CONTRACT OF SALE Made this 14th day of May, 1987, by and between E. MARTIN KERNS and SHIRLEY F. KERNS, husband and wife, as tenants by the entirety, as Vendor, and WARREN R. [illegible] and [illegible], M.D., as Purchaser;

W I T N E S S E T H:

Vendor agrees to sell to Purchaser and Purchaser agrees to purchase 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, to-wit:

A. Real Property: The following described Real Property:

Township 40 South, Range 13 East of the Willamette Meridian:

Section 25: [illegible], [illegible], and all that portion of the [illegible] lying Westerly of the Lost River Diversion Channel.

EXCEPTING THEREFROM: That portion lying within the [illegible] Drain as conveyed to the United States of America by deed recorded October 23, 1907, in Volume 79, Page 131, and by deed recorded January 22, 1925, in Volume 65, Page 326, Deed Records of Klamath County, Oregon.

TOGETHER WITH: The following perpetual easements, to run with the land, for the construction, repair, maintenance and joint use of irrigation ditches for irrigation purposes: (a) An easement 30 feet wide extending East from Langell Valley West Side Irrigation Canal along the North side of the South Section line of Sections 23 and 24 of T. 40 S., R. 13 E.W.M., a distance of [illegible] feet, more or less, to Lost River Diversion Channel; (b) An easement 30 feet wide extending East from Langell Valley West Side Irrigation Canal along the South line of the [illegible] of Section 25, T. 40 S., R. 13 E.W.M., a distance of [illegible] feet, more or less, to the West side of the herein described real property; and (c) An easement 30 feet wide extending East from Langell Valley West Side Irrigation Canal along the north side of the East-West center line of Section 25, T. 40 S., R. 13 E.W.M., a distance of 1525 feet, more or less, to the Southwest corner of the herein described real property.

TOGETHER WITH: All tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or any wise appertaining, improvements thereon, 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, 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 upon the real property within the metes and bounds of the above description.

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. Liens and assessments of Klamath Project and Langell Valley Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.

3. Any unpaid charges or assessments of Langell Valley Irrigation District.

8351

4. Rights of the public in and to any portion of the herein described property lying within the boundaries of public roads or highways.

5. 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 Lost River.

6. Mortgage, including the terms and provisions thereof, executed by E. Marvin Kerns and Shirley E. Kerns, husband and wife, to The Federal Land Bank of Spokane (FLB), dated September 22, 1976, recorded October 22, 1976, in Volume M-76, Page [illegible], Mortgage Records of Klamath County, Oregon.

7. 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.

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

1250 Valley Water-Drive Pivot Irrigation System, 11-Tower
Approximately 1500 feet of 6" underground mainline
30 h.p. U.S. Electric Pump, Serial No. [illegible]

II. Purchase Price: The total purchase price of the Property, which Purchaser agrees to pay, is the sum of $[illegible],000.00.

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

A. Down Payment: The sum of $[illegible],000.00, including earnest money heretofore paid, upon the execution of this Contract, receipt of which is hereby acknowledged.

B. Deferred Balance: The balance of $[illegible],000.00 shall be payable as follows:

1. Assumption: $[illegible] by assumption of Vendor's obligation to FLB (FLB Assumption) pertaining to the Real Property (which Purchaser agrees to fully pay and perform according to the terms thereof and to hold Vendor harmless from, and to indemnify Vendor against, including, without limiting the foregoing, attorney fees at trial or on appeal). Vendor has been paid for Vendor's FLB stock by Purchaser upon closing. All installments due FLB shall be paid directly to FLB by Purchaser.

2. Balance to Vendor: $[illegible] to Vendor payable in installments as follows:

a. First Installment: One (1) installment of $2,500.00, including interest at [illegible] per annum, on September 1, 1987.

b. Second Through Fifth Installments: Four (4) installments of $[illegible], including interest at [illegible] per annum, on the 1st day of September, 1988, and continuing on the 1st day of September through September 1, 1991.

c. Final Installment: The remaining balance of principal and interest due Vendor under the provisions of this Contract shall be paid on [illegible] 1992.

C. Rate and Commencement Date of Interest For Assumption of FLB Obligation: The unpaid principal balance of the FLB Assumption obligation shall bear such interest rate or rates at such time or times as shall be established by FLB in accordance with the provisions of the Farm Credit Act, regulations of the Farm Credit Administration, and any other applicable law, and shall commence on the date agreed to between FLB and Purchaser.

D. <u>Rate and Commencement Date of Interest For Deferred Balance to Vendor:</u> The rate of interest on the deferred balance to Vendor is agreed to be [illegible]% per annum simple interest on declining principal balances. Interest shall commence on [illegible] 1987.

E. <u>Payments to Escrow Holder:</u> 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 shall be applied first to interest accrued to the date of receipt and then to principal.

F. <u>Prepayment:</u> Purchaser may increase any installment or prepay all or any part of the whole deferred balance due Vendor, together with interest thereon to the date of such payment. No partial payment or increased installment shall be credited in lieu of any regular future installment, nor excuse Purchaser from making regular installments to Vendor as specified in this Contract.

II. <u>Nature of Estate Sold and Lien Created by This Contract:</u> 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 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 law.

III. <u>Possession:</u> The possession of the Property shall be delivered to Purchaser upon the Closing Date.

IV. <u>Warranties of Vendor:</u> Vendor makes only the following warranties:

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

B. <u>No Other Warranties:</u> 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 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 to enable Purchaser to 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.

V. <u>Escrow of Contract and Related Documents:</u> Vendor will, upon execution of this Contract: (a) make and execute in favor of Purchaser, a good and sufficient Warranty Deed conveying the Real 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; (b) make and execute in favor of 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 (c) make and execute 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 Vendor in the Collateral, and every part thereof. Vendor will, within a reasonable time after the execution of this Contract, place the deed, bill of sale, form of termination of financing statement, and an executed recorded original of this Contract, together with any other documents and or instruments ancillary to, or implemental of, this Contract, in escrow with Escrow Holder with instructions that, when and if Purchaser shall have paid Deferred Balance due Vendor, 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-[illegible] 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 paid by Vendor.

IX. Use and Care of 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 said premises 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; observe accepted methods of crop rotation; 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 and FLB a written statement of such tax or assessment levied or owing at any time. Purchaser shall provide Vendor and FLB 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 that of FLB and as expressly permitted by Vendor in writing) or encumbrance (except that of FLB and 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 (except that of FLB).

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 the 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. Risk of Loss and Insurance: Purchaser assumes all risk of loss or damage to the Property 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, if any, insured against loss or damage by fire to the extent of their full insurable value and in manner and form satisfactory to FLB. All insurance policies whatsoever shall have attached thereto a loss payable clause in favor of FLB and of Vendor as his interest may appear. 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 and FLB.

XIV. Eminent Domain: In case 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 the net proceeds therefrom shall be applied toward payment of the deferred balance due Vendor and FLB. 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, in equity, or in bankruptcy affecting, in any way, 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 12%. 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. Contract as Purchase Money Security Agreement for Collateral: Without limiting Vendor's lien created by this Contract, Vendor and Purchaser agree that this Contract constitutes a purchase money security agreement for the Collateral and creates, in Vendor, a purchase money security interest in the Collateral as provided by the Uniform Commercial Code — Secured Transactions. Parties agree that the rights of Vendor 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 Vendor 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 Vendor 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 Vendor 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 Vendor, all and singular, the security rights in the Collateral.

XVII. 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.

XVIII. 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. 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.

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

A. Failure to Make Payments: Failure of Purchaser to make payments as herein providing 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 Make Payments of FLB Assumption: Failure of Purchaser to make payments due or to become due under the FLB Assumption and if said failure shall continue for more than 30 days after the payment becomes due.

C. 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 A) after 30 days' written notice of such failure and demand for performance, or failure to perform any of the terms, covenants and conditions of the FLB Assumption (other than failure to make payments as provided in the preceding Subarticle B) after written notice of such failure and demand for performance by FLB.

D. 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.

XX. Remedies: If Purchaser shall be in default as above provided, Vendor shall have the following cumulative rights:

A. Remedies Relating to Real Property: [redacted] 1.8256

[redacted] Vendor, at Vendor's 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 full unpaid balance of indebtedness immediately due and payable, or specifically enforce terms of this Contract by suit in equity.

B. Remedies Relating to Collateral: Vendor 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 Vendor at a place to be designated by Vendor which shall be reasonably convenient to both parties; the right to take immediate possession of said Collateral wherever found (either directly by Vendor or through Vendor'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 Vendor, sent to Purchaser at least 5 days prior to such sale, or intended action, shall constitute reasonable notice to Purchaser. Vendor 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.

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

XXII. 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.

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

XXIV. 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, 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:

1-8457

Address of Vendor

Mr. & Mrs. E. Marvin Kerns
Route 3, Box 382
Klamath Falls, OR 97601

Address of Purchaser

Warren B. More
David Chan, M.D.
3377 Coach Lane, Suite A
Cameron Park, CA 95682

XXV. **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's 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.

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

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

XXVIII. **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.

XXIX. **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 E. Marvin Kerns and Shirley F. Kerns, husband and wife, tenants by the entirety, as the circumstances and context shall require.

2. **Purchaser:** The term "Purchaser" shall mean Warren B. More and David Chan, M.D., as the circumstances and context shall require. The term "Purchaser" shall also 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 Article I of this Contract, as the circumstances and context shall require.

4. Real Property: The term "Real Property" shall mean the real property described in Article I.A. of this Contract. 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 premises 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 purposes upon the same, within the metes and bounds of the description contained in Article I.

5. Personal Property: The term "Personal Property" shall mean the personal property described in Article I.B. of 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 accessories 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 Vendor, 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.

8. Deferred Balance Due Vendor: The term "deferred balance due Vendor" shall mean the unpaid portion of the purchase price owing Vendor by Purchaser under the terms of this Contract.

9. 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 eminent domain acquisition.

10. 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.

11. 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 due Vendor.

3. 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: 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 Warren E. Kore by [illegible] [illegible]
WARREN E. KORE by attorney in fact

X [illegible]
DAVID CHAR, M.D.

VENDOR

[illegible]
E. MARTIN KERNS

[illegible]
SHIRLEY F. KERNS

STATE OF OREGON, County of Klamath) ss: May 15, 1987

Personally appeared before me the above-named E. MARTIN KERNS and SHIRLEY F. KERNS and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

[illegible]
NOTARY PUBLIC FOR OREGON
My Commission Expires: [illegible]

STATE OF CALIFORNIA
COUNTY OF El Dorado } ss.

On May 14, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared [illegible] known to me to be the person whose name is subscribed to the within instrument, as the Attorney in fact of WARREN E. KORE and acknowledged to me that (s)he subscribed the name of WARREN E. KORE thereto as principal and [illegible] own name as Attorney in fact.

WITNESS my hand and official seal.

Signature [illegible]

Name (Typed or Printed)

OFFICIAL SEAL
[illegible]
NOTARY PUBLIC - CALIFORNIA
EL DORADO COUNTY
My Comm. Expires [illegible]

STATE OF CALIFORNIA } SS. 8160

COUNTY OF El Dorado }

On this 14th day of Nov, 19 87, before me, the undersigned Notary Public in and for said County and State, personally appeared DAVID CHAN, M.D. personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name he subscribed to this instrument and acknowledged that he executed it.

Becky Sterbe

Notary Public in and for said County and State
BECKY STERBE

OFFICIAL SEAL
BECKY STERBE
NOTARY PUBLIC CALIFORNIA
EL DORADO COUNTY

Form 3044 — General Acknowledgement

WHEN RECORDED MAIL TO:

KLAMATH COUNTY TITLE CO.
P.O. Box 151
Klamath Falls, OR 97601

MAIL TAX STATEMENTS TO:

[illegible] B. [illegible] and
DAVID CHAN, M.D.
3377 Coach Lane, Suite [illegible]
Cameron Park, CA 95682

STATE OF OREGON } ss:

County of Klamath

I certify that the within instrument was received for record on the 11th day of [illegible], 19 [illegible], at [illegible] o'clock [illegible] M., and recorded in book [illegible] on Page [illegible] or as filing fee number [illegible] Record of Deeds of said County.

Witness my hand and seal of County affixed.

[illegible] Title
[illegible] County Clerk
By: [illegible] Deputy

Fee: $45.00