

MEMORANDUM OF REAL ESTATE CONTRACT

DTC #01044495

KNOW ALL MEN BY THESE PRESENTS, that on the 21st day of May, 1996, ROBERT L. ARCURI, as seller, and ANNA M. CORNACCHIOLI, as Purchaser, made and entered into a certain Real Estate Contract wherein said Seller agreed to sell to said Purchaser and the latter agreed to purchase from the former, the fee simple title of that certain described real property and improvements legally described on Exhibit A, attached hereto and incorporated by reference herein as if fully set forth, subject to certain encumbrances as fully set forth in said Real Estate 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 AND 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.

The true and actual consideration for the transfer, set forth in said Contract, is SIX HUNDRED THOUSAND DOLLARS (\$600,000.00), payable \$90,000 cash and transfer to Seller of certain property owned by Purchaser at an agree-upon value of \$150,000 on the signing of said Contract, with the balance payable in installments as set forth therein. The Real Estate Contract also provides for transfer of personal property, some of which Seller retains a security interest. The personal property is more fully described on Exhibit B, attached hereto and by this reference incorporated herein as if fully set forth.

IN WITNESS WHEREOF, the said Purchaser and Seller have executed this memorandum this 21st day of May, 1996.

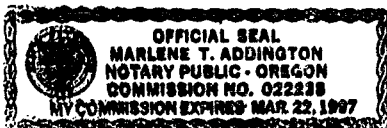
PURCHASER:SELLER:

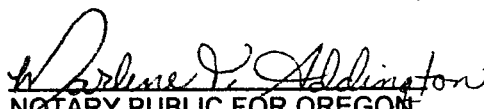

ANNA M. CORNACCHIOLI


ROBERT L. ARCURI

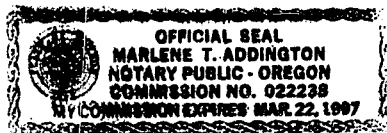
STATE OF OREGON)
) ss.
County of Klamath)

PERSONALLY APPEARED ANNA M. CORNACCHIOLI and acknowledged the foregoing instrument to be her voluntary act and deed; BEFORE ME this 21st day of May, 1996.




NOTARY PUBLIC FOR OREGON
My Commission Expires: 3-22-97

PERSONALLY APPEARED ROBERT L. ARCURI and acknowledged the foregoing instrument to be his voluntary act and deed, BEFORE ME this 21st day of May, 1996.



Marlene T. Addington
NOTARY PUBLIC FOR OREGON
My Commission Expires 3-22-97

AFTER RECORDING RETURN TO:
Marlene
Aspen Title & Escrow Company, Inc.
525 Main Street
Klamath Falls, OR 97601

SEND TAX STATEMENTS TO:
Anna M. Cornacchioli
5926 Camelia Avenue
Sacramento, CA 95819-2561

EXHIBIT "A"

The following described real property located in Klamath County, Oregon, to-wit:

Township 40 South, Range 12 East of the Willamette Meridian:

Lots 4, 5, 6 and 7, the E½SW¼ and the W½SE¼ of Section 6.

Township 40 South, Range 11 East of the Willamette Meridian:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of Section 1, less 7.61 acres, conveyed to Klamath County, Oregon, by deed dated February 20, 1939, recorded March 18, 1939, in Deed Volume 121, Page 110, Records of Klamath County, Oregon.

EXCEPTING a parcel of land situate in Section 1, Township 40 South, Range 11 East of the Willamette Meridian and Section 6, Township 40 South, Range 12 East of the Willamette Meridian, lying Easterly of the Malin to Bonanza Highway and being more particularly described as follows: Beginning at a Brass Cap Monument marking the Northeast corner of Section 1, Township 40 South, Range 11 East of the Willamette Meridian and the Northwest corner of Section 6, Township 40 South, Range 12 East of the Willamette Meridian; thence North 89°38'05" East 351.00 feet to a 5/8" iron pin marking the Northeast corner of Lot 4 in said Section 6; thence along the Easterly line of Lots 4 and 5 in said Section 6, South 0°14'45" West 2717.00 feet to a 5/8" iron pin and existing East-West fence line; thence along an existing fence line West 339.55 feet, South 77°50'15" West 217.85 feet, North 71°15'05" West 547.30 feet, North 50°17'15" West 72.15 feet, and North 38°12'10" West 233.05 feet, more or less, to a point on the Easterly right-of-way line of the Malin to Bonanza Highway, as the same is presently located and constructed; thence North 13°48'45" East along said Easterly right-of-way line 2426.8 feet, more or less, to a point on the North line of Section 1, Township 40 South, Range 11 East of the Willamette Meridian; thence Easterly along the Section line 351.7 feet, more or less, to the point of beginning.

Township 40 South, Range 11 East of the Willamette Meridian:

Lots 15 and 16 in Section 1 lying Easterly of Bonanza to Malin Highway, LESS AND EXCEPTING the following described parcel: A piece or parcel of land containing 1.73 acres, more or less, and being a portion of Lots 15 and 16, Section 1, Township 40 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, and more particularly described as follows: Beginning at a point in the Easterly boundary line of the right-of-way of Bonanza to Malin Highway, as the same is now located and constructed, said right-of-way line being 40.0 feet distant at right angles Southeastly from the center line of said highway from which point the Northeast corner of said Section 1 bears North 18°14' East 4594.8 feet distant, and running thence South 88°05½' East 330.76 feet; thence South 2°33½' West 219.42 feet, thence North 86°47' West 373.47 feet, more or less, to a point in said right-of-way line, thence North 13°58' East along said right-of-way line 215.59 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM a parcel of land situated in portions of Government Lots 15 and 16 in Section 1, Township 40 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the Easterly right-of-way line of the Bonanza to Malin Highway as the same is presently located and constructed, said right-of-way line being 40.0 feet distant at right angles Southeasterly from the centerline of said highway from which point the Northeast corner of Section 1, Township 40 South, Range 11 East of the Willamette Meridian bears North 18°02'30" East 4809.8 feet distant, said point being at the Southwesterly corner of the Bedfield Cemetery property; thence South 86°47' East along the Southerly boundary of said cemetery 340.0 feet to a point; thence South 13°58' West 822.2 feet, more or less, to the South line of Government Lot 15; thence along the South line of said Lot 15 South 88°42' West 346.3 feet, more or less, to a point on the Easterly right-of-way line of the Bonanza to Malin Highway; thence along said right-of-way line North 13°58' East 850.0 feet, more or less, to the point of beginning.

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. Agreement, subject to the terms and provisions thereof, dated August 7, 1922, and recorded August 8, 1922, in Volume 59, Page 47, Deed Records of Klamath County, Oregon, between Edward Freuer and Klamath County, for cinder or gravel pit.
4. Grant of Right of Way, subject to the terms and provisions thereof, dated June 26, 1951, and recorded July 2, 1951, in Volume 248, Page 298, Deed Records of Klamath County, Oregon, in favor of The California Oregon Power Company, a California corporation.
5. Grant of Right of Way, subject to the terms and provisions thereof, recorded July 2, 1951, in Volume 248, Page 300, Deed Records of Klamath County, Oregon, in favor of The California Oregon Power Company for electric transmission and distribution lines.
6. Agreement, subject to the terms and provisions thereof, dated December 27, 1960, and recorded February 6, 1963, in Volume 327, Page 207, Deed Records of Klamath County, Oregon, between Francis O. Freuer, et ux, and Laddie Rajnus & Sons, for irrigation ditch in Lot 5 of Section 1.

7. An easement created by instrument, subject to the terms and provisions thereof, dated September 27, 1963, recorded October 2, 1963, in Volume 348, Page 389, Deed Records of Klamath County, Oregon, in favor of Pacific Power & Light Company for electric facilities.
8. An easement created by instrument, subject to the terms and provisions thereof, dated September 13, 1968, and recorded October 22, 1968, in Volume M-68, Page 9431, Microfilm Records of Klamath County, Oregon, in favor of Pacific Power & Light Company for electric facilities.

EXHIBIT B

- 1 - Ford tractor Model #6600
- 1 - Allis Chamblers Tractor
- 1 - Disc
- 1 - Three Wheeler
- 1 - Cow Squeeze
- 1 - Calf Table
- 1 - Four wheel trailer for feeding
- 1 - Feed Wagon
- 1 - Pasture Harrow
- 1 - Backhoe with hay loader
- 1 - Four Wheeler
- 4 - Bulls
- 175 - Cows with or without calf, if cow is with calf, calf remain with cow.
- 10 - Wheel line - each approximately 1/4 mile long
- 1800 lnf of main line in various sizes (more or less)
- 70 - each (more or less) of either 30 lnf or 40 lnf hand lines
- 1 - 50 H.P. GE motor and Cornell Cent Pump Serial No. 42689
- 1 - 60 H.P. motor and Johnston turbine pump Serial No. JC2546

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 21st day
 of May A.D., 19 96 at 3:54 o'clock P M., and duly recorded in Vol. M96
 of Deeds on Page 14761.

FEE \$55.00

By Bernetha G. Irsch County Clerk
[Signature]