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LAND SALE CONTRACT

BETWEEN: W C. Ranch, Inc., an Oregon corporation (Seller)
mtc 26547-KR

AND: Steven R. Walker and Jacqueline G. Walker, Trustees of the Walker Loving Trust (Purchaser)
dated May 4, 1992

DATE: July 22, 1992

AGREEMENT

1. Sale and Description. Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, that certain real property situated in Klamath County, Oregon, commonly known as 8740 Homedale, Klamath Falls, more particularly described on attached Exhibit A (Property).

2. Price and Terms. Purchaser shall pay the purchase price of \$68,500 for the Property as follows:

2.1 Down Payment. The down payment, including earnest money, is \$10,000, receipt of which is acknowledged by Seller.

2.2 Payment of Balance. The remaining balance of \$58,500 shall accrue interest at 9.5 percent per annum from the date hereof and shall be paid in monthly installments of \$545.30, including interest (20-year amortization). The first installment is due 30 days from the date hereof and subsequent installments are due on the same day of each month thereafter until the entire balance, together with any accrued and unpaid interest, is paid in full.

2.3 Prepayment. Purchaser shall have the right to prepay any portion or all of the balance at any time, without penalty as regular future payments and any prepayment will be applied first to interest and the balance, if any, will be applied to principal. Any portion of the prepayment to be applied to principal will be applied to the last installments of principal coming due and shall not excuse or reduce the monthly installments of principal and interest required under this agreement. If Purchaser prepays more than \$1,000 at any time, Purchaser shall have the right to have the then balance reamortized over the remainder of the 20-year amortization period, provided Purchaser pays all costs associated with the reamortization.

2.4 Late Charge. In the event that any payment required by this contract is not paid within 10 days after the date it is due, Purchaser shall pay a late charge in an amount equal to 5% of the past due payment. The imposition of this late charge shall not be

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Upon recording return to:
Mountain Title Company
222 S. Sixth St.
Klamath Falls, OR 97601

Forward tax Statements to:
Trustees of the Walker Loving Trust
8740 Homedale Rd.
Klamath Falls, OR 97603

construed as a waiver of any remedies which Seller may have in the event any payment required by this contract is not made when due.

3. **Possession.** Purchaser has been in possession of the Property for some time prior to closing.
4. **Real Property Taxes.** Real property taxes for the current tax year have been prorated as of the date hereof. Hereafter, Purchaser shall pay before delinquency all real property taxes and assessments of any kind that accrue against the Property. Purchaser shall furnish Seller with proof of payment of real property taxes and assessments upon request from Seller.
5. **Liens.** Except for the lien of non-delinquent taxes and assessments, Purchaser shall keep the Property free of all monetary encumbrances. Purchaser shall not permit or suffer any construction lien on the Property, except as such liens may be filed in the normal course by contractors, material and the like. Purchaser shall remove or cause the removal of all such liens by payments of amounts due on account thereof. If Purchaser desires to contest any such lien, immediately upon the commencement of any litigation concerning the same, Purchaser may contest the lien by posting a bond necessary for its removal.
6. **Escrow.** This contract shall be established in escrow for collection at Mountain Title Company (Escrow Agent). There shall be lodged with the Escrow Agent an executed copy of this contract and the deed mentioned in Paragraph 7 below. On this date, the parties have executed the Escrow Agent's form of escrow instructions, directing the Escrow Agent to receive for Seller's account the balance of the payments provided in Paragraph 2.2 and further providing that upon full payment of the principal and interest due under this contract, the documents contained in escrow be delivered to Purchaser. All payments on the balance on this contract shall be made to the Escrow Agent. Purchaser acknowledges that upon its default in this contract, the Escrow Agent is authorized to surrender to Seller all of the documents contained in the escrow in accordance with the provisions of the escrow instructions, thereby terminating the escrow. Seller and Purchaser will each pay one-half the Escrow Agent's set-up fee and collection fees.
7. **Deed.** On this date Seller has executed for deposit with the Escrow Agent, a statutory special warranty deed conveying the Property to Purchaser, free of all encumbrances suffered or created by Seller, except easements, conditions and restrictions of record.
8. **Title Insurance.** Seller shall furnish Purchaser with a purchaser's policy of title insurance in the amount of the purchase price, insuring Purchaser against loss or damage sustained by Purchaser by reason of the unmarketability of Seller's title, or liens and encumbrances thereon, other than the exceptions described in Paragraph 7 and the usual printed exceptions contained in such policies.

9. **Fire Insurance.** Purchaser will obtain and keep in full force and effect by advance payment premiums, a policy of insurance on all improvements now or hereafter placed upon the Property, insuring against loss of fire or other casualty with extended coverage, in an amount not less than the full insurable value of such improvements. Seller shall be named as an additional insured on such policy and Purchaser shall provide Seller with a copy of such policy or a certificate evidencing the required coverage. Immediately after any damage or destruction to the improvements on the Property, Purchaser shall expeditiously repair or replace the improvements, in which event the proceeds of insurance may be used by Purchaser for such repair or replacement. Seller may impose reasonable conditions on release of insurance proceeds to Purchaser to insure that such proceeds are properly applied to the cost of repair or replacement. In the event Purchaser does not so elect, to repair or replace the damaged or destroyed improvements, the proceeds of insurance shall be applied to reduce the balance then due on this contract.

10. **Seller's Right to Pay.** In the event Purchaser fails to make any payment of taxes or any assessment or liens that arise against the Property, or any fire insurance premiums, Seller shall have the right, but not the obligation, to pay the same. In the event Seller makes any such payment, Seller shall have the option of demanding immediate reimbursement from Purchaser, together with interest at the contract rate, or deliver receipts evidencing payment to the escrow agent, in which event such payment shall be added to the contract balance and shall bear interest at the contract rate from the date paid by Seller. Any payment by Seller under these provisions shall not constitute a waiver of Seller's rights or remedies by reason of Purchaser's default for failure to make such payment.

11. **Improvements.** Purchaser agrees that all improvements which shall hereafter be placed upon the Property shall remain a part of the Property and shall not be removed at any time prior to the complete payment of the unpaid balance due under this contract without the written consent of Seller. Purchaser shall not commit or suffer any waste of or damage to the Property, or any improvements thereon, or any alterations thereof, and shall maintain the Property, and all improvements thereon, and all alterations thereof, in good condition and repair.

12. **Assignment.** There shall be no restriction on Assignment of this Contract. However, no assignment shall be effective unless notice is given to Seller and the assignee expressly assumes the obligations of the Contract. An assignment shall not relieve the Purchaser of Purchaser's obligations under agreement.

13. **Events of Default.** Time is of the essence in this contract. Default shall occur if:

13.1 Purchaser fails to make any payment within 10 days after its due date. Purchaser shall be entitled to one ten-day written notice of non-payment once during a twelve month period. After one such notice has been given during a twelve month period, any subsequent failure to pay within ten days after the due date shall constitute a default and Seller shall not be required to give notice of non-payment.

13.2 Purchaser fails to comply with any other term, condition or obligation under this contract within 30 days after written notice by Seller specifying the nature of the default with reasonable particularity.

13.3 The Property is seized or a notice of seizure is given by any governmental agency.

13.4 Purchaser becomes insolvent, a receiver is appointed to take possession of all or a substantial part of Purchaser's properties, Purchaser makes an assignment for the benefit of creditors or Purchaser is the subject of an involuntary petition in bankruptcy or files a voluntary petition in bankruptcy. If Purchaser consists of more than one individual or entity the act of one of them under this Paragraph 13.4 shall be considered the act of all.

14. **Remedies Upon Default.** In the event of a default, Seller may exercise any one or more of the following remedies:

14.1 To declare the full unpaid balance of the purchase price immediately due and payable;

14.2 To foreclose this contract by strict foreclosure in equity;

14.3 To specifically enforce the terms of this contract;

14.4 To cancel this contract for default, declare Purchaser's rights under this contract to be forfeited, extinguish the debt and retain all sums previously paid by Purchaser.

14.5 To exercise any other rights or remedies provided by law.

15. **Notice.** Whenever any notice is permitted or required by this contract, the notice shall be sufficient if personally delivered or, if enclosed in an envelope addressed to the parties at the address shown at the close of this contract, if deposited in the registered or certified mail of the United States, postage thereon fully prepaid. The notice shall be deemed given upon the date postmarked. An address may be changed for the purposes of this contract by giving notice in accordance with this paragraph.

16. **Purchaser's Acceptance.** Purchaser certifies that this contract of purchase is accepted and executed on the basis of their own examination and personal knowledge of the Property and opinion of the value and condition thereof; that no representation as to the condition of the Property, the availability of water or sewer service to the property, or the location of corners and boundaries of the property has been made by Seller or any agent of Seller; that no agreement or promise to alter, repair or improve the Property has been made by Seller or any agent of Seller, and that Purchaser take the Property in the condition existing on the date of this contract.

17. Inspection. [NOT USED]

18. Indemnification. Purchaser shall indemnify and hold Seller harmless from and against any and all claims, actions, liabilities, costs (including costs of defense), arising out of or in any way related to Purchaser's use or occupancy of the Property. In the event any such action or claim is brought against Seller, if Seller so elects, Purchaser shall upon tender by Seller defend the same at Purchaser's sole cost and expense, promptly satisfy any judgment adverse to Seller or to Seller and Purchaser, jointly, and reimburse Seller for any loss, cost, damage or expense (including attorney fees) suffered or incurred by Seller.

19. Environmental Matters.

19.1 Indemnity.

19.1.1 Purchaser shall indemnify, defend and hold harmless Seller from and against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorney fees, in any way connected with any injury to any person or damage to any property (including the cost of studies, surveys, clean-up and any other environmental claim expenses) or any loss to Seller occasioned in any way by Hazardous Substances on the Property or by the negligent or intentional activities of Purchaser before, during or after Purchaser's possession of the Property.

19.1.2 This indemnity specifically includes the direct obligation of Purchaser to perform any remedial or other activities required, ordered, recommended or requested by any agency, government official or third party, or otherwise necessary to avoid injury or liability to any person, or to prevent the spread of pollution, however it came to be located on the Property (hereinafter the "remedial work"). Purchaser shall perform all such work in its own name and in accordance with Environmental Laws as herein defined.

19.2 Agency or Third Party Action. Without limiting its obligations under any other paragraph of this agreement, Purchaser shall be solely and completely responsible for responding to and complying with any administrative notice, order, request, or demand, or any third party claim or demand relating to potential or actual contamination on or from the Property. Purchaser's obligations under this paragraph include but are not limited to responding to such order on behalf of Seller and defending against any assertion of Seller's financial responsibility or individual duty to perform under such orders.

19.3 Release. Except as provided in Paragraph 19.5, Purchaser hereby waives, releases and forever discharges Seller from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, known and unknown, arising out of or in any way connected with Seller's use, maintenance, ownership or operation of the Property,

any condition of environmental contamination on the Property, or the existence of Hazardous Substances in any state on the Property, however they came to be placed there.

19.4 Definitions. As used herein, the following terms have the following meanings:

19.4.1 "Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Toxic Substances Control Act, Liability Act, the Solid Waste Disposal Act or any comparable Federal or State Statutes or any regulations promulgated under any of such Federal or State Statutes relating to the protection of human health or the environment.

19.4.2 "Hazardous Substance" shall mean any and all hazardous or toxic substances, materials or wastes as defined or listed under the Environmental Laws.

19.5 Seller's Representations. Seller represents that it has no actual knowledge of contamination of the Property by a Hazardous Substance or violation of any Environmental Laws with respect to the Property. Seller also agrees that the release under Paragraph 19.3 shall not apply to any contamination of the Property by Seller.

20. Memorandum of Contract. A memorandum of this contract has been executed coincidentally with the execution of this contract and will be recorded in the county where the property is situated.

21. Compliance with Laws. Purchaser shall comply with all local, state and federal laws and ordinances and rules and regulations of any governmental agency in connection with Purchaser's use, ownership or occupancy of the Property or the non-compliance of which would affect the Property or Seller's or Purchaser's rights or interests therein.

22. Attorney Fees. In the event of a default, Purchaser agrees to reimburse attorney fees incurred by Seller in connection with the default, whether or not an action is filed. If any action is commenced to enforce or interpret any provision of this contract, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees incurred in connection with the action, as set by the court, at trial, on appeal or review. Such sums shall include an amount estimated by the court as the reasonable costs and fees that will be incurred by the prevailing party in collecting any monetary award or judgment or otherwise enforcing any order, judgment or decree entered in the action.

23. Modification and Waiver. No change or modification of this contract shall be valid or binding upon the parties hereto, nor shall any waiver or any term or condition thereof be deemed a waiver of any term or condition in the future, unless such change or modification or waiver is in writing signed by Purchaser and Seller.

24. Severability. The invalidation of any term or provision of this contract by judgment or court order shall not effect other provisions, which shall remain in full force and effect.

25. **Binding Effect.** Subject to the restrictions on assignments in Paragraph 12, this contract shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of Purchaser and Seller.

26. **Integration.** This contract embodies the entire agreement of Purchaser and Seller. There are no promises, terms, conditions or obligations other than those contained herein. This contract supersedes all prior communications, representations or agreements, either oral or written, given by or between Purchaser and Seller.

27. **Preparation of Contract.** This contract has been prepared by the law firm of Harrang, Long, Watkinson, Arnold and Laird, P.C. on behalf of Seller only. Purchaser acknowledges that Seller's attorneys does not represent Purchaser in this transaction and that Purchaser has been advised to seek advice from their own counsel.

28. **Notice to Purchaser.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE. 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 AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

Seller

W.C. Ranch, Inc.

By: W.C. Ranch, Inc.

Title: VP

Purchaser

Steven R. Walker

Steven R. Walker

Jacqueline G. Walker
Jacqueline G. Walker

THE WALKER LOVING TRUST dated 5/4/92

by:

Steven R. Walker, Trustee

Steven R. Walker

by: Jacqueline G. Walker, Trustee

Jacqueline G. Walker

Address:

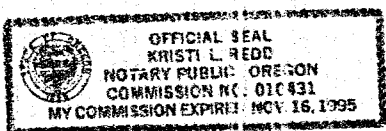
17356 Hill Rd.
Klamath Falls, OR 97603

STATE OF OREGON)

County of Klamath)

) ss.

This instrument was acknowledged before me this 22nd day of July 1992 by
John W. Day as Vice President of W.C. Ranch, Inc.



Address:

8740 Homedale Rd.
Klamath Falls, OR 97603

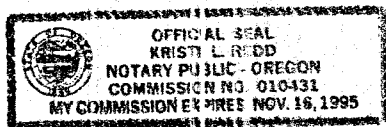
Kristi L. Redd
 Notary Public for Oregon
 My Commission Expires: 11/16/95

STATE OF OREGON)

County of Klamath)

) ss.

This instrument was acknowledged before me this 22nd day of July 1992 by Steven
 R. Walker and Jacqueline G. Walker, individually and as Trustees of the Walker
 Loving Trust dated May 4, 1992. *re*



Kristi L. Redd
 Notary Public for Oregon
 My Commission Expires: 11/16/95

16243

EXHIBIT A
to
Land Sale Contract

A parcel of land in the E1/2 SE1/4 of Section 26, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a 5/8" iron pin which is located North 89 degrees 52' West 30.00 feet from the East quarter corner of Section 26, and is also the intersection of the Homedale West right of way and the East-West center of Section 26; thence South 00 degrees 16' West 883.57 feet along the West right of way of Homedale Road to a 5/8" iron pin; thence West 421.54 feet to a 5/8" iron pin which is also the East right of way of 1-C Drain; thence North 00 degrees 25' 45" West 326.91 feet along the East right of way 1-C Drain to 5/8" iron pin; thence North 19 degrees 48' West 593.2 feet along the East right of way to a 5/8" iron pin; which is also the intersection of East right of way 1-C Drain and East-West centerline of Section 26; thence South 89 degrees 52' East 629.05 feet along the East-West centerline of Section 26 to the point of beginning.

SAVING AND EXCEPTING that portion of the above described property lying within the boundaries of the USBR 1-C Drain.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co. the 22nd day
of July A.D., 19 92 at 2:51 o'clock P. M., and duly recorded in Vol. M92
of Deeds on Page 16235.

FEE \$70.00

Evelyn Biehn County Clerk

By Douglas M. Henderson