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State of Oregon, County of Klamath
Recorded 09/23/04 3:25 p m
Vol M04 Pg 64091
Linda Smith, County Clerk
Fee \$ 31.00 # of Pgs 3

Land Sale Contract

THIS AGREEMENT OF SALE made this January 1, 2003, between Alva Research Group, Inc. Profit Sharing Plan, DBA Alva Estates, Cathleen G. Bonney, Trustee (Purchaser) and Gerald & Sharon Bonney (Seller).

WITNESSETH:

1. DEPOSIT. That for and in consideration of the sum of \$71,000.00 in the form of a promissory note which is due and payable on January 1, 2003, receipt of which is hereby acknowledged by Seller, the Purchaser agrees to buy and the Seller agrees to sell all that certain piece, parcel or lot of land with all improvements thereon, described as follows:

2. PROPERTY DESCRIPTION.

- a. Street Address: 2135-2139 Orchard Ave, Klamath Falls, OR 97601.
- b. Legal Description: Lot 327, Block III, Mills Addition, Klamath Falls, Klamath County, OR
- c. Map Number: R-3809-033AC, 02501-000

3. CHATTELS AND/OR EQUIPMENT. Included in the sale price, all items onsite, excluding tenant personal property

4. PRICE AND FINANCING.

\$71,000.00 TOTAL PURCHASE PRICE: This purchase is under a Land Sale Contract of a specific duration. The purchase of this property is by a Wrap Mortgage, whereas the Purchaser is responsible to make a monthly payment equal to the Seller's current mortgage. The subject property is to be offered for sale to the general public through a local Realtor. Regardless of the sale price, the underlying mortgage will be paid off, the Seller's will receive \$1,000 for the use of their credit and the remaining balance shall be transferred to Purchaser. At the Seller and Purchaser's agreement, this contract can be extended. Monthly payments are to made directly to Seller's mortgage company, Waterfield Mortgage Company. This note may be paid in full or in part at any time without penalty.

5. BALLOON PAYMENTS. Purchaser acknowledges that the loans, if any, described herein or by addenda hereto may require substantial Jump sum (balloon) payments on the due dates thereof, and Purchaser further acknowledges that the Seller has not made any representations regarding the

future availability of mortgage money, or interest rates thereon, for the refinancing of any such lump sum payment when due.

6. OTHER TERMS. Seller makes no guarantees or warranties regarding the property and gives full legal ownership rights to Purchaser in regards to sale of subject property, incumbrances, improvements, tenant negotiations and quiet enjoyment of the subject property. Any and all sales or subordinate leases will execute an acceleration clause in which the purchase must fulfill the payment of the contract in order to pass clear title. The current payment includes payment towards an escrow account for Taxes & Insurance. This sale is "As-Is, Where-Is." WLB (Initial)

7. SETTLEMENT DATE. TIME IS OF THE ESSENCE. The Seller and Purchaser agree to make full settlement in accordance with the terms hereof on, or with mutual consent, before the January 1, 2003. If a longer time is required to secure a report of the title and a survey, or to finance or process the loan, if applied for in accordance with this Contract, then the date of settlement shall be extended for sufficient time to effect these conditions.

8. SETTLEMENT AGENT. Purchaser makes it known that he desires to employ First American Title & Escrow as Settlement Agency.

9. AGENT'S FEE. n/a

10. VA FINANCING. n/a

12. POSSESSION DATE. Unless otherwise agreed to in writing between the principals hereto, the Seller agrees to give possession of said premises at the time of settlement. If the Seller fails to do so and occupies said Property beyond the time of settlement, Seller shall become and be thereafter a tenant by sufferance of Purchaser and hereby expressly waives all notice to quit as provided by law. Purchaser shall have the right to proceed forthwith by any means available to recover possession of said premises.

13. LOAN APPLICATION. This Land Sales Contract is expressly completed in order to remove any financial obligation from Sellers. This agreement will remain enforce until which time the Purchaser can find a willing Buyer of subject property. At that time this Land Sales Contract will be recorded as a valid transfer of interest prior to selling the subject property to a third party.

14. EQUIPMENT, CONDITION and INSPECTION. Purchaser accepts Property in its present physical condition except as otherwise provided herein.

15. WATER & SEWER: The Purchaser is aware that LOT 327 has an unrecorded servient tenement to Lot 328 for the shared water meter. The Purchaser acknowledges that Lot 327 cannot be sold to a third party without this easement recorded or a separate water meter installed.

16. TERMITE INSPECTION: All inspections are the responsibility of any third party.

17. REPAIRS. All repairs are to be made at the Purchaser's expense.

18. DAMAGE OR LOSS. The risk of loss or damages to said Property by fire, act of God, or other

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casualty remains with Seller until the execution and delivery of the Deed of Conveyance, and recordation thereof. The Purchaser acknowledges that the current insurance policy continues in the name of the Seller, until this Land Sale Contract is fulfilled. In the instance that damages are incurred, any monies paid by the insurance over and above the current contract value shall be paid to the Purchaser.

19. INSURANCE COVERAGES. Effective at time of settlement, the Seller will keep the insurance policy in force, and keep in effect, hazard insurance equal to at least the aggregate of the principal balance(s) of all contract notes on the subject Property, naming the Purchaser thereof as additional insureds. The Purchaser is responsible for payment of this premium.

20. PRORATIONS. None. The Purchaser is responsible for all taxes and insurance.

21. TITLE. The Property, including the aforesaid chattels and or equipment, shall be sold free of encumbrances except as aforesaid. All notices of violations of orders or requirement of any county or local authority, or actions in any court on account thereof, against or affecting the Property at the date of settlement of this Contract shall be complied with by the Seller and the Property conveyed free thereof Title is to be good and marketable subject to easements, covenants, conditions and restrictions of record, if any, otherwise the deposit is to be returned and Contract voided at the option of the Purchaser, unless the defects are of such character that they may be remedied by legal action within a reasonable time, but the Seller and AGENT are hereby expressly released from all liability for damages by reason of any defect in the title. In case legal steps are necessary to perfect the title, such action must be taken promptly by the Seller at his own expense, whereupon the time herein specified for full settlement by the Purchaser will be extended as specified in Paragraph 7 hereof If Seller refuses to settle according to the terms herein, for any reason, the costs incurred for the title examination, appraisal, survey and the real estate commission as set forth shall become due and payable immediately by Seller.

22. FEES. Fees for the preparation of the Deed of Conveyance, Grantor's Tax, appropriate legal fees and any other proper charges assessed to him shall be borne by Purchaser. Fees for examination of title (except as heretofore provided), recording charges (including those for any purchase money trusts), appropriate legal fees, any assumption fees and costs attendant to the assumption of the existing financing, and any other proper charges assessed to him shall be borne by Purchaser.

23. DEPOSIT. No deposit is required for this contract Settlement is to be made by First American Title & Escrow Company. Deposit within the Settlement Agency of the cash payment as aforesaid, the executed Land Sale Contract and such other papers as are required of either party by the terms of this Contract shall be considered good and sufficient tender of performance of the terms thereof.

24. AGENT DISCLOSURE. The Trustee of the Purchaser discloses that she is a licensed Real Estate Broker in the State of Oregon.

25. TYPEWRITTEN OR HANDWRITTEN PROVISIONS. Typewritten or handwritten provisions included in this Contract shall control all printed provisions in conflict therewith.

26. ASSIGNABILITY. This Contract may not be assigned without the written consent of the Purchaser and Seller.

27. CONVEYANCE. Seller agrees to furnish and convey the above Property by General Warranty Deed with usual English covenants of title, the same to be prepared at the expense of the Seller.

28. AGENCY. N/a

29. COVENANT. The parties to this agreement agree that it shall be binding upon them, and each of their respective heirs, executors, administrators, successors and assigns, that the provisions hereof shall survive the execution and delivery of the Deed aforesaid and shall not be merged therein, that this Contract, unless amended in writing, contains the final agreement between the parties herein and that they shall not be bound by any terms, conditions, oral statements, warranties or otherwise.

30. Seller and Purchaser mutually acknowledge that this agreement was ratified verbally on the date set forth herein and that the notarized signatures below follow the effective date of said contract, binding the parties to all items herein.

Gerald D. Bonney
Seller

1-1-2003 AKD
Date

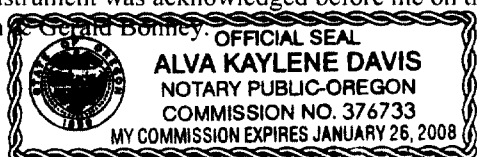
Sharon M. Bonney
Seller

1-1-2003 AKD
Date

Cathy S. Bonney
Buyer

1-1-2003 AKD
Date

This instrument was acknowledged before me on this 9th day of May, 2004 by Sellers,
Sharon & Gerald Bonney.



(Seal)

Alva Kaylene Davis
Notary Public for Oregon, My Commission Expires: 1-26-2008

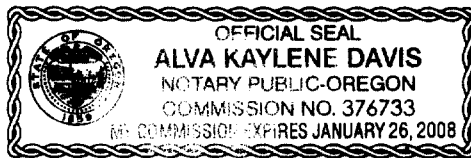
Clarification of Contract made a part of the original Land Sale Contract:

This Agreement of Sale made this January 1, 2003, between Cathleen Bonney, Trustee for the Alva Research Group, Inc. (Profit Sharing Plan) DBA Alva Estates as the Purchaser and Gerald D. & Sharon M. Bonney as the Sellers.

This instrument was acknowledged before me on this 9th day of May, 2004, by Cathleen Bonney, Purchaser and Gerald D. Bonney and Sharon M. Bonney, Sellers.

Notary Public for Oregon, My Commission Expires: January 26, 2008

Seal



After Recording Please Return to:

Cathleen Bonney, Trustee
Alva Research Group, Inc. P.S.P, DBA Alva Estates
P.O. Box 612
Merlin, OR 97532