2. Balance of Installments: Fifteen (15) equal annual payments of remaining unpaid principal and interest at the base rate then in effect under Seller's variable new loan interest rate, beginning on the 1st day of December, 1992, and continuing on the 1st day of each and every December thereafter until all sums, both principal and interest, due hereunder are paid in full.

C. Rate of Interest For First Five Years: Commencing on April 20, 1987, and ending on November 30, 1991, the unpaid principal balances hereof shall bear interest at the rate of 10% per annum.

D. Rate of Interest For Balance of Contract: Commencing on December 1, 1991, the unpaid principal balance hereof shall bear interest at the rate then in effect under Seller's variable new loan interest rate, except as hereinafter provided, on declining principal balances. Interest rate provided in this subarticle shall increase or decrease whenever Seller establishes a higher or lower new loan rate applicable to its current variable rate loans. Increment of increase or decrease shall be the same increment applicable to such loans, but not in excess of maximum rate allowed by applicable state or preemptive federal law. Different variable loan rates are established by Seller in accordance with provisions of Farm Credit Act of 1971 and regulations of Farm Credit Administration. As and when any different rate is established as provided above, the amount of each subsequent installment shall be increased or decreased to reflect different rate of interest, but the due date of any installment so increased or decreased shall remain the same.

E. Interest on Delinquent Installments: All installments not made when due shall thereafter bear interest until paid at a default rate which is the rate then in effect for this Contract, plus 2% per annum.

F. Commencement Date of Interest: Interest commences on April 20, 1987, regardless of the date this Contract is signed.

G. Billing Statements: All payments due hereunder shall be made in accordance with billing statements mailed periodically to Purchaser.

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H. Application of Payments: Each payment shall be applied first to accrued interest and then to principal.

I. Prepayment: Purchaser may at any time pay the principal balance or any part thereof without penalty.

II. Taxes And Assessments: Purchaser assumes and agrees to pay before delinquency all taxes and assessments that may, as between Seller and Purchaser, become a lien on the real estate until the principal and interest on this Contract are paid in full. Should Purchaser fail to make any payments as provided in this paragraph, Seller may make such payment and any amount so paid by Seller, together with interest at the rate specified herein, with interest to be charged from the date of payment until paid, and said payment together with interest shall be repayable by Purchaser on Seller's demand, all without prejudice to any other right Seller may have by reason of such default.

III. Insurance: Purchaser assumes all risk of loss or damage to buildings or improvements on said real estate by fire, act of God, lawful condemnation, or any other cause and agrees to make the payments herein described as they severally become due, notwithstanding any loss that may occur. Purchaser agrees that at his own cost he will constantly keep all insurable improvements insured against loss or damage by fire to the extent of their full insurable value and in manner and form satisfactory to Seller. All insurance policies whatsoever affecting buildings or improvements on said premises shall be delivered to Seller and each shall have attached thereto loss payable clause in favor of Seller as its interest may appear. Proceeds of any loss thereunder shall be paid to Seller for application toward purchase price or for rebuilding such building or improvements at option of Seller. Should Purchaser fail to pay any said premiums as provided in this paragraph, Seller may, at Seller's option, and without being obliged to do so, pay such premium and any amount so paid by Seller, together with interest at the rate specified herein, with interest to be charged from the date of payment until paid, and said payment, together with interest, shall be repayable by Purchaser on Seller's demand, all without prejudice to any other right Seller may have by reason of such default.

IV. Defense of Security: 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 Purchaser 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 the rate specified herein from date of demand therefor. Failure of Purchaser to pay Seller for such costs, charges and expenses within 30 days from the date of demand therefor shall constitute a breach of this Contract.

V. Eminent Domain: In case any of the premises are taken under eminent domain or through conveyance executed in lieu of condemnation, damages paid or consideration received therefore shall be paid to Seller for application on the purchase price.

VI. Use and Care of Premises: Purchaser agrees that he will neither use nor permit said premises to be used for any unlawful nor objectionable purpose; that he will at his own expense keep all buildings, fences, and other improvements upon said premises in good repair; that he will at all times care for the premises in a manner consistent with good management practices in the community; that he will not, without the written consent of Seller, cut or remove any trees or remove any sand, gravel, or minerals of any nature, nor permit the same to be done; that he will not permit nor suffer waste to be committed on said premises. All farming operations upon the Property shall be in accordance with the

practices of good husbandry and the best soil conservation practices, observing accepted methods of crop rotation. Purchaser will constantly take precautions to prevent undue depletion of the soil from erosion by wind or water and shall use all reasonable efforts to keep the Property free from noxious weeds or plants.

VII. Contract as Purchase Money Security Agreement For Collateral: Without limiting Seller's lien created by this Contract, Seller and Purchaser agree that this Contract constitutes a purchase money security agreement for the Collateral and creates, in Seller, a purchase money security interest in the Collateral as provided by the Uniform Commercial Code -- Secured Transactions. Parties agree that the rights of Seller are those of a secured party as defined in the Uniform Commercial Code -- Secured Transactions and this Contract and the rights of Seller are hereby declared those provided a secured party by the Uniform Commercial Code -- Secured Transactions and the provisions contained in this Contract. Without limiting the rights of Seller as a secured party, the parties also agree as follows:

A. Security Interests in the Collateral: The purchase money security interest in the Collateral hereby granted Seller by Purchaser constitutes security for the payment of the Indebtedness.

B. Use and Location of Collateral: The Collateral is bought and used primarily for agricultural purposes and will be kept upon the Real Property. Purchaser will not remove the Collateral from the Real Property or the State of Oregon without the written consent of Seller nor otherwise sell or dispose of the Collateral without the written consent of Seller.

C. Perfection of Purchase Money Security Interest: Purchaser agrees to execute and file financing statements and do whatever may be necessary under applicable law to perfect and continue Seller's purchase money security interest in the Collateral (including, without limiting the generality of the foregoing, the filing of a financing statement as a fixture filing); all at Purchaser's expense. In addition, without limiting the generality of the foregoing, Purchaser will do, execute, and deliver whatever further acts, documents, or instruments as Seller reasonably shall require for preserving, confirming, perfecting, continuing, and assuring to Seller, all and singular, the security rights in the Collateral.

VIII. Possession: Purchaser shall be entitled to Seller's right of possession of the Real Property and Personal Property from and after the date this Contract is recorded. Such possession shall continue so long as the terms of this Contract are fully complied with.

IX. Default: Time is of the essence of this Contract. The following shall constitute a default of Purchaser:

A. Failure to Make Payments: Failure of Purchaser to make payments as herein provided. 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 of all other sums due under this Contract.

B. Failure to Perform Covenants: Failure of Purchaser to perform any covenants or conditions of this Contract when performance is due.

X. Remedies: If Purchaser shall be in default as provided in this Contract, Seller shall have the following cumulative rights:

A. Remedies Relating to Real Property: If Purchaser should fail to make the payments or to keep and perform any of the covenants and agreements contained in this Contract, the same shall constitute a forfeiture of this Contract and thereupon Seller, at its option, may declare such forfeiture 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, Seller 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 Seller, as liquidated damages, all payments made hereunder and all improvements placed upon the premises, and immediately surrender possession of said premises. The failure of Seller 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 Seller of that particular default and shall not be construed to be a waiver of any rights of Seller specified herein. The remedy provided for in this subarticle is not exclusive and Seller, at its option, may exercise any legal rights available to it.

B. Remedies Relating to Collateral: In the event of any default by Purchaser, Seller shall have all the rights and remedies of a secured party under the Uniform Commercial Code -- Secured Transactions, or other applicable law, and all rights and remedies provided for in this Contract, to enforce payment of all obligations secured by this Contract including, without limiting the generality of the foregoing, the following rights: the right to require Purchaser to assemble the Collateral and make it available to Seller at a place to be designated by Seller which shall be reasonably convenient to both parties; the right to take immediate possession of said Collateral wherever found (either directly by Seller or through Seller's agent, attorney, or sheriff in any county in which the Collateral, or any part thereof, may be located), with or without suit or process, and to sell the same at public or private sale, with or without notice, and to apply the proceeds of such sale to the discharge of the obligations secured hereby (both principal and interest) and expenses of protecting or realizing on the Collateral, including reasonable attorney fees (both at trial and on appeal); the right to a judgment for any deficiency; and the right to become the purchaser at any sale made hereunder. Any notice of sale, or other intended action by Seller, sent to Purchaser at least 5 days prior to such sale, or intended action, shall constitute reasonable notice to Purchaser. Seller shall have the right to enter upon any Real Property owned, leased, or occupied by Purchaser, upon which the Collateral, or any part thereof, shall be located, and to remain thereon for so long a period as may be necessary to perform and/or carry out the rights and remedies conferred by this Contract.

C. Exercise of Remedies: The remedies provided for in this article may be exercised by Seller singularly or concurrently, with reference to either the Real Property or the Collateral, or both, at the sole discretion and option of Seller.

XI. No Waiver: 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.

XII. Notice: Any notice, demand, or communication to be given by either party to this Contract to the other party shall be in writing and transmitted to the other party by registered or certified mail 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. The mailing and registering or certifying of any such notice, demand, or communication as herein provided shall be sufficient service thereof. In the event notice of default of any nature is sent by Seller after such default has existed for 15 days or more, Purchaser agrees to pay Seller the sum of \$75.00 in addition to all other demands in said notice, before said forfeiture is released, such amount being a reasonable attorney's fee and cost of said notice. Any payments coming due during time that notice of

forfeiture is in effect shall be automatically included in said notice of forfeiture and Purchaser must pay said payment or payments in addition to the amounts called for in the notice.

Address of Purchaser
LESLIE E. NORTHCUTT
NORMA V. NORTHCUTT
11749 Sawyer Road
Oakdale, CA 95361

Address of Seller
THE FEDERAL LAND BANK OF SPOKANE
c/o FARM CREDIT SERVICES
P.O. Box 148
Klamath Falls, OR 97601

XIII. Attorney's Fees: In case suit or action is instituted for declaration of rights hereunder or to foreclose this Contract, or to enforce any of the provisions hereof, parties agree to pay costs of title reports and such sums as trial court may judge reasonable as attorney's fees and collection costs to be awarded prevailing party in that suit or action, and, if any appeal is taken from any judgment or decree, further attorney's fees and costs as may be adjudged reasonable by the court to be awarded prevailing party. In addition to all statutory costs and disbursements, and attorney fees provided in preceding portions of this article, costs and disbursements shall include any amounts 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.

XIV. Fulfillment Deed: When full payment has been made under the terms of this Contract, Seller agrees to execute and deliver to Purchaser a Warranty Deed, warranting only against encumbrances suffered or created by Seller, subject to the servitudes, exceptions, provisions and reservations hereinabove mentioned, free and clear of encumbrances, except all taxes, assessments, and charges herein provided to be paid by Purchaser, and except any lien or encumbrances revived or placed on said premises by or through or under Purchaser, and except any other encumbrances or defects which Purchaser has assumed.

XV. Fulfillment Bill of Sale and Termination of Financing Statement: When full payment has been made under the terms of this Contract, Seller shall execute and deliver to Purchaser a Bill of Sale to the Personal Property free and clear of all liens and encumbrances as of the date of this Contract and shall execute and deliver such form of termination of financing statement as shall be necessary under provisions of the Uniform Commercial Code -- Secured Transactions to terminate the purchase money security interest of Seller in the Collateral, and every part thereof.

XVI. Assignment: This Contract shall not be assigned nor the premises be transferred to the possession of any third party without the written consent of Seller. Seller agrees not to unreasonably withhold such consent.

XVII. Inspection: 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 the 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 and drainage improvements upon the Property (including, without limiting the generality of the foregoing, the production capacity and water quality of any well, capacity and function of any drainage system); 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.

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XVIII. Closing Costs: Purchaser agrees to pay the cost of recording this Contract and the costs of filing and/or recording any financing statements. Each party agrees to pay one-half of the escrow closing fee. Seller agrees to pay all other closing costs, including any taxes assessed upon this transaction, and the cost of title insurance.

XIX. Title Insurance: Seller agrees to furnish a standard form of Purchaser's Policy of Title Insurance issued by Mountain Title Company showing title free of encumbrances or defects except those set forth in Article I.A.

XX. Succession: This Contract shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

XXI. Favorable Classification: Purchaser is liable for any deferred Real Property taxation resulting from change of favorable land classification.

XXII. Duties and obligations of Purchaser Joint and Several: The duties and obligations of Purchaser shall be joint and several. Purchaser waives notice, presentment, and protest with respect to the indebtedness.

XXIII. No Oral Modification Binding: This Contract contains the full understanding of parties with respect to subject hereof and no modification hereof shall be given effect unless same be in writing subscribed by parties hereto or their successors in interest.

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

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

1. Seller: The term "Seller" shall mean the Seller of the Real Property subject to this Contract, or a secured party under Uniform Commercial Code -- Secured Transactions of the Personal Property subject to this Contract, as circumstances and context shall require.

2. Purchaser: The term "Purchaser" shall mean the Purchaser of the Real Property subject to this Contract, the Personal Property subject to this Contract, or a debtor under the Uniform Commercial Code -- Secured Transactions, as the circumstances and context shall require with regard to the Personal Property subject to this Contract.

3. Property: The term "Property" shall mean the Real Property and Personal Property described in this Contract, as the circumstances and context shall require.

4. Real Property: The term "Real Property" shall mean the real property described in this Contract.

5. Personal Property: The term "Personal Property" shall mean the personal property described in this Contract.

6. Collateral: The term "Collateral" shall mean the Personal Property described in and subject to the terms of this Contract, together with any and all additions, attachments, and accessions thereto, substitutions and replacements therefore and/or thereof, and products and proceeds therefrom; all as the context and

circumstances shall require. Without limiting the rights of Seller, said Personal Property is declared by the parties to be equipment and fixtures under the Uniform Commercial Code -- Secured Transactions.

7. Uniform Commercial Code -- Secured Transactions: The term "Uniform Commercial Code -- Secured Transactions" shall mean the provisions of the Uniform Commercial Code -- Secured Transactions of the State of Oregon contained in Chapter 79 of the Oregon Revised Statutes, as the same now are or may be later amended.

B. Severability: All covenants, terms and provisions of 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 said invalid covenants, terms, and 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 the 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

X Leslie E. Northcutt
LESLIE E. NORTHCUTT
X Norma V. Northcutt
NORMA V. NORTHCUTT

SELLER

THE FEDERAL LAND BANK OF SPOKANE
By: Eldwin Sorensen
Eldwin Sorensen, Credit Officer

STATE OF OREGON, County of Klamath) ss:

Personally appeared before me, ELDWIN SORENSSEN, known to me to be the Credit Officer of the corporation that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and that it executed the same, and on oath stated that he was authorized to execute said instrument.

April 16, 1987

KIRSTINE L. PROCK
NOTARY PUBLIC - OREGON
My Commission Expires

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

California Stanislaus
STATE OF OREGON, County of Klamath) ss:

April 24

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, 1987

Personally appeared before me the above-named LESLIE E. NORTHCUTT and NORMA V. NORTHCUTT and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

Karen Valenzuela
NOTARY PUBLIC FOR OREGON Calif.
My Commission Expires: 7/29/89



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 29th day
of April A.D., 19 87 at 1:09 o'clock P M., and duly recorded in Vol. M87,
of Deeds on Page 7245.

FEE \$49.00

Evelyn Biehn, County Clerk
By [Signature]