

2009-008538

Klamath County, Oregon



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Fee: \$96.00

**OPTION AGREEMENT  
AND  
AGREEMENT OF PURCHASE AND SALE**

DATE: \_\_\_\_\_ ("Effective Date")  
FROM: Robert Stayer ("Owner")  
TO: Doug McGee ("Optionee")

1st 1419469

**RECITALS**

Owner owns fee simple title to the real property described in Exhibit A attached hereto, together with all improvements situated on it. The real property and improvements, together with all other rights, hereditaments, and tenements appurtenant to the real property and improvements, are collectively referred to herein as the "Property."

Optionee desires to acquire an option to purchase the Property on the terms and conditions herein stated.

Owner has agreed to grant Optionee an exclusive option to purchase the Property and the parties desire to evidence their agreement regarding the option.

The parties therefore agree as follows:

**AGREEMENT**

**Section 1. Grant of Option**

Owner, for and in consideration of the sum of \$60,500.00 paid to Owner by Optionee in cash, receipt of which is acknowledged by Owner, grants to Optionee the sole and exclusive option to purchase the Property in the manner and for the price stated in this Agreement.

**Section 2. Option Terms**

**2.1 Term.** The initial term of the Option (the "Initial Term") shall commence on the Effective Date and shall continue for a period of five years.

**2.2 Exercise of Option.** This option shall be exercised, if at all, by written notice (the "Exercise Notice") given by Optionee to Owner at any time during the Term, which notice shall state that Optionee has elected to exercise this

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option. This option may be exercised only with respect to the entirety of the Property, and nothing contained herein shall be construed as permitting Optionee to purchase less than all of the Property pursuant to this option. Upon exercise of this option, Optionee shall be obligated to purchase the Property from Owner, and Owner shall be obligated to sell the Property to Optionee, for the price and in the manner herein set forth.

**2.3 Failure to Exercise Option.** If Optionee fails for any reason to exercise this option in the manner set forth herein, Optionee shall have no further claim against or interest in the Property or any of the Option Money Payments. In the event of the failure to exercise the Option, Optionee shall provide Owner with any instruments that Owner reasonably may deem necessary for the purpose of removing from the public record any cloud on title to the Property which is attributable to the grant or existence of this Option.

### **Section 3. Option Money**

In payment for Owner's grant of this Option, Optionee has paid or shall pay Owner the following sums (the "Option Money Payments"): (1) Contemporaneously with the execution of this Agreement, Optionee has paid Owner the cash sum of \$60,500.00 as stated in Section 1, the receipt of which is acknowledged by Owner. During the Term of this agreement, Optionee shall pay Owner annual payments in the amount of \$35,000.00 each, the first such Option Money Payment to be due ~~October 31~~ <sup>on</sup> ~~2010~~ <sup>NOVEMBER 31</sup>, and like payments shall be due and payable on the same date in each succeeding year thereafter during the Term, until the earlier to occur of the following events: (a) the delivery to Owner of an Exercise Notice; or (b) the termination of this Agreement. If Optionee fails to pay Owner any Option Money Payment on or before the date on which such payment is due, TIME BEING OF THE ESSENCE OF THIS AGREEMENT, this Option and all of Optionee's rights under this Agreement shall automatically and completely terminate without any act or action by Owner. Notwithstanding anything to the contrary contained herein, Optionee shall have no personal or corporate liability to pay the Option Money Payments; Owner's sole remedy if Optionee fails to make any Option Money Payment is to retain all Option Money Payments previously received. If the Option is exercised and the Property is acquired by Optionee, then portions of the Option Money Payments paid by Optionee shall be credited against the Purchase Price at Closing (as those terms are defined below).

### **Section 4. Amount of Acreage**

Although Owner believes that the Property contains approximately 699 acres of land and has so represented to Optionee, neither party considers the precise amount of acreage contained in the Property to be material to the purchase or sale of the Property. On exercise of this option, the parties' obligations under this Agreement shall not be avoided due to any determination that the Property in fact contains more than 699 acres or fewer than 699 acres. In no event shall Owner or Optionee have any right to cancel because of a discrepancy between actual and estimated acreage.

## **Section 5. Purchase Price**

**5.1 Purchase Price.** The purchase price for the Property (the "Purchase Price") shall be \$350,000.00.

**5.2 Payment of Purchase Price.** The purchase price for the Property shall be payable as follows:

**5.2.1** Optionee shall be given credit for portions of the Option Money Payments actually paid by Optionee to Owner. Optionee shall be given credit for \$60,500.00 for the initial option payment. Optionee shall be given credit of \$23,000.00 for each \$35,000.00 annual option payment actually paid.

**5.2.3** The entire balance of the purchase price shall be paid in cash at closing.

## **Section 6. Remedies**

**6.1 Optionee.** If Owner breaches any term or provision of this Agreement, then Optionee, as its exclusive remedy and in lieu of any other relief, may either (1) terminate this Agreement and obtain the return of the same Option Money Payments previously paid to Owner that would qualify for a credit under section 5.2.1, or (2) tender performance of the obligations of Optionee and specifically enforce all obligations of Owner. Except as noted in Section 6.3 and any specific remedies reserved elsewhere in this Agreement, Optionee waives the right to pursue any remedy in law or equity against Owner other than the remedies specified above, including any action for damages, in the event of a default by Owner.

**6.2 Owner.** If Optionee breaches any term or provision of this Agreement, and regardless of whether the breach occurs before or after Optionee notifies Owner of the exercise of the Option, then Owner, as its exclusive remedy and in lieu of any other relief, shall be entitled to terminate this Agreement by giving Optionee written notice of termination and to retain all Option Money Payments paid or owed by Optionee. Owner acknowledges (1) the adequacy of

this exclusive remedy and (2) that this limitation of remedies is an essential part of this Agreement from the perspective of Optionee. Except as noted in Section 6.3 and any specific remedies reserved elsewhere in this Agreement, Owner expressly waives the right to pursue any other right or remedy in law or equity other than the remedy specified above, including the right of specific performance and the right to sue for damages, in the event of a default by Optionee. Optionee and Owner have established the foregoing remedy in favor of Owner because of the difficulty and inconvenience of ascertaining the actual damages Owner may suffer as a result of a breach of this Agreement by Optionee.

**6.3 Other Remedies.** The limitations on remedies set forth in this section shall not preclude either party from seeking or obtaining injunctive relief or from seeking recovery against the other under any contractual indemnity set forth herein or for causing physical damage or injury to persons or property.

## **Section 7. Conditions Precedent to Closing**

In addition to any other conditions contained in this Agreement, set forth below are certain conditions precedent for the benefit of Optionee (the "Conditions"). The Conditions are intended solely for the benefit of Optionee and Optionee shall have the right to waive, any of the Conditions, at its sole discretion; giving the Exercise Notice shall not constitute such a waiver. If any Condition is not satisfied or waived on or before the deadline for satisfaction specified herein, then Optionee shall have the right to terminate this Agreement. If Optionee does not give Owner notice of termination before the applicable deadline, then Optionee shall be deemed to have waived the termination privilege with respect to the Condition in question. The Conditions specifically delineated in this section are the following:

**7.1** On the Closing Date, the Title Company (defined below) shall be ready, willing, and able to issue, and shall issue to Optionee on recordation of the Owner's deed mentioned below, the title insurance policy required by Section 9.6.

**7.2** On or before the Closing Date, Owner shall have performed all of the covenants, conditions, agreements, and promises to be performed by it under this Agreement.

**7.3** On or before May 29, 2014 Owner shall secure, at no cost to buyer, legal access to the property.

## **Section 8. Title**

Within 15 days following the Effective Date, Owner shall deliver to Optionee, at Owner's expense, a preliminary title report (the "Title Report")

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covering the Property. The Title Report shall be issued by the Title Company (defined in Section 9.1). The Title Report shall be accompanied by legible copies of all plats and exceptions to title referenced in the Title Report (the "Exceptions"). Within 15 days of receiving the Title Report and the Exceptions documents, Optionee shall give written notice (the "Initial Notice") to Owner of the Exceptions that Optionee shall require Owner to remove of record at or before Closing (the "Unacceptable Exceptions"). If Optionee fails to give Owner the Initial Notice, then Optionee shall be deemed to have approved the Title Report. Owner shall have 10 days following receipt of the Initial Notice to give written notice to Optionee (the "Reply Notice") of those Unacceptable Exceptions that Owner concludes, in good faith, that Owner cannot or will not remove at or before Closing. Owner shall not have any obligation to institute litigation or spend any sum of money to cure or remove any Exceptions; provided, however, that Owner shall be obligated to remove, at or before Closing, any Exception created or suffered to be created by Owner that is security for payment of a sum of money (including mortgages, deeds of trust, tax liens, contractor's liens, and judgment liens) and any Exception created, or suffered to be created, by Owner after the Effective Date. Owner agrees to remove all Unacceptable Exceptions not referenced in a duly given Reply Notice. If one or more of the Unacceptable Exceptions cannot be removed at or before Closing and Owner so states in a duly given Reply Notice, then Optionee may exercise any of the following rights by giving written notice to Owner within 15 days of receiving the Reply Notice: (1) Optionee may terminate this Agreement, in which event the Option Money Payments shall be refunded to Optionee and neither party shall have any further liability; (2) Optionee may accept title to the Property subject to any such Unacceptable Exceptions; or (3) Optionee may attempt to cure the Unacceptable Exceptions or any of them without cost or liability to Owner (but Owner shall be obligated to cooperate with such cure efforts and to join in the execution of any curative instruments that will operate to remove such Unacceptable Exceptions). The foregoing rights of Optionee shall not be deemed waived by giving the Exercise Notice. Exceptions that are shown on the Title Report and to which Optionee does not object or to which Optionee agrees, in writing, to waive objection, are referred herein to as the "Permitted Exceptions."

Owner shall not cause, permit, or suffer any matter to be recorded with respect to the Property during the Term, except (1) the Memorandum referenced in Section 15, and (2) any other matter that Optionee approves, in writing and at its sole discretion, before recordation.

Nothing in this Section 8 shall remove the responsibility of the owner pursuant to section 7.3.

## **Section 9. Closing**

**9.1 Time and Place.** Closing of the sale and purchase of the Property (the "Closing") shall occur on a date (the "Closing Date") selected by Optionee, but in all events the Closing shall occur within 30 days after the date that the Exercise Notice is given. The escrow for the Closing shall be established at the office of First American Title Co. (the "Title Company"), at 404 Main Street, Ste 1, Klamath Falls, OR 97601.

**9.2 Closing Obligations.** On the Closing Date, Owner and Optionee shall deposit the following documents and funds in escrow, and the Title Company shall close escrow in accordance with the instructions of Owner and Optionee.

**9.2.1** Owner shall deposit the following:

- (1) The conveyance documents described in Section 10, duly executed and acknowledged;
- (2) A duly executed affidavit certifying that Owner is not a foreign person, trust, partnership, or corporation in compliance with the requirements of IRC §1445;
- (3) Such documents as Optionee or the Title Company may require to evidence the authority of Owner to consummate this transaction; and
- (4) Such other documents and funds, including (without limitation) escrow instructions, as are required of Owner to close the sale in accordance with this Agreement.

**9.2.2** Optionee shall deposit the following:

- (1) The cash payment specified in Section 4, minus any credits available to Optionee under the terms of this Agreement;
- (2) Such documents as Owner or the Title Company may require to evidence the authority of Optionee to consummate the transaction contemplated; and
- (3) Such other documents and funds, including (without limitation) escrow instructions, as are required of Optionee to close the sale and purchase of the Property in accordance with this Agreement.

**9.3 Costs.** Optionee and Owner each shall pay one-half of the escrow fee of the Title Company with respect to the Closing. Owner shall pay the premium for the title insurance policy that Owner is obligated to provide to Optionee, and for all conveyance or excise taxes payable by reason of the purchase and sale of the Property. Optionee shall pay the fee (exclusive of any conveyance or excise tax) for recording the conveyance documents referred to herein.

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**9.4 Prorations.** All items of expense incurred by Owner with respect to the Property shall be paid by Owner at Closing, without proration. All real property taxes and assessments payable from the Effective Date forward shall be paid by the Optionee. If Optionee fails to make any payment necessary under this agreement, such payment may be made by Owner, at Owner's option and Optionee shall reimburse Owner for the cost plus 9% interest per annum.

**9.5 Title Insurance Policies.** As soon as practicable after Closing, and in any event no later than 30 days after the Closing Date, Owner shall cause the Title Company to issue its standard form Owners's ALTA Title Insurance Policy, with extended coverage, in the amount of the Purchase Price, insuring fee simple title to the Property vested in Optionee, subject only to the Permitted Exceptions.

#### **Section 10. Conveyance**

At the Closing, Owner shall execute, acknowledge, and deliver to Optionee a Statutory Warranty Deed conveying the Property to Optionee, subject only to the Permitted Exceptions.

#### **Section 11. Possession**

Optionee shall be entitled to exclusive possession of the Property on and after the Effective Date. Owner grants to Optionee the right to occupy the Premises. The right to occupy shall begin on the Effective Date and shall continue until (1) the Optionee fails to make any payment required by this agreement, (2) the Optionee fails to exercise his option within the time period, or (3) the closing date. In the event that any event described in this section occurs, Optionee agrees to voluntarily vacate the premises within 10 days, and if he does not so vacate, he shall be treated as a trespasser.

For the purposes of this entire agreement, Optionee accepts the property on an AS IS basis. Optionee shall at Optionee's sole expense maintain the property in the same or better condition than the property was in on the Effective Date.

#### **Section 12. Access to Property**

**12.1 Access.** Optionee grants to Owner and its agents the right to enter on the Property at any reasonable times before the Closing Date for the purpose of inspection.

#### **Section 13. Covenants of Owner**

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Owner acknowledges that the covenants of Owner contained in this Agreement, including the covenants contained in this Section 13 (the "Covenants"), are material inducements to Optionee to enter into this Agreement. The Covenants specifically delineated in this Section are the following:

**13.1 Maintenance.** Before the Effective Date, Owner shall maintain the Property in the same condition as it now exists, ordinary wear and tear excepted, and shall not cause or permit any waste.

**13.2 Ownership.** During the Term, Owner shall not sell, contract to sell, assign, lease, or otherwise transfer the Property or any part of it, nor grant an option to any third party to acquire all or any portion of it.

#### **Section 14. Warranties and Representations of Owner**

**14.1 Warranties.** Owner acknowledges that the warranties and representations of Owner contained in this Agreement, including the warranties and representations contained in this Section 14 (the "Warranties"), are material inducements to Optionee to enter into this Option Agreement. All Warranties, and Optionee's right to assert a breach of them, shall survive execution of this Agreement, the Closing, and the execution and delivery of the Closing documents. If, before Closing, Optionee discovers or is advised that any of the Warranties was untrue when made, then Optionee shall have the option to either (1) terminate this Agreement and obtain the return of the portion Option Money Payments that would be entitled to a credit under 5.2.1, or (2) continue this Agreement, without waiving any cause of action that Optionee may be entitled to assert against Owner by reason of the breach of the Warranty. If, after Closing, Optionee discovers or is advised that any of the Warranties was untrue when made, then Optionee may pursue any remedy available to Optionee at law or in equity by reason of the breach of such Warranty. Owner warrants and represents to Optionee that the following matters are true and correct:

**14.1.1 No Condemnation or Assessment Proceedings.** There is no pending or threatened condemnation or similar proceeding or assessment affecting the Property, or any part of it and, to the knowledge of Owner, no such proceeding is contemplated by any governmental entity.

**14.1.2 Litigation; Law.** There is no litigation, arbitration, or administrative hearing pending before any governmental authority that concerns or affects the Property or any portion of it and, to the knowledge of Owner, no such proceeding is threatened. To the knowledge of Owner, the Property complies with all laws, ordinances, and governmental approvals and decisions that relate to it.

**14.1.3 Status of Owner.** Owner warrants that Owner is not a foreign person, foreign partnership, foreign corporation, or foreign trust, as those terms are defined in IRC §1445.

**14.1.4 Breach of Agreements.** Neither the execution of this Agreement, nor the execution, delivery, or recordation of any document or agreement referenced herein, nor the exercise of the Option and closing of the transaction contemplated herein, constitutes or will constitute a default under any other agreement or contract that relates to the Property or to which Owner is a party.

**14.1.5 Authority.** No consents, documents, or approvals that have not been obtained are necessary to the effectiveness of the grant of the Option by Owner.

**14.1.6 Contracts and Leases.** Owner warrants and represents to Optionee that there are no lease agreements, maintenance contracts, service agreements, or other contracts of any nature that pertain to, cover, or affect the Property or any part of it.

As used herein, the phrase "to the knowledge of Owner" or any variation of that phrase shall refer to matters within the actual knowledge of Owner and shall not include constructive or imputed notice or knowledge; and the use of that phrase shall not imply that Owner has undertaken any special inquiry or investigation with respect to the representation modified by such phrase, unless circumstances within the actual knowledge of Owner would warrant a reasonable person to undertake further inquiry when presented with similar circumstances.

## **Section 15. Recording**

On the Effective Date, Owner shall execute, acknowledge, and deliver to Optionee a Memorandum in the form attached as Exhibit B. If Optionee fails to exercise the Option before the Term expires, Optionee shall execute, acknowledge, and deliver to Owner a statutory quitclaim deed releasing any interest in the Property.

## **Section 16. Waiver**

Failure by Owner or Optionee to enforce any right under this Agreement shall not be deemed to be a waiver of that right or of any other right.

## **Section 17. Successors and Assigns**

Subject to the limitations on Owner's right to convey the Property set forth elsewhere herein, the terms, covenants, and conditions herein contained shall be binding on and inure to the benefit of the heirs, successors, and assigns of Owner and Optionee. Optionee may not assign its interest in this Option Agreement and the Property to any person or entity,

without the consent of Owner, which is in Owners sole and absolute discretion.

## Section 18. Notices

**Section 18. Notices**  
All notices required or permitted to be given shall be in writing and shall be deemed given and received on personal service or deposit in the United States Mail, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

To Owner:

Robert Stayer  
PO Box 8014  
Red Bluff, CA 96080

To Options:

Doug Macgill  
21085 KNOTT RD  
BEND OR 97702

The foregoing addresses may be changed by written notice, given in the same manner. Notice given in any manner other than the manner set forth above shall be effective when received by the party for whom it is intended.

### Section 19. Attorney Fees

**Section 19. Attorney Fees**

If litigation is instituted with respect to this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to all other sums and allowable costs, its reasonable attorney fees, both in preparation for and at trial and any appeal or review, such amount to be set by the court before which the matter is heard.

## Section 20. Real Estate Commission

Section 20. Real Estate Commission

Each party agrees to pay any commission or finder's fees that may be due on account of this transaction to any broker or finder employed by it and to indemnify the other party against any claims for commissions or fees asserted by any broker claiming by, through, or under the indemnifying party.

## Section 21. Risk of Loss

**Section 21. Risk of Loss**  
Owner shall bear the risk of all loss or damage to the Property from all causes, through the Closing Date. However, Optionee shall be responsible for paying for a fire insurance policy insuring the premises for not less than \$350,000.00 and naming owner as an additional insured. If, before the Closing Date, and regardless of whether the Exercise Notice has yet been given or is

subsequently given, all or part of the Property is damaged by fire or by any other cause of any nature or if all or any portion of the Property is taken by condemnation, or if any such condemnation is threatened, Owner shall give Optionee written notice of such event. Despite such event, this Agreement shall continue in force and, if Optionee exercises the Option and the Property is conveyed to Optionee, then all interest of Owner in and to any insurance proceeds or condemnation awards that may be payable to Owner on account of such casualty or condemnation shall be assigned to Optionee at Closing.

6/18 - Per Will Hammacker - this clause only applies to buildings or structures. OMW

#### **Section 22. Integration, Modification, or Amendments**

This Agreement contains the entire agreement of the parties with respect to the Property and supersedes all prior written and oral negotiations and agreements with respect to the Property. Any modifications, changes, additions, or deletions to this Agreement must be approved by Owner and Optionee, in writing.

#### **Section 23. Representation**

Owner and Optionee have each had the opportunity to be represented by separate legal counsel of choice with respect to this transaction. Except as otherwise provided in Section 19, each party shall be responsible for all attorney fees incurred by it with respect to this Agreement. This Agreement was drafted by Sarah V. Potter of Carter & Potter, P.C. Sarah V. Potter does not represent either Owner nor Optionee in this Agreement.

#### **Section 24. Counterparts; Pronouns**

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same Agreement and shall be effective when one or more counterparts have been signed and delivered by Owner and Optionee. With respect to any pronouns used, each gender used shall include the other gender and the singular and the plural, as the context may require.

#### **Section 25. Governing Law; Interpretation**

This Agreement shall be governed by the laws of Oregon. If a court of competent jurisdiction holds any portion of this Agreement to be void or unenforceable as written, Owner and Optionee intend that (1) that portion of this Agreement be enforced to the extent permitted by law, and (2) the balance of this Agreement remain in full force and effect.

#### **Section 26. Time Is of the Essence**

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Time is of the essence of this Agreement.

**Section 27. Authority to Execute**

Each person executing this Agreement on behalf of Owner and Optionee, respectively, warrants his or her authority to do so.

**Section 28. Statutory Disclaimer**

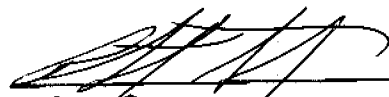
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

**Section 29. Confidentiality**

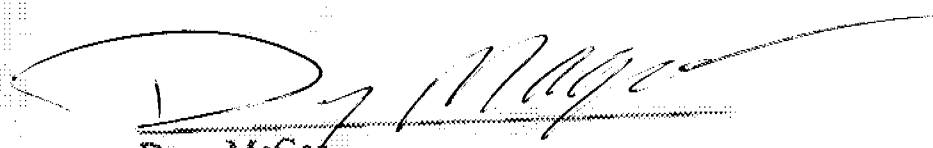
Owner and Optionee and their agents, accountants, attorneys, and consultants shall treat this Agreement and all information obtained or exchanged in connection with it as confidential and shall not disclose the terms of this Agreement or any information relating to it to any person other than the consultants and the entities engaged to assist in the consummation of this Agreement, such as the Title Company. If the Option is not exercised, then Optionee shall return to Owner all documents and information delivered to Optionee by Owner. Nothing contained herein shall operate to prevent or limit the right of Owner or Optionee to disclose the terms of this Agreement or any other information relating to it in conjunction with any litigation, land use proceeding, or other proceeding instituted with respect to this Agreement or the Property.

Executed on the day and year first above written.

OWNER:

  
Robert Stayer

OPTIONEE:



Doug McGee

Attachments:

Exhibit A—Property

~~Exhibit B—Form of Memorandum~~

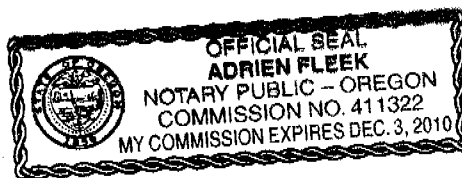
STATE OF Oregon }  
COUNTY OF Klamath }

On June 3, 2009, before me, a notary public within and for said County,  
personally appeared Robert A Stayer, to me known to be the person(s)  
described in and who executed the foregoing instrument and acknowledged that  
\_\_\_\_\_ executed the same as free act and deed.

Adrien Fleek

Notary Public

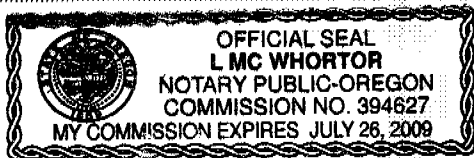
My commission expires: 12-3-10

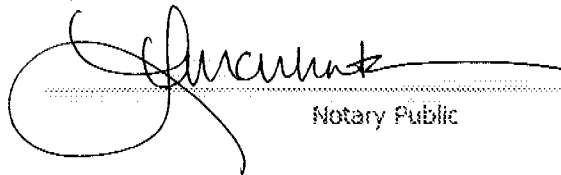


STATE OF Oregon

COUNTY OF ~~Klamath~~ DESCHUTES

On JUNE 18th, 2009 before me, a notary public within and for said County,  
personally appeared DOUG MAGEE to me known to be the person(s)  
described in and who executed the foregoing instrument and acknowledged that  
DOUG MAGEE executed the same as free act and deed.



  
Notary Public

My commission expires: 07.26.09

**EXHIBIT A**

**LEGAL DESCRIPTION:** Real property in the County of , State of Oregon, described as follows:

**PARCEL 1:**

**EAST HALF OF THE SOUTHWEST QUARTER, WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 6 AND NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 32 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.**

**PARCEL 2:**

**THE NORTHEAST QUARTER LYING EAST OF THE RAILROAD IN SECTION 12, TOWNSHIP 32 SOUTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.**

**PARCEL 3:**

**THE SOUTHEAST QUARTER LYING EAST OF THE RAILROAD IN SECTION 12, TOWNSHIP 32 SOUTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.**

**PARCEL 4:**

**THE EAST HALF OF THE NORTHWEST QUARTER AND GOVERNMENT LOTS 1 AND 2 IN SECTION 7, TOWNSHIP 32 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.**

**PARCEL 5:**

**THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 32 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.**

**NOTE: THIS LEGAL DESCRIPTION WAS CREATED PRIOR TO JANUARY 1, 2008.**