

Return to:  
Jacob A. Schock

JAS-

**Contract of Sale**

The undersigned, Slackline Investments LLC an Oregon Limited Liability Company, Michael G. Ward, member who acts on the basis of the operating agreement dated, October 30, 1997, hereinafter called "SELLER", on one side and Jacob A. Schock, hereinafter called "BUYER", on the other side, both hereinafter called "PARTIES" have closed this agreement on the following:

**Recitals**

SELLER owns a property legally described as:

Lot 15, Block 4, TRACT 1021, WILLIAMSON RIVER KNOLL,

According to the official plat thereof on file in the Office on the

County Clerk of Klamath County, Oregon

Together with all rights and hereditaments appurtenant thereto (collectively, the "LAND"), subject to the exceptions to title described in Exhibit A attached hereto.

BUYER desires to acquire the LAND from SELLER, and SELLER has agreed to sell the LAND to BUYER; SELLER and BUYER now desire to evidence their agreement.

Therefore, SELLER hereby sells the LAND to BUYER and BUYER hereby purchases the LAND from SELLER, for the price and on the terms and conditions set forth in this Contract of Sale (the "Contract"):

**Terms and Conditions**

1. Purchase Price; Payment

- 1.1 Purchase price. BUYER promises to pay SELLER, as the purchase price for the property, the sum of Seven Thousand Dollars (\$7,000) (the "PURCHASE PRICE").
- 1.2 Payment of purchase price. The Purchase Price shall bear interest at the rate of seven percent (7%) per annum from the Closing Date until paid and shall be paid to SELLER as follows:

BUYER shall pay Five Hundred Dollars (\$500) at closing which will be considered as the down payment.

BUYER shall pay monthly installments of principal and interest in the amount of One Hundred Twenty Eight and 71/100 Dollars (\$128.71) each, the first of such installments to be paid on or before the tenth (10<sup>th</sup>) day of each succeeding calendar month thereafter occurring until May, 2008 (the "Maturity Date"), at which time the entire unpaid principal balance of the Purchase Price, together with all the interest accrued and unpaid thereon, shall be fully due and payable. All payments made by BUYER shall be applied first to interest accrued and to date of payment and next to principal.

- 1.3 Prepayments. BUYER may, upon thirty (30) days written notice to SELLER, prepay all or any portion of the unpaid principal. All

State of Oregon, County of Klamath  
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Vol M03 Pg 34867-73  
Linda Smith, County Clerk  
Fee \$ 57.00 # of Pgs 7

51.00

prepayment shall be applied first to accrued but unpaid interest to date, then to amounts due SELLER under this Contract other than principal or interest, then to the last installment of principal scheduled under this Contract, and shall not excuse BUYER from making the regular monthly payments when due under this Contract until the remaining balance has been paid in full.

- 1.4 Place of Payments. All payments to SELLER shall be made at the address of: P.O. Box 447 Bend, OR. 97709

#### **Taxes and Liens**

- 2.1 Obligation to Pay; All ad valorem real property taxes and all Governmental or other assessments levies against the LAND for the current tax year shall be prorated between the SELLER and BUYER as of Closing Date.
- 2.2 Tax Statements. BUYER shall provide SELLER with written evidence reasonably satisfactory to SELLER that all taxes and assessments have been paid when due, unless SELLER obtains such evidence by other means.

#### **Closing**

- 3.1 Closing Date. This transaction shall be closed on/or before May 1, 2003. As used in this Contract, the phrase "Closing Date" means the date on which all funds and executed documents necessary to complete this transaction has been deposited in escrow and such funds are available for disbursement to SELLER. The closing shall occur in escrow at Amerititle.
- 3.2 SELLER to pay for Title Insurance. SELLER AND BUYER to split equally the escrow fees. BUYER to pay for recording fees.

#### **Possession**

- 4.1 BUYER shall be entitled to possession of the LAND from and after the Closing Date.

#### **Deed**

- 5.1 Upon payment of the Purchase Price and all other sums due hereunder, SELLER shall execute and deliver to BUYER a Statutory Special Warranty Deed conveying the LAND to BUYER free and clear of all liens and encumbrances except the Permitted Exceptions and exceptions to title created or suffered by BUYER.

### **Maintenance;Alterations**

7.1 Prohibited Activities. Purchaser shall not use or suffer the use of all or any of the LAND for any "prohibited conduct" as that term is defined in ORS 475A.005 et seq., or any "nuisance" as defined in ORS 105.555, or so as to constitute an "illegal drug manufacturing site" as that term is defined in ORS 453.858, as those statutes may now or hereinafter be amended, supplemented, or superseded, or otherwise do or allow any act or omission on or about the LAND that could subject the LAND or SELLER'S or BUYER'S interest therein to forfeiture or the risk of forfeiture.

7.2 Governmental Damage. In the event that any damage or destruction of the LAND or any portion thereof is caused by any governmental or quasi-governmental authority and to the extent the same is not a compensable taking under the state or federal constitution, or directly caused by the act or omission of SELLER, BUYER shall promptly repair and restore the same at its expense.

7.3 Hazardous Substances. BUYER shall promptly comply and shall cause all other persons to comply with all laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities applicable to the use or occupancy of the LAND, and in this connection BUYER shall promptly make all required repairs, alterations, and additions. BUYER may contest in good faith by appropriate proceedings any such requirements and withhold compliance during any such proceeding, including appropriate appeals, as long as BUYER promptly undertakes and diligently pursues such contest and as long as SELLER'S interest in the LAND is not jeopardized and SELLER is not subject to any civil or criminal liability on account of such failure to comply.

### **Indemnification**

8.1 BUYER'S Indemnification. BUYER shall forever indemnify, reimburse, and hold SELLER harmless and, at SELLER'S election, defend SELLER for, from, and against any and all claims, costs, expenses (including attorney fees), losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with BUYER'S possession or use of the LAND, BUYER'S conduct with respect to the LAND, or any condition of the LAND to the extent the same arises from or after the Closing Date and is not caused or contributed to by SELLER, or BUYER'S breach of any warranty, covenant or representation made by BUYER in this Contract.

8.2 Indemnification Scope. Wherever this Contract obligates a party to indemnify, hold harmless, or defend the other party, the obligations shall run to the family members, invitees, agents, and employees of such other party and shall survive any termination or satisfaction of this Contract.

### **Default**

9.1 Events of Default. Time is of essence of this Contract. A default shall occur under any of the following circumstances (all references to BUYER in subsections © and (d) shall be deemed to refer to each individual comprising BUYER, respectively):

- (a) Failure of BUYER to make any payment when due.
- (b) Failure of BUYER to perform any other obligation contained in this Contract within ten (10) days after notice from SELLER specifying the nature of the default or, if the default cannot be cured within ten (10) days, failure within such time to commence and pursue curative action with reasonable diligence. No notice of default and no opportunity to cure shall be required if during the previous twelve (12) consecutive months SELLER has already sent a notice to BUYER concerning default in the performance of the same Contract provision.
- (c) Insolvency on a balance sheet basis of BUYER; the commencement by BUYER of a voluntary case under the federal bankruptcy laws or under other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against BUYER in an involuntary case under the federal bankruptcy laws or under any other applicable Federal or state law relating to insolvency or debtor's relief; the appointment or the consent by BUYER to the appointment of a receiver, trustee, or custodian of BUYER or of any of BUYER'S property; an assignment for the benefit of creditors by BUYER or BUYER'S failure generally to pay its debts as such debts become due.
- (d) The making or suffering by BUYER of a fraudulent transfer or conveyance under applicable Federal or state law; concealment by BUYER of any of its property from creditors; the making or suffering by BUYER of a preference within the meaning of Federal bankruptcy law; or the imposition of a lien through the legal proceedings or distraint upon any of the property of BUYER.

9.2 Remedies on Default. In event of a default, SELLER may take any one or more if the following steps:

- (a) SELLER may declare the entire balance of the Purchase Price and interest immediately due and payable.
- (b) SELLER may foreclose this Contract by suit in equity.
- (c) SELLER may specifically enforce the terms of this Contract by suit in equity.
- (d) With respect to any part of the LAND that constitutes personal property in which SELLER has a security interest, SELLER may

exercise the rights and remedies of a secured party as provided by the Uniform Commercial Code.

- (e) In the event BUYER fails to make any payment within 15 days after it is due, SELLER may elect to impose a late charge not to exceed five (5) cents per dollar of the installment, in addition to and not in lieu of any and all other rights and remedies available to SELLER. Demand or acceptance by SELLER of such a late charge by SELLER shall not cure or waive the BUYER'S default.

#### **Waiver**

Failure of either party to require performance of the other party of any provision of this Contract shall not be a waiver of that provision, or limit the party's right to enforce that provision or to declare a default. A waiver shall only be established by a written instrument signed by the party to be bound.

#### **Assignments; Successors**

This Contract shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns; but no interest of BUYER shall be assigned, subcontracted, or otherwise transferred or encumbered, voluntarily or involuntarily, without the prior written consent of SELLER (which consent may be withheld at the sole discretion of SELLER). Consent by SELLER to one transfer shall not constitute consent to other transfers or waiver of this section.

#### **Disclaimer**

This instrument will not allow use of the LAND 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 LAND should check with the appropriate city or county planning department to verify approved uses and determine any limits on lawsuits against farming or forest practices as defined in ORS 30.930.

#### **Condition of Property**

BUYER acknowledges it has inspected the LAND thoroughly and is familiar with the LAND. BUYER acknowledges that it is purchasing the LAND in an "as is, where is" condition with all faults, and that SELLER has not made any representations or warranties to BUYER, express or implied, of any nature regarding: the quality or condition of the LAND; the quality of ground water or property soil; the quality, nature, adequacy or physical condition of landscaping, sewage, and utility systems and

facilities; the zoning and land use restrictions applicable to the property; the compliance of the LAND or its operation with any applicable codes, laws, regulations, covenants, conditions or restrictions; or the presence of hazardous materials in, on, under or about the property.

This Contract has been read and agreed upon by the following PARTIES.

## SELLER

Michael G. Ward

member

Slackline Investments LLC

Date 5-15-2003

Mailing address:

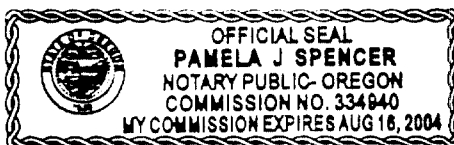
P.O. Box 447  
Bend, OR. 97709

## BUYER

Jacob A. Schock J.A.S.  
~~Jake Shock~~ Jacob A. Schock

Date 5-21-03

1852 Blue Pool Way  
Chiloquin, OR. 97624



STATE OF OREGON

County of Klamath

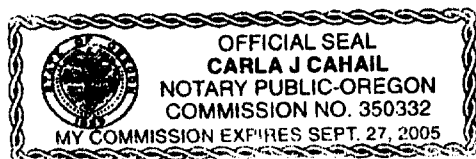
This instrument was acknowledged before me this 21st day of May, 2003,  
by Jacob A. Schock

Pamela J. Spencer  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 8/16/2004

STATE OF OREGON

County of Deschutes

This instrument was acknowledged before me this 15th day of May, 2003,  
by Michael G. Ward as Member of SLACKLINE INVESTMENTS L.L.C.



Carla J. Cahail  
NOTARY PUBLIC FOR OREGON  
MY COMMISSION EXPIRES: 9-27-05

**EXHIBIT A**

**Exceptions**

It is understood by the PARTIES signing the agreement that the:

Undivided 1/80<sup>th</sup> interest in and to the following: The easterly 60 feet of that portion of Government Lots 40, 41, 44 and 45, lying south of the Williamson River Knoll Subdivision and North of the Williamson River

Will not go with the land. It is agreed that this will not be part of the LAND sale and will be retained by the SELLER.

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