

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 3rd day of Oct, 1996, by and between LARRY C. HEATON and PAMALA A. HEATON, husband and wife, hereinafter called the vendors, and DOUGLAS K. WHITSETT, hereinafter called the vendee.

WITNESSETH

Vendors agree to sell to the vendee and the vendee agrees to buy from the vendors all of the following described property situate in Klamath County, State of Oregon, to-wit:

Parcel No. 2, Klamath County Minor Land Partition No. LP25-95.

at and for a price of \$89,002.32, payable \$10,564.96 down, with interest at the rate of 13.500% per annum from the date of this agreement payable in annual installments of not less than \$15,756.88 per year inclusive of interest, the first installment to be paid on the 1st day of September, 1996, and a further installment on the 1st day of every September thereafter until the full balance and interest are paid. In addition, if any prepayment of the unpaid balance of the contract is made, the Vendee shall pay the Vendors a penalty as follows:

<u>Prepayment</u>	<u>Penalty</u>
during 1996	16,216.46
during 1997	13,424.60
during 1998	10,724.05
during 1999	8,164.60
during 2000	5,805.74
during 2001	3,718.25
during 2002	1,985.95
during 2003	707.74
during 2004	0.00

Vendee agrees to make said payments promptly on the dates above named to the order of the vendors, or the survivors of them, at the Klamath Co. Title at Klamath Falls, Oregon; to keep said property at all times in as good condition as the same now are, that no improvement, now on or which may hereafter be placed on said property shall be removed or destroyed before the entire purchase price has been paid and that said property will be kept insured in companies approved by vendor against loss or damage by fire for the full insurable value with loss payable to the parties as their respective interests may appear, said policy or policies of insurance to be held by Vendors, that vendee shall pay regularly and seasonably and before the same shall become subject to interest charges, all taxes, assessments, liens and encumbrances of whatsoever nature and kind agrees not to suffer or permit any part of said property to become subject to any taxes, assessments, liens, charges or encumbrances, whatsoever having precedence over rights of the vendors in and to said property. Vendee shall be entitled to the possession of said property on the execution of this agreement.

Vendors will on the execution hereof make and execute in favor of vendee good and sufficient warranty deed conveying a fee simple title to said property free and clear as of this date of all encumbrances whatsoever, except easements, rights of way of record and those apparent on the land, which vendee assumes, and will place said deed together with one of these agreements in escrow at the Klamath County Title Company at Klamath Falls, Oregon, and shall enter into written escrow instructions in form satisfactory to said escrow holder, instructing said holder that when, and if, vendee shall have paid the balance of the purchase price in accordance with the terms and conditions of this contract, said escrow holder shall deliver said instruments to vendee, but that in case of default by vendee said escrow holder shall, on demand, surrender said instruments to vendors.

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But in case vendee shall fail to make the payments aforesaid, or any of them, punctually and upon the strict terms and at the times above specified, or fail to keep any of the other terms or conditions of this agreement, time of payment and strict performance being declared to be the essence of this agreement, then vendor shall have the following rights: (1) To foreclose this contract by strict foreclosure in equity; (2) To declare the full unpaid balance immediately due and payable; (3) To specifically enforce the terms of the agreement by suit in equity; and in any of such cases, except exercise of the right to specifically enforce this agreement by suit in equity, all of the right and interest hereby created or then existing in favor of vendee derived under this agreement shall utterly cease and determine, and the premises aforesaid shall revert and revest in vendors without any declaration of forfeiture or act of reentry, and without any other act by vendor to be performed and without any right of vendee of reclamation or compensation for money paid or for improvements made, as absolutely, full and perfectly as if this agreement had never been made.

Vendee shall not cut any of the timber on the property without the prior written consent of the Vendors. If any timber is removed from the property during the term of this agreement, the proceeds of the sale of the timber shall be paid to the Vendors.

Should vendee, while in default, permit the premises to become vacant, vendors may take possession of same for the purpose of protecting and preserving the property and his security interest therein, and in the event possession is so taken by vendors he shall not be deemed to have waived his right to exercise any of the foregoing rights.

And in case suit or action is instituted to foreclose or to enforce any of the provisions hereof, the prevailing party in such suit or action shall be entitled to receive from the other party his costs which shall include the reasonable cost of title report and title search and such sum as the trial court and or appellate court, if any appeal is taken, may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and or appeal, if an appeal is taken.

Vendee further agrees that failure by vendor at any time to require performance by vendee of any provision hereof shall in no way affect vendor's right hereunder to enforce the same, nor shall any waiver by vendors of such 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.

This agreement shall bind and inure to the benefit of, as circumstances may require, the parties hereto and their respective heirs, executors, administrators and assigns.

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 and to determine any limits on lawsuits against farming or forest practices as defined in ORS 30.930.

This agreement has been prepared by William L. Sisemore as attorney for LARRY C. HEATON and PAMALA A. HEATON. The buyer is advised that he has the right and should consult with his own attorney before signing this agreement.

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1 WITNESS the hands of the parties the day and year first herein written.

2 Larry C. Heaton
Larry C. Heaton, Vendor

Pamala A. Heaton
Pamala A. Heaton, Vendor

3 Douglas K. Whitsett
4 Douglas K. Whitsett, Vendee
STATE OF OREGON)

5) SS
County of Klamath)

Oct 3, 1996

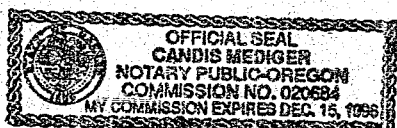
6 Personally appeared the above named Larry C. Heaton and Pamala A. Heaton
7 and acknowledged the foregoing instrument to be their voluntary act and deed.
8 Before me:

9 Candis Mediger
Notary Public for Oregon
My Commission Expires:

10 STATE OF OREGON)
11) SS
County of Klamath)

12-15-96, 1996

12 Personally appeared the above named Douglas K. Whitsett and acknowledged
13 the foregoing instrument to be his voluntary act and deed.
14 Before me:



16 Candis Mediger
Notary Public for Oregon
My Commission Expires:

12-15-96

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18 Until a change is request, send
19 tax statements to:

20 Klamath County Title Company
21 422 Main Street
22 Klamath Falls, OR 97601

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STATE OF OREGON : COUNTY OF KLAMATH: SS.

Filed for record at request of William Sisemore the 7th day
of January A.D., 1997 at 1:13 o'clock P. M., and duly recorded in Vol. M97
of Deeds on Page 433.

FEE \$40.00

by Bernetha G. Letsch, County Clerk
Kelston Ross