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CONTRACT TO EXCHANGE REAL PROPERTY (FARMS)

THIS CONTRACT by and between DALE A. FLEMING and JANICE M. FLEMING, husband and wife, hereinafter called "FLEMING" and Wray Partnership, hereinafter called "WRAY";

W I T N E S S E T H:

In consideration of the agreements herein contained and the payment to be paid by WRAY to FLEMING, FLEMING agrees to convey to WRAY the real property described in Exhibit "A", attached hereto and by this reference made a part hereof and WRAY agrees to convey to FLEMING the real property described in Exhibit "B", attached hereto and by this reference made a part hereof upon the following terms and conditions:

Purchase Price: WRAY shall pay the mortgage encumbrance on the property described in Exhibit "B" according to its terms and hold FLEMING harmless therefrom. FLEMING shall pay the mortgage encumbrances on the property described in Exhibit "A" according to their terms and hold WRAY harmless therefrom. WRAY shall pay to FLEMING Two Hundred Three Thousand Three Hundred Twenty Dollars (\$203,320.00) as follows; Twenty Thousand Dollars (\$20,000.00) on July 6, 1989, Forty-eight Thousand Dollars (\$48,000.00) on October 1, 1989; Sixty-eight Thousand Dollars (\$68,000.00) on February 28, 1990; and Sixty-seven Thousand Three Hundred Twenty Dollars (\$67,320.00) on May 1, 1990. The unpaid deferred balance shall accrue interest at the rate of ten (10%) percent per annum from April 1, 1989 until paid in full. All or any portion of said purchase price may be paid at any time. Interest to be paid with and in addition to the above described principal payments.

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Taxes/Insurance: Taxes and insurance on each of the premises for the current year shall be prorated as of NOVEMBER 1, 1989.

Possession: FLEMING acknowledges receipt of possession of the premises described on Exhibit "B". WRAY shall be entitled to possession of the premises described on Exhibit "A" on the 1st day of January, 1991, however, FLEMING shall have first right of refusal to lease the premises described on Exhibit "A" from WRAY after possession. WRAY shall notify FLEMING in writing before Labor Day each year, if according to the terms of this agreement, FLEMING are not going to be permitted to farm the premises, described on Exhibit "A", during the following calendar year. In the absence of such written notice FLEMING will proceed to prepare the ground for the next calendar year farming operation and shall be permitted to complete said operation through harvest. WRAY acknowledges that FLEMING has a grain basis allocation from ASCS and that at such time as the premises described in Exhibit "A" are removed from agricultural use FLEMING shall have the absolute right to apply for transfer of said grain basis to the premises described on Exhibit "B" without objection from WRAY or WRAY's successors or assigns.

Title Insurance: Each of the parties shall provide title insurance to the other, within thirty (30) days of the date of closing. WRAY shall execute and deliver to FLEMING a second mortgage on the property described on Exhibit "A" to secure payment of the Two Hundred Three Thousand Three Hundred Twenty

Dollars (\$203,320.00) due FLEMING from WRAY and payment by WRAY to Farm Credit Bank of Spokane as required by the terms of contract, dated the 17th day of March, 1989, between WRAY and Farm Credit Bank of Spokane.

Premises: WRAY covenants that WRAY shall not change or cause to be changed any of the physical conditions of the property described on Exhibit "A", nor shall WRAY permit any land use restriction changes to affect said property until the Farm Credit Services encumbrance presently on the property described on Exhibit "B" has been paid in full.

Default: It is understood and agreed between the parties that time is of the essence of this contract and in case WRAY fails to make the payments above required, or any of them, punctually within thirty (30) days of the time limited therefor, or WRAY fails to correct any other deficiency in performance within thirty (30) days from notice from FLEMING specifying such deficiency, or fails to keep any agreement herein contained, then FLEMING at FLEMING'S option shall have the following rights:

A. To declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable; and/or,

B. To foreclose this contract by suit in equity; and/or,

C. Specifically enforce the terms of this contract by suit in equity.

The remedies provided above shall be non-exclusive and in addition to any other remedies provided by law.

Attorneys Fees: In the event that suit or action be instituted by either party to enforce any rights under this

contract, or for any matter in any way arising out of this contract, including appeals to appellate courts, it is agreed that the prevailing party in such suit or action shall recover in addition to costs and disbursements, such further sums as to the court may be deemed reasonable as attorneys fees.

Escrow: It is agreed that each of the parties shall execute a good and sufficient warranty deed in favor of the other and that WRAY shall execute and deliver to FLEMING WRAY's promissory note and second mortgage and the parties shall execute all the documents necessary to fulfill the terms of this agreement.

Successors and Assigns: All rights, remedies and liabilities herein given to or imposed upon either or the parties hereto shall extend to and insure to the benefit of and bind, as the circumstances may require, the heirs, personal representatives, successors and so far as this contract is assignable by the terms hereof, to the assigns of such parties.

Waiver: WRAY agrees that failure by FLEMING at any time to require performance by WRAY of any provision hereof shall in no way affect FLEMING's rights hereunder to enforce the same, nor shall any waiver by FLEMING of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

Assignment: WRAY shall not assign WRAY's interest in this agreement without the express written consent of FLEMING. FLEMING agrees that FLEMING will not unreasonably withhold such

consent. FLEMING shall have the right to assign FLEMING's interest in this agreement subject to the rights of the WRAY.

Severability: Should any part, term or provision of this contract be by the courts decided to be illegal, unconstitutional or in conflict with any law of the State of Oregon, the validity of the remaining portions or provisions of this contract shall not be affected thereby.

Inspection and Limitation of Representation: Each of the parties agree that other than warranty of title to the real property, and payments of all charges incurred by each respective party which may become a lien against the property being exchanged, neither party makes warranties as to the condition or use of the real property all of which is sold on an "as is" "where is" basis. Each of the parties agree that full inspection of the described premises being acquired has been made and neither party nor any persons, including real estate brokers, agents or attorneys representing the parties have made any representations or warranties respecting the property or the condition of the improvements or repairs. Each of the parties agree that they are fully satisfied with the property herein agreed to be acquired as they find it. This agreement is the entire agreement of the parties and supersedes all prior negotiations and agreements.

Representations of Attorney: The parties hereto acknowledge that this contract was prepared by Michael L. Brant, 325 Main Street, Klamath Falls, Oregon 97601, solely on behalf of

the FLEMING's, said attorney in no way represents WRAY.

Notices and Addresses: Notices to the parties shall be given at the following addresses, to FLEMING at 4500 O'CONNOR ROAD, Klamath Falls, OR 97603, and to WRAY at 815 Washburn Way, Klamath Falls, OR 97603. (Subject to change by Written Notice).

Paragraph Headings: Paragraph Headings in this contract are inserted for convenience only and are not to be construed as restricting the meaning for the paragraphs to which they refer.

Grammatical Changes: In construing this contract, it is understood that FLEMING or WRAY may be more than one person; that as the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations, partnerships and to individuals.

IN WITNESS WHEREOF, the parties hereto have executed this contract this 9th day of November, 1989.

FLEMING:

Dale A. Fleming
Janice M. Fleming

WRAY:

William B. Wray

STATE OF OREGON)
) ss.
 County of Klamath)

Before me this 9th day of November, 1989, personally appeared the above-named DALE A. FLEMING and JANICE M. FLEMING, and acknowledged the foregoing instrument to be their voluntary act and deed.

Michael L. Brant
 Notary Public for Oregon
 My Commission Expires: 1/22/93

STATE OF OREGON)
) ss.
 County of Klamath)

Before me this 8 day of November, 1989, personally appeared the above-named WRAY PARTNERSHIP by Michael Wray, and acknowledged the foregoing instrument to be their voluntary act and deed.

Lynne M. Williams
 Notary Public for Oregon
 My Commission Expires: 10-17-91

PARCEL 1:
That portion of S½SW¼, in Section 25, Township 39 South, Range 9 E.W.M.
excepting however, from the effect of this conveyance, the South 126.7 feet
thereof; Containing after making the aforesaid exception, 72.3 acres, and
SAVING and EXCEPTING any portion lying in Homedale Road.

PARCEL 2:
The N½NE of Section 35 Township 39 South, Range 9 E.W.M., Klamath County,
Oregon, SAVING AND EXCEPTING such portions of said premises as have been
conveyed to the United States of America by deed recorded in Volume 326 at
239, by deed recorded in Volume 30 at page 563, by deed recorded in Volume
at page 239, and by deed recorded in Volume 88 at page 309 of Deed Records
Klamath County, Oregon; and ALSO EXCEPTING that portion of said realty acqu
by the United States of America under a declaration of taking in Volume 293
page 183 of Deed Records of Klamath County, Oregon; ALSO EXCEPTING THEREFR
any portion lying within Homedale Road.

PARCEL 3:
Tract 19 of "400" Subdivision, EXCEPTING THEREFROM that portion deeded to
United States of America by deed recorded February 7, 1936, in Deed Volume
page 608 for I-B-1-A Drain purposes. ALSO EXCEPTING THEREFROM that portion
deeded to the United States of America by deed recorded August 26, 1960 in
Volume 323, page 581.

EXHIBIT "B"
LEGAL DESCRIPTION

Real property situate in Klamath County, Oregon, to wit:

Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Section 16: SW1/4

Section 23: E1/2 SW1/4, E1/2 NE1/4

Section 14: SE1/4, SW1/4

Section 15: SE1/4, N1/2 SW1/4, all that portion of the NW1/4 NW1/4 and of the S1/2 NW1/4 described as follows: Beginning at the corner common to Sections 9, 10, 15 and 16; thence East 183 feet; thence South 38 degrees 43' West 25 feet; thence South 7 degrees 30' West 370 feet; thence South 20 degrees 00' West 385 feet; thence South 33 degrees 15' East 425 feet; thence South 12 degrees 00' East 435 feet; thence South 56 degrees 30' East 350 feet; thence South 43 degrees 20' East 290 feet; thence South 18 degrees 30' East 300 feet; thence South 27 degrees 45' East 250 feet; thence South 80 degrees 00' East 190 feet; thence North 76 degrees 30' East 520 feet; thence South 76 degrees 00' East 345 feet; thence South 89 degrees 00' East 490 feet; thence South 65 degrees 30' East 30 feet; thence South to the Southeast corner of the SE1/4 NW1/4 of said Section 15; thence West along the South line of said NW1/4 of said Section 15, to the quarter corner common to Sections 15 and 16; thence North along the section line to the point of beginning.

Section 16: W1/2 NE1/4, SE1/4 NE1/4, E1/2 NW1/4, and the SE1/4

Section 22: E1/2 NE1/4, NE1/4 SE1/4

Section 23: E1/2 NW1/4, NW1/4 NW1/4, W1/2 NE1/4, NW1/4 SW1/4, and W1/2 SE1/4

Section 26: NW1/4 NE1/4

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 26th day
of Jan. A.D., 19 90 at 10:33 o'clock A M., and duly recorded in Vol. M90
of Deeds on Page 1820
Evelyn Biehn County Clerk
By Pauline Muehlbauer

FEE \$48.00