

CONTRACT OF SALE

This Agreement is made as of the 16th day of March, 1988, by and between KATE GREENE, who took title as KATE MURPHY, KATHLEEN PATRICIA GARFAS, MARIE MORSTAD and JULIE M. GREENE, Sellers and NORA T. GRIFFITH and DAVID MICHAEL GRIFFITH, Purchasers;

WITNESSETH:

Sellers own the real property in Klamath County, Oregon, described as follows, to-wit:

The South half of the Southeast Quarter of Section 28 and the North half of the Northeast Quarter of Section 33, all in Township 40 South, Range 10 East of Willamette Meridian, containing 160 acres, more or less, less that portion of said premises conveyed to the Modoc Northern Railway Company, by instrument dated March 17, 1911, recorded October 14, 1911, at Page 161 of Book 35 of Deed Records of Klamath County, Oregon; and subject to all rights created in favor of said Modoc Northern Railway Company by said instrument; and subject to all easements and rights of way of record through, across or against said premises; and subject to lien against the premises in favor of Upper Van Brimmer Drainage District for construction of drainage system; located in the County of Klamath State of Oregon;

Sellers agree to sell the Property to Purchasers and Purchasers agree to buy the Property from Sellers for the price and on the terms and conditions set forth below:

1. PURCHASER PRICE; PAYMENT

A. Total Purchase Price: Purchasers promise to pay Sellers as the total purchase price for the Property the sum of \$90,000.00.

B. Payment of Total Purchase Price: The total purchase price shall be paid as follows:

(1) Purchasers shall pay the sum of \$10,000 on or before September 30, 1989.

(2) Purchasers shall pay the sum of \$8,000 on or before the 30th day of September of each year from 1990 to 1993, inclusive; and

(3) Purchasers shall pay the sum of \$4,000 on or before the 30th day of September of each year commencing on September 30, 1994, and continuing until the purchase price has been paid in full.

C. Prepayments: Purchasers may prepay all or any portion of the unpaid principal without penalty. All prepayments shall be applied to the last installments due under this Contract and shall not excuse Purchasers from

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making the regular monthly payments due under this Contract until the remaining balance has been paid in full.

D. Payment to Third Parties: In the event Purchasers fail to pay, when due, any amounts required of Purchasers to be paid to third parties under this Contract, Sellers may pay any or all such amounts. If Sellers make any such payments, the amounts so paid shall be immediately due and payable. Until paid, such amounts shall be secured by this Contract and shall bear interest at the rate of 12.0% per annum. Sellers' election to make any payments pursuant to this paragraph shall not constitute a waiver of Sellers' right to declare Purchasers to be in default of this Contract and to exercise any remedies.

2. TAXES AND LIENS

A. Obligation to Pay: All ad valorem real and personal property taxes and all governmental or other assessments levied against the Property for the tax year 1988-89, shall be prorated between Sellers and Purchasers as of January 1, 1989. Purchasers shall pay when due all taxes and assessments which are levied against the Property after January 1, 1989 but Purchasers may elect to pay taxes and assessments in accordance with any available installment method.

B. Right to Contest: If Purchasers object in good faith to the validity or amount of any tax, assessment or lien, Purchasers, at Purchasers' sole expense, may contest the validity or amount of the tax or assessment or lien provided that Sellers' security interest in the Property is not jeopardized. Purchasers shall otherwise keep the Property free from all liens which may be lawfully imposed upon the Property after January 1, 1989.

C. Tax Statements: Purchasers shall provide Sellers with written evidence reasonably satisfactory to Sellers that all taxes and assessments have been paid when due. Purchasers shall submit this evidence after each required payment of taxes and assessments.

3. POSSESSION

Purchasers, shall be entitled to possession of the premises on January 1, 1989. Purchasers have thoroughly inspected the subject property and all improvements thereon. Purchasers are purchasing the subject property in its "AS IS" condition and specifically acknowledge that Sellers have made no

representations whatsoever concerning the condition or physical quality of the subject property or its fitness for any use.

4. MAINTENANCE

A. Maintenance: Purchasers shall not commit or suffer any waste of the Property and shall maintain the Property in good condition.

B. Compliance with Laws: Purchasers shall promptly comply with all laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities applicable to the use or occupancy of the Property and in this connection promptly make all required repairs, alterations and additions.

5. INDEMNIFICATION

Purchasers shall forever defend, indemnify and hold Sellers harmless from any claim, loss or liability arising out of or in any way connected with Purchasers' possession or use of the Property, Purchasers' conduct with respect to the Property or any condition of the Property. In the event of any litigation or proceeding brought against Sellers and arising out of or in any way connected with any of the above events or claims, against which Purchasers agree to defend Sellers, Purchasers shall upon notice from Sellers, vigorously resist and defend such actions or proceedings through legal counsel reasonably satisfactory to Sellers.

6. COVENANTS OF SELLER

Sellers warrant that Sellers are the owners of good and marketable title to the Property free of all liens and encumbrances except the reservations, restrictions, easements and rights of way of record and those apparent on the land.

7. RESTRICTION ON TRANSFERS AND ENCUMBRANCES

In the event that the subject property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned, or otherwise alienated or encumbered by Purchasers without first having obtained the written consent or approval of the Sellers, then, at Sellers' sole option, the Sellers may declare the entire remaining principal balance of the purchase price and accrued interest immediately due and payable.

8. DEFAULT

A. Events of Default. Time is of the essence of this Contract. A default shall occur under any of the following circumstances:

(1) Failure of Purchasers to make any payment within 10 days after it is due. Sellers may elect to impose a late charge not to exceed five percent of each delinquent installment;

(2) Failure of Purchasers to perform any other obligation contained in this Contract within 10 days after notice from Sellers specifying the nature of the default or, if the default cannot be cured within 10 days, failure within such time to commence and pursue curative action with reasonable diligence; or

(3) The violation of Section 7, above.

B. Remedies on Default. In the event of a default, Sellers may take any one or more of the following steps:

(1) Declare the entire balance of the purchase price and interest immediately due and payable;

(2) Foreclose this Contract by suit in equity;

(3) Specifically enforce the terms of this Contract by suit in equity;

(4) Declare this contract to be void as of a date not less than 30 days after notice to Purchasers in writing of Sellers' intention to do so, unless the performance then due under the contract is tendered or accomplished prior to the time stated. Upon the maturing of such declaration, all of Purchasers' rights under this Contract shall cease without further act by Sellers, Sellers shall be entitled to immediate possession of the Property and all payments previously made to Sellers by Purchasers may be retained by Sellers as reasonable rental of the Property up to the time of default.

(5) Sellers shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the balance due under this Contract, and any receiver appointed may serve without bond. Employment by Sellers shall not disqualify a person from

serving as a receiver. Upon taking possession of all or any part of the Property, the receiver may:

(a) Use, operate, manage and control the Property and make expenditures for all maintenance and improvements as in its judgment are proper; and

(b) Collect all rents, revenues, income, issues, and profits from the Property and apply such sums to the expenses of use, operation, and management;

(c) At Sellers' option, complete any construction in progress on the Property, and in that connection pay all bills, borrow funds, employ contractors, and make any changes in plans and specifications as Sellers deem appropriate.

C. Remedies Nonexclusive. The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

9. WAIVER

Failure of either party at anytime to require performance of any provision of this Contract shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

10. SUCCESSOR INTERESTS

This Contract shall be binding upon and inure to the benefit of the parties, their successors, and assigns.

11. PRIOR AGREEMENTS

This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements between the parties or their representatives relating to the Property.

12. NOTICE

Any notice under this contract shall be in writing and shall be effective when actually delivered in person or 3 days after being deposited in the U.S. mail, registered or certified, postage prepaid and addressed to the party at the address stated in this Contract or such other address as either party may designate by written notice to the other.

13. COSTS AND ATTORNEY FEES

In the event Sellers or Purchasers shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the other party all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports, surveyors reports and foreclosure reports and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with nonjudicial action.

14. ATTORNEY

This Contract and the other document necessary to consummate this transaction were prepared by William M. Ganong as the Attorney for Sellers. Purchasers acknowledge that said Attorney has not advised them, does not represent them and that they had the opportunity to obtain their own independent legal counsel.

15. LAND USE ORDINANCE

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 have caused this Contract to be executed in duplicate as of the day and year first above written.

SELLERS:

Kate Greene
Kate Greene

Kathleen Patricia Garfas
Kathleen Patricia Garfas

Marie Morstau
Marie Morstau

Julie M. Greene
Julie M. Greene

ADDRESS: 9631 Homedale Road
Klamath Falls, OR 97603

PURCHASERS:

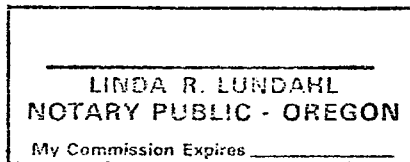
Nora T. Griffith
Nora T. Griffith

David M. Griffith
David M. Griffith

ADDRESS:
P. O. Box 7579
Klamath Falls, OR 97602

STATE OF OREGON)
) ss.
County of Klamath)

March 15th, 1988, personally appeared the above named Kate Greene and acknowledged the foregoing instrument to be her voluntarily act and deed.



BEFORE ME:

Linda R. Lundahl
Notary Public for Oregon
My commission expires: 9-29-91

STATE OF OREGON)
) ss.
County of Klamath)

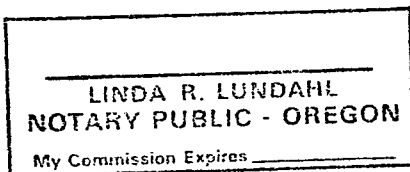
March 23, 1988, personally appeared the above named Kathleen Patricia Garfas and acknowledged the foregoing instrument to be her voluntarily act and deed.

BEFORE ME:

Dana Ward
Notary Public for Oregon
My commission expires: 10-26-90

STATE OF OREGON)
) ss.
County of Klamath)

March 14th, 1988, personally appeared the above named Marie Morstad and acknowledged the foregoing instrument to be her voluntarily act and deed.

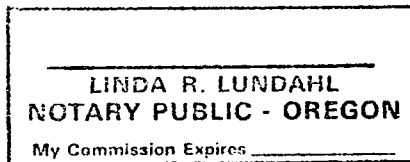


BEFORE ME:

Linda R. Lundahl
Notary Public for Oregon
My commission expires: 9-29-91

STATE OF OREGON)
) ss.
County of Klamath)

March 15th, 1988, personally appeared the above named Julie M. Greene and acknowledged the foregoing instrument to be her voluntarily act and deed.

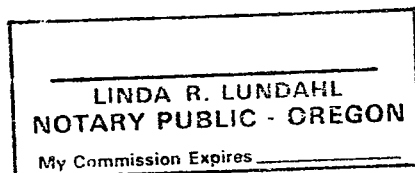


BEFORE ME:

Linda R. Lundahl
Notary Public for Oregon
My commission expires: 9-29-91

STATE OF OREGON)
) ss.
County of Klamath)

March 14TH, 1988, personally appeared the above named Nora T. Griffith and acknowledged the foregoing instrument to be her voluntarily act and deed.

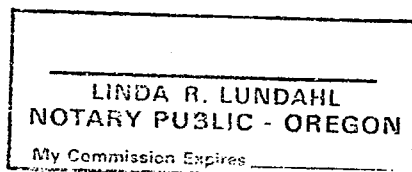


BEFORE ME:

Linda R. Lundahl
Notary Public for Oregon
My commission expires: 9-29-91

STATE OF OREGON)
) ss.
County of Klamath)

March 18TH, 1988, personally appeared the above named David Michael Griffith and acknowledged the foregoing instrument to be his voluntarily act and deed.



BEFORE ME:

Linda R. Lundahl
Notary Public for Oregon
My commission expires: 9-91-91

Send Tax Statements to:

Mr. + Mrs. David Griffith
P.O. Box 7579
Klamath Falls, Or. 97602

After recording return to:

William M. Gunning
1151 Pine Street
Klamath Falls, Or. 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of William M. Ganong the 20th day
of Jan. A.D., 19 89 at 4:45 o'clock PM., and duly recorded in Vol. M89
of Deeds on Page 1285.

FEE \$43.00

Evelyn Biehn, County Clerk
By Douglas Mullins