

UTC 82955

AFTER RECORDING RETURN TO:
WESTERN TITLE COMPANY
P.O. BOX 2879
LA PINE, OR 97739

2009-001267

Klamath County, Oregon



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02/03/2009 11:57:37 AM

Fee: \$71.00

CONTRACT OF SALE

Dated: 1-21-09

Between: Jill E Garrick ("Seller")

AND: Lavern Graham ("Purchasers")

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

Map R-2409-030-01600-000 Commonly known as 136583 Main Street

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

Tax Statement:

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

Lavern Graham
P.O. Box 34
Crescent Or. 97733

Section 1. Purchase Price; Payment

1.1 **Total Purchase Price.** Purchasers promise to pay Seller as the total purchase price for The Property the sum of \$43,000.00 (U.S)

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

The purchase price will be paid with \$0 down with balance of \$43,000 to be paid In 180 monthly installments of \$ 362.86, or more, with 6% interest, with the first installment due on ~~November 15, 2009~~ ^{22/35/16, 2009}, with subsequent installments due on the 25th of each month 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. There will be no prepayment penalty.

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.

1.4 **Place of Payment.** All payments for Seller shall be made to: Noteworld
Servicing. Self-addressed envelopes will be provided each month to the buyers by the seller, along with a monthly financial accounting. A year-end financial accounting will be provided by the seller by January 31st.

7/Amnt

Section 2. Taxes and liens

- 2.1 **Taxes and Assessments.** Purchasers will be responsible for all property taxes. In the event property taxes are not paid for 2 consecutive years, this will go under default of contract and purchaser will forfeit the property back to sellers.
- 2.2 **Taxes may be included in the payment.** This would be added to the monthly payment
- 2.3 **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

- Jan, 25, 2009 SG*
- 3.1 **Closing Date.** This transaction shall be closed on ~~October 25, 2008~~. As used in this Contract the "Closing Date" means the date on which this Contract of a memorandum of 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 ~~November 25, 2008~~ *Jan. 25, 2009*. Seller shall be responsible for payment of the title insurance premium. Purchasers shall be responsible for payment of the recording fees for recording this Contract or a memorandum thereof. Seller 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 Buyers 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 25, 2008~~ *Jan. 25, 2009 SG*. 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 of the Property, and Buyer shall maintain the Property in good condition.

Section 5. Maintenance

- 5.1 **Maintenance.** Purchasers shall not commit or suffer any waste 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. Purchasers shall maintain the property's value during the term of this contract and not do anything to detract from the original purchase price.
- 5.2 **Compliance With Laws.** Purchasers 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 user 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 Purchasers promptly undertake and diligently pursue 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 will 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 Seller. Purchasers shall deliver to Seller certificates of coverage from each insurer containing stipulation that coverage will not be cancelled or diminished without a minimum of ten (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 15 days of the casualty.

6.2 Purchasers' Report on Insurance. Within 30 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 and held by Seller. If Purchasers elect to restore the Property, Purchasers shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Seller. Upon satisfactory proof of expenditure, Seller shall pay or reimburse Purchasers from the proceeds for the reasonable cost of repair 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 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 prepay first accrued interest and then principal of Purchasers' indebtedness.

6.4 Insurance may be included in the monthly payment

- (1) Insurance may be included in the house payment through Western title with a fee that will be split between the seller and the buyer. This payment will be added to the 180 months.

Section 7. Indemnification

7.1 Purchaser's Indemnification of Sellers. Purchasers shall forever indemnify and hold Seller harmless and, at Seller's election, defend Seller from and against any and all claims, losses, damages, fines, charges, actions, or other liability 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 condition of the Property to the extent the same arises from or after the Closing Date and is not caused or contributed to by Seller or Purchasers' breach of any warranty or representation made by Purchasers in this Contract. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Purchasers agree to defend Seller, Purchaser shall, upon notice from Seller, vigorously resist and defend such actions or

proceedings in consultation with 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 description 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 condition of the Property to the extent the same exists on the Closing Date and is not caused or contributed to by Purchasers, or Seller's breach of any warranty or representation made by Seller 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 the family members, invitees, agents, directors, officers, partners and employees of such other party 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. Representations, Warranties, and Covenants of Seller

8.1 Covenants of Title. Seller warrants that Seller is the owner of good and marketable title to the Property free of all liens and encumbrances and will defend such title from the lawful claims of persons claiming superior title.

8.2 Authority. Seller represents that Seller has obtained all requisite authorizations for the execution and delivery by Seller 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.

8.3 Brokerage. Seller has employed a broker in connection with the transactions contemplated by this Contract and Seller is aware that Seller will be paying said commission to broker upon closing of this transaction.

8.4 Litigation. There are no 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.

8.5 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 without limitation garbage and refuse, have been disposed of on the Property and there are no underground storage tanks other than septic 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.

8.6 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.

8.7 Nonforeign Status. Seller is not a "foreign person" as defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

8.8 Permits; Licenses. Seller holds no permits, authorizations, licenses, or other documents relating to or required for the operation of the Property, unless otherwise prohibited by the terms or conditions of such permit, authorization, license or other document. Seller shall cooperated 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 to Purchasers any excess funds so advanced.

8.9 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.

8.10 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 Sec. 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, Ch 45, Sec. 2) and will not be in violation of these laws or regulations.

Seller further warrants that as of the closing date, Seller has not received any notice, and do not have any actual knowledge, or 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.

8.11 No Warranties; AS-IS. Seller makes no other warranties, express or implied, as to the Property or the condition or state of repair thereof, it being understood by all parties that the Property will be conveyed to the Buyers AS-IS, except such warranties as may arise by law under the Deed.

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.

9.2 Incase of death of the seller; All payments remaining will be paid to Shane S. Garrick

Section 10. Deed

Upon payment of the total purchase price for the Property as provided in this Contract and performance by Purchasers of all other terms, conditions, and provisions of this Contract, Seller shall forthwith deliver to Purchasers a good and sufficient deed conveying the Property free and

clear of all liens and encumbrances, except all liens or encumbrances suffered by or placed upon the Property by Purchasers.

Section 11. Default

11.1 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 90 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.

11.2 Remedies of Default. In the event of a default, Sellers 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 ORS93.905-93.940 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. Upon 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 Sellers. If Purchasers fail to do so, Sellers 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.

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

Section 12. 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 or any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Section 13. 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 Seller. Consent by the Seller to one transfer shall not constitute to other transfers or waiver of this section.

Section 14. Prior Agreements

This document is the entire, final and complete agreement of the parties pertaining to the sale and purchase of the Property, and supercedes 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 15. Bankruptcy by Purchasers

Should the Purchasers file for any chapter of bankruptcy during the term of this Contract, the Property shall be excluded from any and all proceedings. Purchasers agree to surrender the Property to Seller and 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.

Section 16. 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, postage 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 17. 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 18. Costs and Attorney Fees

18.1 No Suit or Action Filed. If this Contract is placed in the hands of an attorney due to a default in the payment or performance of any of its terms, the defaulting 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.

18.2 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 U.S. 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 the Seller in a bankruptcy proceeding, the party not 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 fees connected with the trial and any appeal and by petition for review thereof; in addition, the Court shall award the prevailing party attorney fees.

18.3 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, paralegals, word processing, and other support personnel) and any post-petition 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 reports; charges, appearance fees, and all costs of transcription; costs incurred in searching records; and the cost of title reports or surveyor's reports.

Section 19. 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 20. 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 21. 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 representation of the Seller, express or implied, except to the extent expressly set forth in this Contract. Purchasers agree that Purchasers have ascertained from sources other than Seller or any agent or representative of the 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 the Seller has made no representations with respect to such condition or suitability or the Property or such laws or ordinances.

Section 22. Use of Property as Collateral.

Until such time as all payments have been made to Seller, or until there is sufficient equity in the Property, Purchasers shall not allow the Property to be used in conjunction with obtaining any loan or use the Property as collateral for obtaining credit. If there is sufficient equity in the Property but all payments have not been made to the Seller, Purchasers are to notify Seller in writing within five days of any potential liens or encumbrances that will incur against the Property.

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

Lavern Graham

Jill E. Garrick
~~Garrick-Living Trust~~
Jill E Garrick

Subscribed and sworn to before me this 27 day of January ~~2008~~ ²⁰⁰⁹.

State of Nevada)
County of Washoe } ss

On this 27th day of Jan 2009,
personally appeared before me, a Notary Public,
Jill E. Garrick

who acknowledged that he executed the above instrument.

In witness, whereof, I have hereunto set my hand and
affixed my official stamp at my office in the County of
Washoe the day and year in this certificate first
above written.

Evelyn Pace
Notary Public

~~Notary Public for Oregon~~
~~My Commission Expires:~~



STATE OF OREGON, County of Deschutes)SS.

Personally appeared the above named LAVERN GRAHAM,
and acknowledged the foregoing instrument to be HIS voluntary act and deed.

WITNESS My hand and official seal.

(seal)

Shelli Cowlbeck
Notary Public for Oregon
My Commission expires: July 5, 2009

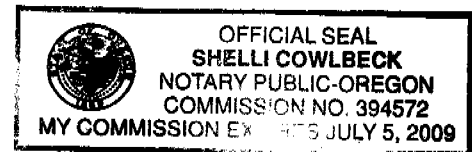


EXHIBIT "A"
LEGAL DESCRIPTION

A parcel of land situated in the SE1/4 SW1/4 of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point, a #5 plastic capped steel rod, from which the S1/4 corner of Section 30 bears South 20° 26' 33" East, 1307.1 feet; thence along a line parallel with Main Street. Projected, South 39° 03' 24" West 83.0 feet to a #4 steel rod; thence along a line at a right angle to Main Street projected, North 50° 56' 36" West 120.0 feet to a #5 steel rod; thence along the SE line of Main Street projected, North 39° 03' 24" East 83.0 feet to a plastic capped steel rod; thence along a line at a right angle to Main Street projected, South 50° 56' 36" East 120 feet to the point of beginning.