

AFTER RECORDING, RETURN TO:
William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601



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Fee: \$62.00

TENANCY IN COMMON AGREEMENT

THIS AGREEMENT is made as of the 1st day of November 2012, by and between William M. Ganong and Melvin D. Ferguson, hereinafter referred to as the "Owners." The parties agree as follows:

1. THE PROPERTY.

The Owners, as Tenants in Common, own real property in Klamath County, Oregon more particularly described as Lot 4, Block 84 of Klamath Addition to the City of Klamath Falls, Klamath County, Oregon, according to the Plat thereof on file in the office of the Clerk of Klamath County, Oregon, hereinafter referred to as the "Property."

2. DECLARATION OF OWNERSHIP.

The Owners intend that their relationship with respect to the Property shall remain a Tenancy in Common. The Owners intend that no provision of this Agreement shall be construed as establishing a partnership, joint venture, or other entity.

No individual Owner has any right or authority to bind any other Owner. No Owner shall be liable or responsible for any debt, promise, agreement, or liability incurred or caused by any other Owner, or by any employee, agent, officer, guest, or invitee of any other Owner.

3. OWNERSHIP INTERESTS.

The names of the Owners and their percentage undivided interests in the Property are as follows:

<u>Name</u>	<u>Percentage Ownership</u>
William M. Ganong	50.0 %
Melvin D. Ferguson	50.0 %

4. REVENUE, EXPENSES, DEDUCTIONS, AND DISBURSEMENTS.

4.1 Revenue, Expenses, and Deductions. The revenues, expenses, and deductions from the operation and any sale of the Property shall be shared by the Owners in proportion to their respective undivided interests in the Property.

4.2 Expenses. The expenses incurred, with respect to the Property, shall be the obligation of the Owners. The anticipated expenses include, but are not limited to debt service related to the purchase and improvement of the Property, costs of repairs, maintenance, taxes, assessments, insurance, legal, accounting, and property management expenses. Periodically, the Owners shall determine the additional funds necessary to provide for the expenses. Each Owner shall pay an amount proportionate to the Owner's undivided interest in the Property. Payment shall be made within 30 days of receipt by the Owner of notice of the amount due.

4.3 Disbursements of Revenue. The Owners shall determine if funds are available for disbursement from revenues generated by the Property and shall direct the Manager or other appropriate party to pay the amounts to the Owners in proportion to their respective undivided interests.

4.4 Proceeds. Proceeds received from any sale or refinancing of the Property, or from the condemnation or destruction of any of the Property, to the extent that the proceeds are not needed for debt service, anticipated expenses, and reasonable reserves for contingencies as determined by the Owners, shall be disbursed to the Owners in proportion to their respective undivided interests. However, the Owners may determine to use part or all of the proceeds to reduce or repay any mortgage indebtedness, contract or other liability incurred in connection with the Property and to disburse any balance of the proceeds.

4.5 Default. In the event an Owner shall fail to pay, within the time limits set forth above, an amount due under the terms of this Section 4, the undivided interest of the nonpaying Owner shall be subject to a lien in the amount of the deficiency. The provisions of Section 7 below, shall be applicable with respect to the lien.

5. MANAGEMENT.

The Owners shall have the right and obligation to manage the Property. Neither of the Owners, their agents, or representatives shall be entitled to any compensation for management or other services rendered in connection with the Property unless such compensation is expressly authorized by the Owners.

6. BOOKS, REPORTS, AND ACCOUNTING.

6.1 Maintenance of Books and Records. Full and complete books and records shall be maintained for the Property on a calendar year basis. The Owners may select an accountant to assist in maintaining the books and records and in preparing any reports desired by the Owners or

required herein. The accountant's fee shall be paid by the Owners as an expense of the co-tenancy. The books and records shall be available for examination by either Owner and the Owner's attorneys, accountants, or other agents or representatives at reasonable times upon reasonable notice. Any expenses incurred for the examination shall be paid by the Owner.

6.2 Reports. Annually, and at any other times desired by the Owners, detailed statements shall be prepared for the co-tenancy that shall show all income, receipts, expenses, and costs in connection with the Property. The annual statement shall include all information necessary for tax purposes for the Owners and shall be delivered to each Owner within 60 days of the end of each calendar year.

7. LIENS AND ENCUMBRANCES.

7.1 Removal by Owner. No Owner shall allow any lien or encumbrance to attach to an Owner's undivided interest in the Property. Any lien or encumbrance on an Owner's undivided interest, including, but not limited to, any judicial attachment, any judgment lien, any lien arising out of the order or judgment of any court, any lien in connection with taxes claimed due any governmental unit, and any lien arising under federal or state bankruptcy or insolvency laws, shall be discharged by the Owner, and the undivided interest released, within 10 days after the lien is filed or otherwise becomes effective. The failure to discharge the lien and obtain the release of the undivided interest within the stated time shall constitute a default. During the term of the default, the remaining Owner may agree to revoke the right of the defaulting Owner to vote and manage the affairs of the co-tenancy.

7.2 Bond. The Owner may deposit with the remaining Owner within 10 days after the lien is filed or otherwise becomes effective, cash, a corporate surety bond, or other security satisfactory to the remaining Owner. The deposit shall be an amount sufficient to discharge the lien, costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien. Upon making the deposit, the Owner shall not be considered in default.

7.3 Offer to Sell Interest in Property. In the event that a defaulting Owner fails to cure the default or to post a bond, then said defaulting Owner is deemed to have offered to sell the Owner's undivided interest in the subject Property to the remaining Owner for a sum equal to the Klamath County Assessor's real market value of the Property, as of the date of the default, multiplied by the defaulting Owner's fractional interest in the Property. The terms of sale shall be:

7.3.1 The non-defaulting Owner shall have 45 days from the date the Owner acquires knowledge of the default to accept this said offer to sell and to deliver the sales price to the seller who shall simultaneously deliver his statutory warranty deed conveying the defaulting Owner's proportionate interest in the subject Property to the purchaser free and clear of any and all liens. In the event that the defaulting Owner cannot deliver clear title to the purchasing Owner, the Purchasing Owner may initiate a suit to enforce the terms of this Agreement, to quiet title to the defaulting Owner's interest in the Property and for interpleader to determine who is entitled to receive the proceeds of the sale. In the event of such suit, the Purchasing Owner shall deposit the

purchase price with the court.

7.3.2 This Agreement shall constitute a restriction on each undivided interest in the Property which, when recorded in the records of the Clerk of Klamath County, Oregon, shall be superior to any lien or encumbrances which attach to any interest in the Property after the date of this Agreement.

8. RIGHT OF PARTITION.

Each Owner irrevocably waives the right to directly or indirectly maintain an action or petition in any court for a partition of the Property or of the undivided interests in the Property.

9. SALE OF OWNERSHIP INTEREST.

9.1 Restrictions on Sale. An Owner may sell, convey, or transfer the Owner's undivided interest in the Property during life or upon death or disability only in compliance with the terms of this Section 9. In any event, however, upon death or disability, the legal representative of the Owner shall have authority to act on behalf of the Owner.

9.2 Right of First Refusal. No Owner shall sell or transfer the Owner's undivided interest in the Property without first giving written notice to the other Owner. The Notice shall set forth the purchase price, the terms of payment, the other terms of the sale, and the identity of the proposed purchaser (the "Third Party"). In no event shall the "selling" Owner offer to sell less than all of the undivided interest. The other Owner shall have a period of 90 days after mailing of the notice to acquire such interest at the price and upon the same terms designated in the notice. If the other Owner elects to purchase the interest, it must purchase all and not part of the interest.

9.3 Sale to Third Party. In the event the other Owner does not elect to purchase the offered interest, the Owner giving the notice to sell shall have the right to sell the interest to the Third Party on the same terms as set forth in the notice for a period of 180 days following mailing of the notice of rejection or the expiration of the 90-day period, whichever is earlier. After the expiration of the period to complete the sale to the Third Party, the Owner giving the notice shall not sell or transfer the interest without again complying with the terms of this Section 9. Any sale to the Third Party designated in the notice shall be subject to all of the terms of this Agreement, and the Third Party shall thereafter be bound by all of the provisions of this Agreement.

9.4 Transfer to Relative. Notwithstanding the foregoing restrictions, an Owner may sell, give, devise, or transfer by intestate succession, in trust or otherwise, the Owner's interest in the Property to the Owner's spouse, lineal descendants, parents, brothers, sisters, nieces, and nephews. Any such person shall thereafter be bound by the terms and conditions of this Agreement.

10. TERMINATION OF TENANCY IN COMMON AGREEMENT.

10.1 Events of Termination. This Agreement shall continue until terminated by the

occurrence of one of the following events:

10.1.1 The sale of the Property;

10.1.2 The agreement of the Owners to terminate this Agreement; or

10.1.3 December 31, 2018.

11. LIQUIDATION UPON TERMINATION.

Upon the termination of this Agreement, the Property shall be sold and the proceeds of the sale distributed to the Owners as provided in Section 4 above.

11.1 Appraisal. In the event the Owners agree on the sales price for the sale of the Property, then the Property shall be listed for sale and sold within a reasonable period of time at the agreed value for cash. In the event the Owners do not agree on the value of the Property or if after the Property has been offered for sale for a reasonable period of time, then either Owner can cause the Property to be appraised by a certified real estate appraiser. Upon receipt of the appraisal, the Property shall be offered for sale for the appraised price, and any offer to purchase the Property at the appraised value for cash shall be accepted by the Owners. The Owners shall, thereafter, act in good faith and with due diligence to sell the Property.

11.2 Reduction of Sale Price. If no bonafide offer to purchase the Property at the appraised value is made within 90 days of the Property being offered for sale, then the offering price shall be reduced by 5 percent. Said 5 percent reduction in sales price shall continue for 90 days thereafter or until an offer to purchase the Property has been received, accepted, and the sale is closed. Nothing in this Tenancy in Common Agreement shall be interpreted to prohibit either of the Owners from purchasing the Property for the purchase price established hereby.

12. NOTICES.

All notices shall be in writing and shall be given by registered or certified mail, postage prepaid, addressed to each Owner at the Owner's permanent address, or at such other address as any Owner may hereafter designate in writing delivered to the other Owner.

13. ATTORNEY FEES.

In the event of suit, action, or arbitration to enforce any of the terms of this Agreement, the prevailing party or parties shall be awarded such sum as the court or arbitrator may adjudge reasonable as attorney fees in such suit, action, or arbitration and in any appeal there from.

14. BINDING EFFECT.

This Agreement shall be binding upon and shall inure to the benefit of each of the Owners,

their respective heirs, executors, administrators, legal representatives, successors, and assigns.

15. INTEGRATION.

This Agreement contains the entire agreement of the Owners and supersedes all prior and contemporaneous agreements between them with respect to the co-tenancy. Except as fully set forth herein, there are no representations, agreements, or understandings, oral or written, between the Owners relating to the co-tenancy.

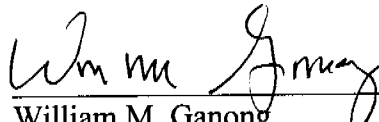
16. SEVERABILITY.

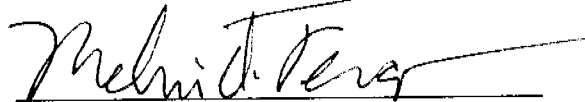
If any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. GOVERNING LAW.

This Agreement shall be subject to, and governed by, the laws of the state of Oregon.

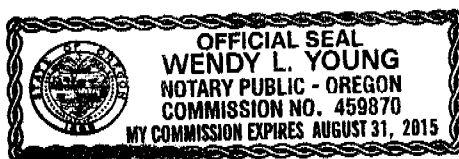
The parties have executed this Agreement as of the date first written above.

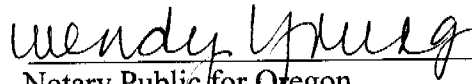

William M. Ganong


Melvin D. Ferguson

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on November 15, 2012, by William M. Ganong and Melvin D. Ferguson.




Notary Public for Oregon
My Commission Expires: 8.31.2015