

NOTICE OF PENDENCY OF AN ACTION

Pursuant to ORS 93.740, the undersigned states:

1. Don and Klara Mathis, as plaintiffs, have filed an action in the Circuit Court for Klamath County, State of Oregon.
2. David G. Clelland, David Clelland Trucking, Inc., and United States of America are the defendants.
3. The object of the action is foreclosure of a land sale contract.
4. The description of the real property to be affected is:

See Attached Exhibit A.

DATED this 13 day of November, 2000.

HORNECKER, COWLING, HASSEN &
HEYSELL, L.L.P.

By *Benjamin M. Bloom*
BENJAMIN M. BLOOM, OSB #93215
Of Attorneys for Plaintiff
717 Murphy Road
Medford, OR 97504
(541) 779-8900

AFTER RECORDING RETURN TO:

STATE OF OREGON)
) ss.
County of Jackson)

The foregoing instrument was acknowledged before me this 13 day of November, 2000, by Benjamin M. Bloom.



Leonie S. Smith
Notary Public for Oregon
My Commission Expires: 8-29-04

NOTICE OF LIS PENDENS
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31744

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KLARA M. MATHIS
DONALD MATHIS
19991 HWY. 97 S. KLANATH FALLS OR. 97603
DAVID G. CLELLAND
19855 HWY. 97 S. KLANATH FALLS OR. 97603
DAVID G. CLELLAND
19855 HWY. 97 S. KLANATH FALLS
OREGON 97603
DAVID G. CLELLAND
19855 HWY. 97 S. KLANATH FALLS
OREGON 97603

STATE OF OREGON,
County of _____ } ss.
I certify that the within instrument
was received for record on the _____ day
of _____ 19____ at
_____ o'clock _____ M., and recorded in
book/reel/volume No. _____ on page
_____ and/or as fee/file/instru-
ment/microfilm/reception No. _____
Record of Deeds of said County.
Witness my hand and seal of County
affixed.

By _____ title
Deputy.

CONTRACT - REAL ESTATE

THIS CONTRACT, Made this 3rd day of JANUARY, 1997, between
KLARA M. MATHIS AND DONALD MATHIS
and DAVID G. CLELLAND
hereinafter called the seller,
hereinafter called the buyer,

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell unto
the buyer and the buyer agrees to purchase from the seller all of the following described lands and premises situated in
KLANATH County, State of OREGON to-wit:
TOWNSHIP 40, RANGE 08, SEC. 03400 TAX LOT 00800 BLK. SUB DIV. TWP. 40 RANGE 08
BLK. SEC. 34 TRACT POR. LOTS 3 and 4 37 acres- 600 and 900: 21 acres FOREST RANGE #600
16.47 acres # 600 and # 900 COMMERCIAL - 37.47 ACRES. CODE 22; TAX ACCT. #15:125939
2626433, M27198, M49209, 2626399: WITH PURCHASE, ADDENDUM AGREEMENT DATED 12/28/1978
BETWEEN KLARA M. MATHIS AND JOSEPH H. KINGSBURY RE: WATER USE, COMMON DRIVEWAY,
AND EASEMENTS, ATTACHED COPY OF ADDENDUM AGREEMENT.

for the sum of TWO HUNDRED AND TWENTY THOUSAND Dollars (\$220,000.00).
hereinafter called the purchase price, on account of which TWENTY THOUSAND
Dollars (\$20,000.00) is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller); the buyer
agrees to pay the remainder of the purchase price (to-wit: \$200,000.00) to the order of the seller in monthly payments of not
less than THREE THOUSAND THREE HUNDRED TWENTY THREE Dollars (\$3333.00)
each, FOR FIVE YEARS, 60 MONTHS, ENDING DECEMBER 31st, YEAR 2002

payable on the 5th day of each month hereafter beginning with the month of JANUARY, 1997, and con-
tinuing until the purchase price is fully paid.

The true and actual consideration for this conveyance is \$220,000.00 (Here comply with ORS 93.040.)
TWO HUNDRED AND TWENTY THOUSAND AND INTEREST BALLOON PAYMENT OF \$9,200.00 per year.
BEGINNING ON OR BEFORE JANUARY 31st, 1998 UNTIL PAID YEAR 2003

All of the purchase price may be paid at any time; all of the deferred payments shall bear interest at the rate of 8.25
percent per annum from JANUARY 31/98 until paid; interest to be paid JANUARY 31st and in addi-
tion to be included in the minimum monthly payments above required. Taxes on the premises for the current tax year shall be
prorated between the parties hereto as of JANUARY 1st, 1997.

The buyer warrants to and covenants with the seller that the real property described in this contract is
(A) primarily for buyer's personal, family or household purposes,
(B) for an organization or (even if buyer is a natural person) a for business or commercial purposes.
The buyer shall be entitled to possession of the land on JANUARY 1st, 1997, and they retain such possession as long as Buyer
is not in default under the terms of this contract. The buyer agrees that if all taxes (buyer will keep the premises and the buildings, now or hereafter owned thereon,
in good condition and repair and will not suffer or permit any waste or stop thereof; the buyer will keep the premises free from construction and all other liens and
over the seller hereinafter therefrom and reimburse seller for all costs and attorney fees incurred by seller in defending against any such liens; that buyer will pay all
taxes hereafter levied against the property, as well as all water rates, public charges and municipal fees which hereafter levied may be imposed upon the premises;
all promptly before the same or any part thereof become past due; that if buyer is a tenant, buyer will secure and keep insured all buildings now or hereafter erected
on the premises against loss or damage by fire (with estimated coverage) in an amount not less than \$20,000.00 as a condition of completion satisfactory
to the seller, specifically naming the seller as an additional insured, with loss payable first to the seller and then to the buyer or their respective insurance may appeal
and all policies of insurance to be delivered to the seller or copy so insured. If the buyer shall fail to pay any such taxes, charges, water rates, taxes or charges, the seller
or 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 above stated, without
waiver, however, of any right arising to the seller for buyer's breach of contract.

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

The seller agrees that as seller's expense and while 90 days from the date hereof, seller will furnish unto buyer a title insurance policy insuring (to an amount equal to the purchase price) marketable title in and to the premises in the order or as subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and covenants now of record. If any seller also agrees that when the purchase price is fully paid and upon request and upon surrender of this agreement, seller will deliver a good and sufficient deed conveying the premises in fee simple unto the buyer, buyer's heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances then the date placed, provided an arduous by, through or under sales, excepting, however, the covenants, restrictions and the taxes, municipal fees, water rates and public charges so assessed by the buyer and further excepting all liens and encumbrances created by the buyer or buyer's assigns.

And it is understood and agreed between the parties that should in the course of this contract, and in case the buyer shall fail to make the payments above required, or any of them, punctually within 30 days of the time limited thereby, or fail to keep any agreement herein contained, then the seller shall have the following rights and options:

- (1) To declare this contract forfeited for default and null and void, and to declare the purchaser's rights forfeited and the debt extinguished, and to retain any payments previously paid hereunder by the buyer;
- (2) To declare the whole unpaid principal balance of the purchase price with the interest thereon at once due and payable; and/or
- (3) To foreclose this contract by suit in equity.

In any of such cases, all rights and interests created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and the right to the possession of the premises above described and all other rights acquired by the buyer in, under and to the premises shall revert to and remain in the seller without any act of re-entry, or any other act of the seller to be performed and without any right of the buyer of return, redemption or compensation for moneys paid on account of the purchase of the property as aforesaid. Fully and particularly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to the seller as the agreed and reasonable sum of the purchase price up to the time of such default. And the seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land hereunder, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereto or thereto belonging.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect seller's right hereunder to enforce the same, nor shall any waiver by the seller 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 provisions hereof.

Seller, seller's agent, and the holder of any existing encumbrances in which the lands and premises are subject may enter upon the lands and premises at reasonable times (upon reasonable prior notice to buyer) for the purpose of inspecting the property.

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in the suit or action agrees to pay such sum as the trial court may adjudge 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.

In executing this contract, it is understood that the seller or the buyer may be more than one person or a corporation; that if the contract so requires, the singular provisions shall be taken to mean and include the plural and the sexes, and that generally all grammatical changes shall be made, enacted and implied in making the provisions hereof apply equally to corporations and to individuals.

This agreement 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.

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 and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

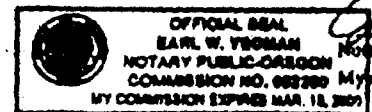
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 31.030.

David M. Smith
David M. Smith
David M. Smith

* OREGON'S Statute with ORS 93.030 at top, prior to executing this remedy.

STATE OF OREGON, County of Klamath
 This instrument was acknowledged before me on 23 TAN, 1997
 by DAVID MATHIAS KRAM MATHIAS, David Mathias
 This instrument was acknowledged before me on 19

by _____
 as _____
 of _____



Earl W. Yeoman
 Notary Public for Oregon
 My Commission Expires 3-18-01

ORS 93.035 (1) An instrument concerning an convey for use in any real property, at a time more than 12 months from the date that the instrument is executed and the parties are bound, shall be acknowledged, to the extent provided for acknowledgment of death, by the conveyer of the title to be conveyed. Such instruments, or a memorandum thereof, shall be recorded by the conveyer not later than 15 days after the instrument is executed and the parties are bound thereby.

ORS 93.030 (2) Violation of ORS 93.035 is punishable, upon conviction, by a fine of not more than \$100.

Subscription continues

State of Oregon, County of Klamath
 Recorded 11/16/00, at 9:20 a.m.
 In Vol. M00 Page 41414
 Linda Smith,
 County Clerk Fee \$ 31.00

EXHIBIT A Page 2 of 2