

Neel Distributing Co. of Klamath Basin, Inc.
3105 Hilyard Avenue
Klamath Falls, OR 97603

Seller's Name and Address

Merlin Fjarli
2026 Lars Way
Medford, OR 97501

Buyer's Name and Address

After recording, return to:

Neel Distributing Co. of Klamath Basin, Inc.
3105 Hilyard Avenue
Klamath Falls, OR 97603

Until further requested otherwise, send all tax statements to:

Merlin Fjarli
2026 Lars Way
Medford, OR 97501

CONTRACT-REAL ESTATE

THIS CONTRACT, made this 28th ^{June} day of ~~May~~, 1999, between, Seller, NEEL DISTRIBUTING CO. OF KLAMATH BASIN, INC. (hereinafter called Neel Distributing), and Buyer MERLIN FJARLI (hereinafter called Fjarli),

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, Neel Distributing agrees to sell unto Fjarli and Fjarli agrees to purchase from Neel Distributing all of the following described lands and premises situated in Klamath County, State of Oregon, to-wit:

That part of the E 1/2 SE 1/4 of Section 9, township 39 South, Range 9 East of the Willamette Meridian, described as follows:

Beginning at the Northeast corner of the SE 1/4 of said Section 9; thence South along the Section line a distance of 132 feet to a point; thence at right angles West a distance of 50 feet to the true point of beginning; thence continuing West a distance of 610 feet to a point; thence North parallel with the East line of said Section 9 a distance of 132 feet to a point; thence at right angles East a distance of 610 feet to a point; thence South parallel to the East line of said Section 9 a distance of 132 feet to the point of beginning.

CODE 158 Map 3909-9D0 TL 400.

1. Consideration and Manner of Payment. The purchase price of the property which Fjarli agrees to pay shall be the sum of One Hundred Fifteen Thousand Dollars and no/100 (\$115,000.00), payable as follows:

a. Twenty-five Thousand and Dollars and no/100 (\$25,000.00) upon the execution hereof the receipt of which is hereby acknowledged by Neel Distributing;

b. Fjarli shall pay the remaining of Ninety Thousand Dollars and no/100 (\$90,000.00) to the order of Neel Distributing in one hundred forty-four (144) monthly payments of not less than One Thousand Forty-nine and Dollars and 74/100 (\$1049.74) which sum includes principle and interest at the rate of nine and one-half percent (9.5%) payable on the 1st day of each month hereafter beginning with the month of ~~Jan~~ *July*, 1, *1999*, and continuing until the principle and interest is fully paid. *MT*

2. Taxes, Charges and Liens. Taxes on the premises for the current tax year shall be prorated between the parties hereto as of May 31, 1999. Fjarli will pay all taxes hereafter levied against the property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon the premises, all promptly before the same or any part thereof become past due. Fjarli will keep the premises free from construction and all other liens and save Neel Distributing harmless therefrom and reimburse Neel Distributing for all costs and attorney fees incurred by Neel Distributing in defending against any such liens. If Fjarli shall fail to pay any such liens, costs, water rents, taxes or charges, Neel Distributing may do so and any payment so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid, without waiver, of any right arising to Neel Distributing for Fjarli's breach of contract.

3. Possession. Fjarli shall be entitled to possession of the lands on June 1, 1999, and may retain such possession so long as Fjarli is not in default under the terms of this contract. Neel Distributing, its agents and the holder of any existing encumbrance to which the lands and premises are subject may enter upon the lands and premises at reasonable times (upon reasonable prior notice to Fjarli) for the purpose of inspecting the property.

4. Warranties. Fjarli warrants to and covenants with Neel Distributing that the real property described in this contract is for an organization or is for business purposes.

5. Improvement, Alterations and Repairs. Fjarli agrees that at all times Fjarli will keep the premises and the buildings, hereafter erected thereon in good condition and repair and shall not otherwise make or cause to be made any improvement or alterations to the property without first obtaining the written consent of Neel distributing, except that Fjarli may remove the house and pave.

6. Insurance. Fjarli will insure and keep insured all buildings now or hereafter erected on the premises against loss or damage by fire with extended coverage in a company or companies satisfactory to Neel Distributing, specifically naming Neel Distributing as the additional insured, with loss payable first to Fjarli and then to Neel Distributing as their respective interests may appear and all policies of insurance to be delivered to Neel Distributing as soon as insured.

Unless Fjarli provides Neel Distributing with evidence of insurance coverage as required by this contract, Neel Distributing may purchase insurance at its expense to protect Neel Distributing's interest. This insurance may, but need not, also protect Fjarli's interest. If the collateral becomes damaged, the coverage purchased by Neel Distributing may not pay any claim made by or against Fjarli. Fjarli may later cancel the coverage by providing evidence that he has obtained property coverage elsewhere. Fjarli is responsible for the cost of any insurance coverage purchased by Neel Distributing, which costs may be added to Fjarli's contract balance. If it is so added, the interest rate on the underlying contract will apply to it. The effective date of coverage may be the date Fjarli's prior coverage lapsed or the date Fjarli failed to provide proof of coverage. The coverage Neel Distributing purchases may be considerably more expensive than insurance Fjarli might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

7. Title Insurance. Neel Distributing agrees that at its expense and within thirty (30) days from the date hereof, it will furnish unto Fjarli a title insurance policy in the amount equal to the purchase price insuring Fjarli against loss or damage sustained by them by reason of the unmarketability of Neel Distributing's title or liens or encumbrances thereon, save and except the usual printed exceptions in such title insurance policies, easements, conditions and restrictions of record and encumbrances herein specified, if any.

8. Default Provisions. It is understood and agreed between the parties that time is of the essence of this contract, and in case Fjarli shall fail to make the payments above required, or any of them, punctually within twenty (20) days of the time limited therefor, or fail to keep any agreement herein contained, then Neel Distributing shall have the following rights and options:

a. To declare this contract canceled for default and null and void, and to declare Fjarli's rights forfeited and the debt extinguished, and to retain sums previously paid hereunder by Fjarli;

b. To specifically enforce the terms of this agreement by suit in equity;

c. To declare the whole unpaid principle balance of the purchase price with the interest thereon at once due and payable; and/or

d. To foreclose this contract by suit in equity.

In any of such cases, all rights and interest created or then existing in favor of Fjarli as against Neel Distributing hereunder shall utterly cease and the right to the possession of the premises above described and all other rights acquired by Fjarli hereunder shall revert to and revert in Neel Distributing without any act of reentry or any other act of Neel Distributing to be performed and without any right of Fjarli of return, reclamation or compensation for moneys paid on account of the purchase of the property as absolutely fully and perfectly as if this contract and such payments had never been paid; and in case of such default all payments thereto made on this contract are to be retained by and belong to Neel Distributing as the agreed and reasonable rent of the premises up to the time of such default. And Neel Distributing in case of such default, shall have the right immediately or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements appurtenances thereon or thereto belonging.

9. Waiver. Fjarli further agrees that failure by Neel Distributing at any time to require performance by Fjarli of any provision thereof shall in no way affect Neel Distributing's right hereunder to enforce the same, nor shall any waiver by Fjarli 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.

10. Attorney Fees. In case suit or action is instituted to foreclose this contract or to enforce any provision thereof, the losing party in the suit or action agrees to pay such sum as the trial court may adjust reasonable as attorney fees to be allowed the prevailing party in the suit or action and if an appeal is taken from any judgment or decree of the trial court, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney fees on such appeal.

11. Assignments. Fjarli shall not assign this contract or any or all of his rights hereunder and any lease by Fjarli of said property or any part thereof, shall be inoperative and void unless Neel Distributing shall consent thereto in writing.

12. Successor Interests. This contract shall bind and inure to the benefit of, as the circumstances may require not only the immediate parties hereto, but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

13. Place of Payments. All payments to Neel Distributing shall be made to it at 5303 Hilldale Street, Klamath Falls, OR 97603 or to such other place or person as it may designate by written notice to Fjarli.

14. Miscellaneous. In construing this contract it is understood the seller or buyer may be more than one person or corporation; that if the context so requires the singular pronoun shall be taken to mean and include the plural and neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provision thereof apply equally to corporations and to the individuals.

IN WITNESS WHEREOF, the parties have executed this instrument in duplicate; if either of the undersigned is a corporation, it has caused its name to be signed by an officer or other person duly authorized to do so by order of its board of directors.

SELLER:

Neel Dist Co. of Klamath Basin, Inc.
by Henry Thomas Neel
 Neel Distributing Co. of Klamath Basin,
 Inc. by Henry Thomas Neel, its President

BUYER:

Merlin Fjarli
 Merlin Fjarli

STATE OF OREGON)

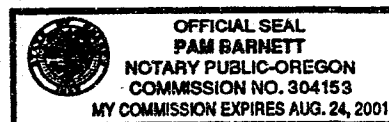
) ss:

County of Klamath)

On the 7th day of ^{July} ~~May~~, 1999, before me appeared Henry Thomas Neel and Patty L. Neel, both to me personally known, who being duly sworn, did say that he, the said Henry Thomas Neel is the President, and she, the said Patty L. Neel, is the Secretary of Neel Distributing Co. of Klamath Basin, Inc., the within named corporation, and that the seal, if any, affixed to said instrument is the corporate seal of said corporation, and that the said instrument was executed on behalf of said corporation by authority of its Board of Directors, and Henry Thomas Neel and Patty L. Neel acknowledge said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Pam Barnett
 Notary Public for Oregon
 My Commission Expires Aug. 24, 2001



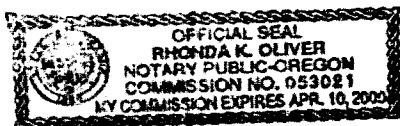
STATE OF OREGON)

27148

) ss:
County of Klamath)

On this 28th day of ^{June} ~~May~~, 1999, before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within named Merlin Fjarli known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



[Handwritten Signature]
Notary Public for Oregon
My Commission Expires 4/10/2000

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

State of Oregon, County of Klamath
Recorded 7/07/99, at 3:20 p. m.
In Vol. M99 Page 27143
Linda Smith,
County Clerk Fee \$ 55 *KL*