

A/E 57280
CONTRACT OF SALE

Vol M03 Page 74931

DATED: October 7, 2003

BETWEEN: Walter Ramage ("Seller")

AND: Jeffrey and Cynthia Sawyers ("Purchasers")

State of Oregon, County of Klamath
Recorded 10/07/03 1:38 p m
Vol M03 Pg 74931-41
Linda Smith, County Clerk
Fee \$ 71.00 # of Pgs 11

Seller owns the real property ("Real Property") located in Klamath County, Oregon and described as:

23
Lot #1, Block 12, TM: ~~22~~-10 36D TL: 9900, Sun Forest Estates, La Pine,
Klamath County, Oregon

Seller agrees to sell the Property to Purchasers and Purchasers agrees to buy the Property from Seller for the price and on the terms and conditions as set forth below:

Tax Statement:

Until a change is requested, all tax statements shall be sent to:

Jeff & Cindy Sawyers
12754 Alderwood
La Pine, OR 97739

Section 1. Purchase Price; Payment

1.1 Total Purchase Price. Purchasers promise to pay Seller as the total purchase for the Property the sum of \$95,000 (US).

1.2 Payment of Total Purchase Price. The total purchase price shall be paid as follows:

The purchase price will be paid with \$40,000 down with balance of \$55,000 to be paid in 180 monthly installments of \$464.12 each, with 6% interest, with the first installment due with 45 days of close of escrow and payable monthly thereafter. Each payment shall be applied first to interest to date of payment, then to amounts past due to Seller under this contract other than principal or interest, and the balance to principal.

1.3 Maturity Date. All unpaid principal and all accrued but unpaid interest shall be paid in full on or before the 180th month anniversary of the closing date. There shall be no pre-payment penalties due from the Purchasers.

- 1.4 Place of Payments.** All payments made via an escrow collection account, set up by the escrow company, with set up fees split between the Purchasers and the Seller. (Reference: Section 1.1.5. below.)
- 1.5 Assignment of Payments.** Due to Seller's Divorce Judgment dated July 17, 2001, the Seller's ex-wife, Judy Ramage, is due \$48,149 money judgment. Statutory interest at 9% per annum has been accruing on any unpaid balance. At closing of this escrow, Judy Ramage will be entitled to the balance proceeds remaining AFTER any and all liens have been fully paid, AFTER any and all broker commissions due CASCADE REALTY have been fully paid, and AFTER any and all property taxes have been fully paid. Judy Ramage is also to receive the monthly installments of \$464.12, including 6% interest per annum. Said payment are to continue until said money judgment has been fully paid. When money judgment has been fully paid, monthly installments are to paid to Walter Ramage ("Seller") until contract has been paid in full.

Section 2. Taxes and Liens

- 2.1 Liens and Encumbrances.** Purchasers shall otherwise keep the Property free from all liens and encumbrances that may be lawfully imposed upon the Property.

Section 3. Closing

- 3.1 Closing Date.** This transaction shall be closed on October 7, 2003, 2003. As used in this Contract, the "closing Date" means the date on which this Contract is recorded.
- 3.2 Responsibility of Parties.** At closing, Seller shall have received a commitment for the issuance of a Purchaser's policy of title insurance.
- 3.3 Pro-rates and Closing Costs.** Except as otherwise provided in this Contract, all items to be pro-rated shall be pro-rated as of October 7, 2003. Seller shall be responsible for the payment of the title insurance premium. Purchasers shall be responsible for the payment of the recording fees for recording this Contract. Sellers and Purchasers shall share equally in, and pay at closing, any transfer, excise, or sales tax assessed on the sale contemplated by this Contract.
- 3.4 Collection Payment.** Seller shall deliver to Purchasers the deed, after all payments have been made and all other obligations of Purchasers under this Contract have been fulfilled.

Section 4. Possession; Existing Tenancies

- 4.1 Possession.** Purchasers shall be entitled to possession of the Property from and after October 7, 2003. In no event shall Seller interfere with the rights of any tenant of all or part of the Property. Seller shall not commit or suffer any waste on the Property, and Seller shall maintain the Property in good

condition.

Section 5. Maintenance.

- 5.1 Maintenance.** Purchasers shall not commit or suffer any waster of the Property and shall put and maintain the Property in as good and safe condition and repair as it existed on the Closing Date.
- 5.2 Compliance With Laws.** Purchaser 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 Property and in this connection, Purchasers shall promptly make all required repairs, alterations, and additions. Purchasers may contest in good faith by appropriate proceedings any such requirements and withhold compliance during any such proceeding, including appropriate appeals, as long as Purchaser promptly undertake and diligently pursue any such contest and as long as Seller's interest in the Property is not jeopardized and Seller is not subject to any civil or criminal liability on account of such failure to comply.

Section 6. Insurance.

- 6.1 Property Damage Insurance.** Purchasers shall procure and maintain policies of all-risk insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Property in an amount sufficient to avoid application of any co-insurance clause and with loss payable to Seller and Purchasers as their respective interests may appear. The policies shall be primary with respect to all covered risks, and shall be written in such form with such terms and by such insurance companies reasonably acceptable to the Seller. Purchasers shall deliver to Seller certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days' written notice to Seller. In the event of loss, Purchasers shall give immediate notice to Seller. Seller may make proof of loss if Purchasers fail to do so within fifteen (15) days of the casualty.
- 6.2 Purchasers' Report on Insurance.** Within 60 days, Purchasers shall furnish to Seller a report on each existing policy of insurance required under this Contract showing:
- (1) The name of the insurer;
 - (2) The risks insured;
 - (3) The amount of the policy;
 - (4) The property insured, the then current cash value of the property, and the manner of determining that value;
 - (5) The expiration date of the policy.

- 6.3 Application of Proceeds.** All Proceeds of any insurance on the Property shall be paid to the Seller. If Purchasers elect to restore the Property, Purchasers shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Sellers. Upon satisfactory proof of expenditure, Seller shall pay or reimburse Purchasers from the proceeds for the reasonable cost of repairs or restoration to the extent of such proceeds received by Seller. If Purchasers elect not to restore the Property, Seller shall retain a sufficient amount of the proceeds to pay all amounts owed Seller under this Contract, and shall pay the balance to Purchasers. Any proceeds that have not been paid out within 60 days after their receipt and that Purchasers have not committed to the repair or restoration of the Property shall be used to pre-pay first accrued interest and then principal of Purchasers' indebtedness.

Section 7. Indemnification.

- 7.1 Purchaser's Indemnification of Sellers.** Purchasers shall forever indemnify and hold harmless and, at Seller's election, defend Seller from and against any and all claims, losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with Purchasers' possession or use of the Property, Purchasers' conduct with respect to the Property or any conditions of the Property to the extent the same arises from or after the Closing Date, and is not caused or contributed to by Sellers or Purchasers' breach of any warranty or representation made by Purchasers in this Contract. In the event of any litigation or proceeding brought against Sellers and arising out of or in any way connected with any of the above events or claims, against which Purchasers agree to defend Sellers, Purchasers shall, upon notice from Seller, vigorously resist and defend such actions or proceedings in consultation with the Seller through legal counsel reasonably satisfactory to Seller.
- 7.2 Seller's Indemnification of Purchasers.** Seller shall forever indemnify and hold Purchasers harmless and, at Purchasers' election, defend Purchasers from and against any and all claims, losses, damages, fines, charges, actions, or other liabilities of any descriptions arising out of or in any way connected with Seller's possession or use of the Property, Seller's conduct with respect to the Property, or any conditions of the Property to the extent the same exists on Closing Date and is not caused or contributed to by Purchasers, or Seller's breach of any warranty or representation made by Sellers in this Contract. In the event of any litigation or proceeding brought against Purchasers and arising out of or in any way connected with any of the above events or claims, against which Seller agrees to defend Purchasers, Seller shall, upon notice from Purchasers, vigorously resist and defend such actions or proceedings in consultation with Purchasers through legal counsel reasonably satisfactory to Purchasers.
- 7.3 Indemnification Scope.** Wherever this Contract obligates a party to indemnify, hold harmless or defend the other party, the obligations shall run to family members, invitees, agents, directors, officers, partners, and employees of such other party and shall survive any termination or satisfaction of this Contract. Such obligations with respect to the acts or omissions of either party shall include the acts or omissions of any director,

officer, partner, agent, employee, contractor, tenant, invitee, or permittee of such party.

Section 8. Representation and Warranties of Seller

- 8.1 Authority.** Seller represents that Seller has obtained all requisite authorizations for the execution and delivery by Sellers of this Contract and the performance of the transactions contemplated by this Contract, and that the execution and delivery of this Contract are made pursuant to such authorizations.
- 8.2 Litigation.** There are no new pending claims or litigation or threats of claims or litigation or other matters of which Seller is aware or by the exercise of reasonable diligence of which Seller should be aware that could adversely affect Purchasers' title, use, or enjoyment of the Property.
- 8.3 Hazardous Substances.** No hazardous substance has been disposed of, spilled, leaked, or otherwise released on, under, or from the Property or has otherwise come to be located on or under the Property. To the best of Seller's knowledge, no hazardous substance has been disposed of, spilled, leaked or otherwise released on, under, or from property adjacent to or in the immediate vicinity of the Property. No wastes, including, but without limitation, garbage and refuse, have been disposed of on the Property and there are no underground storage tanks on the Property. The term "Hazardous Substance" means any hazardous, toxic, radioactive, or infectious substance, material, or waste as defined, listed, or regulated under any law pertaining to the protection of human health or the environment, and includes without limitation petroleum oil and its fractions.
- 8.4 Compliance with Laws.** The Property and every portion thereof, and all activities conducted on the Property, are in compliance with all applicable federal, state and local statutes, regulations and ordinances. Seller is not aware of and has not received notice of any past violation of any applicable federal, state, or local statutes, regulations or ordinances.
- 8.5 Non-Foreign Status.** Seller is not a "foreign person" as defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.
- 8.6 Permits, Licenses.** Seller holds no permits, authorizations, licenses, or other documents relating to or required for the operation on the Property, unless otherwise prohibited by the terms or conditions of such permit, authorization, license, or other document. Seller shall co-operate with Purchasers in obtaining any such permits, consents, authorizations, or licenses necessary to the operation of the Property; provided that Sellers shall not be required to incur any expense relating thereto unless Purchasers shall have first advanced funds sufficient to cover all of Seller's reasonably anticipated out-of-pocket expenses; and provided further that Seller shall promptly refund Purchasers any excess so advanced, and Purchasers shall reimburse Seller for any shortfall in funds so advanced.

- 8.7 No Further Contracts.** Seller represents that there are no contracts, leases, or agreements relating to the Property, that will be binding on the Property or Purchasers following the Closing Date.
- 8.8 No Wetlands or Fill.** Seller warrants that as of the date of closing, to the best of Seller's knowledge, the Property contains no wetlands or other water bodies or any fill presently subject to regulation under Section 404 of the Clean Water Act (33 USC Sec. 1344) or the Oregon Removal/Fill Law (ORS 196.800 - 196.990 and 1989 OR Laws, Chapter 45, Sec. 2) and will not be in violation of these laws or regulations.
- Seller further warrants that as of the date of closing Seller has not received any notice, and do not have actual knowledge of any pending or threatened claim, action, demand, suit, proceeding, hearing, or governmental study or investigation against or involving the Property and related in any way to the fill or removal of the material in or from any wetland located on the Property.
- 8.9 No Warranties; AS-IS.** Seller makes no other warranties, express or implied, as to the Property or the conditions or state of repair thereof, it being understood by all parties that the Property will be conveyed to the Purchasers AS-IS, except such warranties as may arise by law under the Deed.
- 8.10 Disclosure.** Seller has fully disclosed in writing and provided to Purchasers all material information in Seller's possession or that Seller's own or control that relates to the Property, its condition and the title to the Property.

Section 9. Subordination.

- 9.1 Obligations of Purchaser.** Purchasers shall make all payments when due and shall timely perform all other obligations required of Purchasers by the terms of any mortgage or trust deed as to which Seller has subordinated Seller's interest in the Property.

Section 10. Default.

- 10.1 Events of Default.** Time is of the essence of this Contract. A default shall occur under any of the following circumstances:
- (1) Failure of Purchasers to make any payment within 30 days after it is due.
 - (2) The making or suffering by Purchasers of a fraudulent transfer or conveyance under applicable federal or state law; concealment by Purchasers of any of its property from creditors; the making or suffering by Purchasers of a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint upon any of the property of Purchasers.

10.2 Remedies of Default. In the event of a default, Seller may take any one or more of the following steps:

- (1) Seller may declare the entire balance of the purchase price and interest immediately due and payable.
- (2) Seller may foreclose this Contract by suit in equity.
- (3) Seller may specifically enforce the terms of this Contract by suit in equity.
- (4) After complying with the notice requirements and affording Purchasers the right to cure the default contained in ORS 93.905-93.940 as the same may be amended or superseded from time to time, as long as the same is applicable, Seller may declare this Contract forfeited and retain the amount of the payments previously made under this Contract. Under recordation of the affidavit required by Oregon law, this Contract shall be extinguished and canceled, and Purchasers shall have no further right, title, or interest in and to the real property or to any return or compensation for payments previously made under this Contract, as though this Contract and such payments had never been made. In such event, Purchasers agree to surrender the Property to Seller. If Purchasers fail to do so, Seller may elect to treat Purchasers as a tenant holding over unlawfully after the expiration of a lease, and Purchasers may be ousted and removed as such, without affecting Seller's right to pursue other rights and remedies contained in this Contract or permitted by law.

10.3 Remedies Not Exclusive. The remedies provided above shall be non-exclusive and in addition to any other remedies provided by law.

Section 11. Waiver.

Failure of either party at any time to require performance of any provision of this Contract shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Section 12. Successor Interests.

This Contract shall be binding upon and inure to the benefit of the parties, their successors, and assigns; but no interest of Purchasers shall be assigned, subcontracted, or otherwise transferred, voluntarily or involuntarily, without the prior written consent of Sellers. Consent by Sellers to one transfer shall not constitute consent to other transfers or waiver of this section.

Section 13. Prior Agreements.

This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements (including any earnest money agreement) between the parties of their representatives relating to the Property.

Section 14. Notice.

Any notice under this Contract shall be in writing and shall be effective when actually delivered in person or when deposited in the US Mail, registered or certified, return-receipt requested, posted prepaid and addressed to the party at the address stated in this contract or such other address as either party may designate by written notice to the other.

Section 15. Applicable Law.

This Contract has been entered into in Oregon and the Property is located in Oregon. The parties agree that the laws of the State of Oregon shall be used in construing the Contract and enforcing the rights and remedies of the parties.

Section 16. Costs and Attorney Fees.

- 16.1. No Suit or Action Filed.** If this Contract is placed into the hands of an attorney due to a default in the payment or performance of any of its terms, the defending party shall pay, immediately upon demand, the other party's reasonable attorney fees, collection costs, costs of either a litigation or a foreclosure report (whichever is appropriate), even though no suit or action is filed thereon, and any other fees or expenses incurred by the non-defaulting party.
- 16.2 Arbitration or Mediation; Trial and Appeal.** If any arbitration, mediation, or other proceeding is brought in lieu of litigation, or if suit or action is instituted to enforce or interpret any of the terms of this Contract, or if suit or action is instituted in a Bankruptcy Court for a United States District Court to enforce or interpret any of the terms of this Contract, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert the interest of Sellers in a bankruptcy proceeding, the party prevailing shall pay the prevailing party's costs and disbursements, the fees and expenses of expert witnesses in determining reasonable attorney fees pursuant to ORCP 68, the actual cost of a litigation or foreclosure report, and such sums as the court may determine to be reasonable for the prevailing party's attorney connected with the trial and any appeal and by petition for review thereof; in addition, the Court shall award the prevailing party attorney fees.
- 16.2 Definitions.** For purposes of this Contract, the term "attorney fees" includes all charges of the prevailing party's attorneys and their staff (including without limitation

legal assistants, paralegal, word processing and other support personnel) and any postpetition fees in a bankruptcy court. For purposes of this Contract, the term "fees and expenses" includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; costs incurred in searching records; and the cost of title reports or surveyor's reports.

Section 17. Number, Gender and Captions.

As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Contract.

Section 18. Survival of Covenants.

Any covenants the full performance of which is not required before the closing or final payment of the purchase price and delivery of the deed shall survive the closing and the final payment of the purchase price and the delivery of the deed and be fully enforceable thereafter in accordance with their terms.

Section 19. Condition of Property.

Purchasers accept the land, buildings, improvements, and all other aspects of the Property in their present condition, and any personal property sold under this Contract, AS IS, WHERE-IS, including latent defects, without any representations or warranties from Seller or any agent or representative of Seller, expressed or implied, except to the extent expressly set forth in this Contract. Purchasers agree that Purchasers has ascertained, from sources other than Seller or any agent or representative of Seller, the condition of the Property and its suitability for Purchasers' purposes, the applicable zoning, building, housing, and other regulatory ordinances and laws, and that Purchasers accept the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property, and Seller has made no representations with respect to such condition or suitability of the Property or such laws or ordinances.

Section 20. Memorandum of Contract.

On the Closing Date the parties shall cause a memorandum of this contract to be recorded in the real property records of Klamath County, Oregon, in form and content; provided, if the parties have not completed such a memorandum in recordable form and delivered in the same date to the escrow agent by the Closing Date, this Contract shall be recorded in its entirety.

The following disclaimer is made pursuant to ORS 93.040:

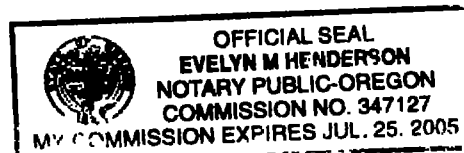
THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE, BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

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.

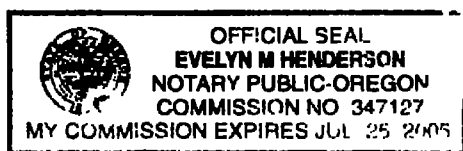
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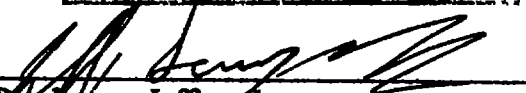
IN WITNESS WHEREOF, the parties have caused this Contract to be executed as of the day and year first above written.

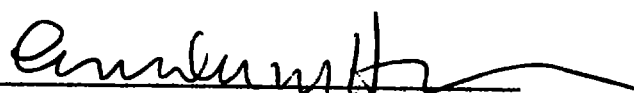

Seller - Walter Ramage

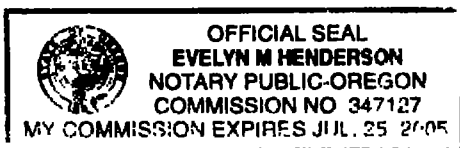


Subscribed and sworn to before me this 18 day of Sept, 2003.

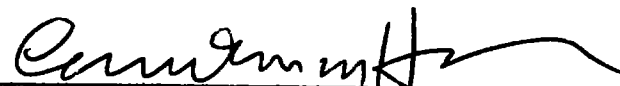




Purchaser - Jeffrey Sawyers


Notary Public for Oregon
My Commission Expires: 7-25-05




Purchaser - Cynthia Sawyers


Notary Public for
My Commission Expires: 7-25-03


Notary Public for
My Commission Expires: 7-25-03