Application for a Permit to Use

Surface Water



Oregon Water Resources Department 725 Summer Street NE, Suite A Salem, Oregon 97301-1266 503-986-0900 www.oregon.gov/OWRD

SECTION 1: APPLICANT INFORMATION AND SIGNATURE Applicant NAME PHONE (HM) NORTHWEST AGRICULTURAL PROPERTIES (AKA KRAEMER FARMS, RAY STAFFORD (503) 845-2489 PHONE (WK) **CELL** FAX **ADDRESS** 13318 DOMINIC RD. STATE ZIP E-MAIL * **CITY** OR 97362 MT. ANGEL Organization NAME PHONE FAX **ADDRESS CELL** CITY E-MAIL * **STATE** ZIP **Agent** – The agent is authorized to represent the applicant in all matters relating to this application. AGENT / BUSINESS NAME PHONE FAX MALIA R. KUPILLAS **ADDRESS** CELL 18487 S. VALLEY VISTA ROAD 503.310.5553 CITY **STATE** ZIP E-MAIL * MULINO OR 97042 PHG@BCTONLINE.COM Note: Attach multiple copies as needed * By providing an e-mail address, consent is given to receive all correspondence from the Department electronically. (Paper copies of the proposed and final order documents will also be mailed.) By my signature below I confirm that I understand: MAR 0 7 2019 I am asking to use water specifically as described in this application. Evaluation of this application will be based on information provided in the application. I cannot legally use water until the Water Resources Department issues a permit. The Department encourages all applicants to wait for a permit to be issued before beginning construction of any proposed diversion. Acceptance of this application does not guarantee a permit will be issued. If I begin construction prior to the issuance of a permit, I assume all risks associated with my actions. If I receive a permit, I must not waste water. If development of the water use is not according to the terms of the permit, the permit can be cancelled. The water use must be compatible with local comprehensive land use plans. Even if the Department issues a permit, I may have to stop using water to allow senior water right holders to receive water to which they are entitled. I (we) affirm that the information contained in this application is true and accurate

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Date

Applicant Signature

Print Name and Title if applicable



A Main

Help

3 Return

Contact Us

Today's Date: Monday, March 11, 2019

Base Application Fee.		\$520.00
Acre feet of Stored Water to be diverted.	11.5	\$420.00
Permit Recording Fee. ***		\$520.00
*** the Permit Recording Fee is not required when the application is submitted but, must be paid before a permit will be issued. It is fully refundable if a permit is not issued. If the recording fee is not paid prior to issuance of the Final Order, permit issuance will be delayed.	Recalculate	
Estimated cost of Permit Application		\$1,460.00

OWRD Fee Schedule

-ee	Calculator	Version:	B20170117



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Date Received (Date Stamp Here)

OWRD Over-the-Counter Submission Receipt

STILL STOP THE SOUTHER SANTINGSTON RECEIPT					
Applicant Name(s) & Address: NW Agricultural Properties AKA Kraener					
13318 DominicRd Mt. Argel Of 97862					
Transaction Type: Surface Water					
Fees Received: \$ 1332.50					
□ Cash					
Name(s) on Check: Kraemer Farms LLC					
Thank you for your submission. Oregon Water Resources Department (Department) staff will review your submittal as soon as possible.					
If your submission is determined to be complete, you will receive a receipt for the fees paid and an acknowledgement letter stating your submittal is complete.					
If determined to be incomplete, your submission and the accompanying fees will be returned with an explanation of deficiencies that must be addressed in order for the submittal to be accepted.					
If you have any questions, please feel free to contact the Department's Customer Service staff at 503-986-0801 or 503-986-0810.					
Sincerely, OWRD Customer Service Staff OVER THE COUNTER					
Submission received by:					
Instructions for OWRD staff:					

- Complete this Submission Receipt, and make two (2) copies. Place one copy with the check/cash; and place the other copy with the submission (i.e., the application or other document).
- Date-stamp all pages. (NOTE: Do not stamp check.)
- Give this original Submission Receipt to the applicant.
- Record Submission Receipt information on the "RECEIVED OVER THE COUNTER" log sheet.
- Place the Submission Receipt with check/cash in the small top drawer (i.e., "Fiscal Pick Up Drawer"). Place the Submission Receipt with submission (application/other document) in the large bottom drawer.

STATE OF OREGON

WATER RESOURCES DEPARTMENT

RECEIPT # 129278

725 Summer St. N.E. Ste. A SALEM, OR 97301-4172

INVOICE # _____

CEIVED FRO	om: Kraemer Farm	15 LIC.	APPLICATION	88755
			PERMIT	00.2
			TRANSFER	
SH: (CHECK:# OTHER: (IDENTIFY)		TOTAL REC'D	\$1,332,50
J	X 2000 L			1,502,00
1083	TREASURY 4170 WRD N	IISC CASH A	CCT	
0407	COPIES			\$
	OTHER: (IDENTIFY)			\$
0243 I/S L	_ease 0244 Muni Water Mgmt. Pla	an 02	45 Cons. Water	3
	4270 WRD O			
	MISCELLANEOUS 4/2	111	4001	
0407	COPY & TAPE FEES			\$
0410	RESEARCH FEES			\$
0408	MISC REVENUE: (IDENTIFY)			\$
TC162	DEPOSIT LIAB. (IDENTIFY)			\$
0240	EXTENSION OF TIME			\$
	WATER RIGHTS:	EXAM FEE		RECORD FEE
0201	SURFACE WATER 940-	\$ 905 p	0202	\$ 427.50
0203	GROUND WATER	\$	0204	\$
0205	TRANSFER	\$		
	WELL CONSTRUCTION	EXAM FEE		LICENSE FEE
0218	WELL DRILL CONSTRUCTOR	\$	0219	\$
	LANDOWNER'S PERMIT		0220	\$
	OTHER (IDENTIFY)		~	
0500	TREACURY 0407 WELL	CONCT CTA	OT FEE	
	TREASURY 0437 WELL	CONST. STA	RIFEE	
0211	WELL CONST START FEE	\$	CARD#	
0210	MONITORING WELLS	\$	CARD #	
	OTHER (IDENTIFY)			
0607	TREASURY 0467 HYDRO	ACTIVITY	LIC NUMBER	
0233	POWER LICENSE FEE (FW/WRD)			\$
0231	HYDRO LICENSE FEE (FW/WRD)			\$
	HYDRO APPLICATION			\$
	TREASURY OTHER	R / BDX		
			ED ***	
		RECEIV		
FUND	172.	on mile force just	me week english of the to being	
	DEVENDOR #)\/E	RTHEC	OUNTER	\$

SECTION 2: PROPERTY OWNERSHIP

conveyed, and used.
YES, there are no encumbrances. YES, the land is encumbered by easements, rights of way, roads or other encumbrances.
NO, I have a recorded easement or written authorization permitting access. NO, I do not currently have written authorization or easement permitting access. NO, written authorization or an easement is not necessary, because the only affected lands I do not own are state-owned submersible lands, and this application is for irrigation and/or domestic use only (ORS 274.040 NO, because water is to be diverted, conveyed, and/or used only on federal lands.

Please indicate if you own all the lands associated with the project from which the water is to be diverted,

Affected Landowners: List the names and mailing addresses of all owners of any lands that are not owned by the applicant and that are crossed by the proposed ditch, canal or other work, even if the applicant has obtained written authorization or an easement from the owner. (*Attach additional sheets if necessary*).

TL 06 1E 17 1700

Edgar and Jean Fennimore trustee (Kramer Farms purchasing under contract. See attached contract) PO Box 230

Mt. Angel, OR 97362

Legal Description: You must provide the legal description of: 1. The property from which the water is to be diverted, 2. Any property crossed by the proposed ditch, canal or other work, and 3. Any property on which the water is to be used as depicted on the map.

SECTION 3: SOURCE OF WATER

A. Proposed Source of Water

Provide the commonly used name of the water body from which water will be diverted, and the name of the stream or lake it flows into (if unnamed, say so), and the locations of the point of diversion (POD):

Source 1: Teeney Pond, Permit R-15257 Tributary to: Butte Creek		
TRSQQ of POD: 6S 1E sec. 17 SE SE		
Source 2: Drain tiles and surface runoff to pond Tributary to: Butte Creek		
TRSQQ of POD: 6S 1E sec. 17 SE SE		

If any source listed above is stored water that is authorized under a water right permit, certificate, or decree, attach a copy of the document or list the document number (for decrees, list the volume, page and/or decree name).

B. Applications to Use Stored Water

Do you, or will you, own the reservoir(s) described in Section 3A above?

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Yes. No. (Enclose a copy of your written notification to the operator of the reservoir of your intent to file this application, which should have been mailed or delivered to the operator.) If all sources listed in Section 3A are stored water, the Department will review your application using the expedited process provided in ORS 537.147, unless you check the box below. Please see the instruction booklet for more information.					
process out	By checking this box, you are requesting that the Department process your application under the standard process outlined in ORS 537.150 and 537.153, rather than the expedited process provided by ORS 537.147. To file an application under the standard process, you must enclose the following:				
	 A copy of a signed non-expired contract or other agreement with the owner of the reservoir (if not you) to impound the volume of water you propose to use in this application. 				
■ A c	opy of your written agreement with the party (if any) delivering to	the water from the reservoir to			
WHIT CONTRACTOR SECTION STATES CONTRACTOR CO	SENSITIVE, THREATENED OR ENDANGERED FIS	SH SPECIES PUBLIC			
This information must be provided for your application to be accepted as complete. The Water Resources Department will determine whether the proposed use will impair or be detrimental to the public interest with regard to sensitive, threatened or endangered fish species.					
To answer the following questions, use the map provided in <u>Attachment 3</u> or the link below to determine whether the proposed point of diversion (POD) is located in an area where the Upper Columbia, the Lower Columbia, and/or the Statewide public interest rules apply.					
For more detailed information, click on the following link and enter the T,R,S,QQ or the Lat/Long of a POD and click on "Submit" to retrieve a report that will show which section, if any, of the rules apply: https://apps.wrd.state.or.us/apps/misc/lkp_trsqq_features/					
•	If you need help to determine in which area the proposed POD is located, please call the customer service desk at (503) 986-0801.				
Upper Columl	oia - OAR 690-033-0115 thru -0130	RECEIVED			
Is the POD loca	ated in an area where the Upper Columbia Rules apply?	MAR 07 2019			
☐ Yes ⊠ No	☐ Yes ☒ No				
If yes, you are notified that the Water Resources Department will consult with numerous federal, state, local and tribal governmental entities so it may determine whether the proposed use is consistent with the "Columbia River Basin Fish and Wildlife Program" adopted by the Northwest Power Planning Council in 1994 for the protection					

and recovery of listed fish species. The application may be denied, heavily conditioned, or if appropriate, mitigation for impacts may be needed to obtain approval for the proposed use.

If yes,

- I understand that the proposed use does <u>not</u> involve appropriation of direct streamflow during the time period April 15 to September 30, except as provided in OAR 690-033-0140.
- I understand that I will install, operate and maintain a fish screen and fish passage as listed in ORS 498.301 through 498.346, and 509.580 through 509.910, to the specifications and extent required by

Surface Water — Page 3 Rev. 06-18 Oregon Department of Fish and Wildlife, prior to diversion of water under any permit issued pursuant to this application.

- I understand that the Oregon Department of Environmental Quality will review my application to determine if the proposed use complies with existing state and federal water quality standards.
- I understand that I will install and maintain water use measurement and recording devices as required by the Water Resources Department, and comply with recording and reporting permit condition requirements.

Lower Columbia - OAR 690-033-0220 thru -0230
Is the POD located in an area where the Lower Columbia rules apply?
⊠ Yes □ No
If yes, you are notified that that the Water Resources Department will determine, by reviewing recovery plans,
the Columbia River Basin Fish and Wildlife Program, and regional restoration programs applicable to threatened
or endangered fish species, in coordination with state and federal agencies, as appropriate, whether the proposed

If a permit is issued, it will likely contain conditions to ensure the water use complies with existing state and federal water quality standards; and water use measurement, recording and reporting required by the Water Resources Department. The application may be denied, or if appropriate, mitigation for impacts may be needed to obtain approval of the proposed use.

use is detrimental to the protection or recovery of a threatened or endangered fish species and whether the use can

If yes, provide the following information (the information must be provided with the application to be considered complete). Yes No The proposed use is for more than **one** cubic foot per second (448.8 gpm) and is not subject to the requirements of OAR 690, Division 86 (Water Management and Conservation Plans). If yes, provide a description of the measures to be taken to assure reasonably efficient water use:

Drip irrigation will be used and water applied only when the plants need it.

Statewide - OAR 690-033-0330 thru -0340 Is the POD located in an area where the Statewide rules apply? Yes No

For Department Use: App. Number: 5 - 88 75 5

be conditioned or mitigated to avoid the detriment.

If yes, the Water Resources Department will determine whether the proposed use will occur in an area where endangered, threatened or sensitive fish species are located. If so, the Water Resources Department, Department of Fish and Wildlife, Department of Environmental Quality, and the Department of Agriculture will recommend conditions required to achieve "no loss of essential habitat of threatened and endangered (T&E) fish species," or "no net loss of essential habitat of sensitive (S) fish species." If conditions cannot be identified that meet the standards of no loss of essential T & E fish habitat or no net loss of essential S fish habitat, the agencies will recommend denial of the application unless they conclude that the proposed use would not harm the species.



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SECTION 5: WATER USE

Provide the amount of water you propose to use from each source, for each use, in cubic feet-per-second (cfs) or gallons-per-minute (gpm). If the proposed use is from storage, provide the amount in acre-feet (af):

(1 cfs equals 448.8 gpm. 1 acre-foot equals 325,851 gallons or 43,560 cubic feet)

SOURCE	USE	PERIOD OF USE		AMOUNT
Teeney Pond	Irrigation	March 1 to October 31	11.5	☐ cfs ☐ gpm ⊠ af
				cfs gpm af

Please indicate the number of primary and supplemental acres to be irrigated.				
Primary: 128.8 Acres	Supplemental: Acres			
If supplemental acres are listed, provide the Permit or Certificate number of the underlying primary water right(s):				
Indicate the maximum total nur	nber of acre-feet you expect to use in an irrigation season: 11.5 AF			

- If the use is municipal or quasi-municipal, attach Form M
- If the use is **domestic**, indicate the number of households: NA
- If the use is mining, describe what is being mined and the method(s) of extraction: NA

A pump will be installed in the pond and water will be pumped to the place of use.

SECTION 6: WATER MANAGEMENT

Α.	Diversion and Conveyance What equipment will you use to pump water from your source?	RECEIVED
	Pump (give horsepower and type): 20 Hp	MAR 0 7 2019
	Other means (describe): Provide a description of the proposed means of diversion, construction,	OWRD and operation of the diversion works
	and conveyance of water	

B. Application Method

What equipment and method of application will be used? (e.g., drip, wheel line, high-pressure sprinkler) Drip

C. Conservation

Please describe why the amount of water requested is needed and measures you propose to: prevent waste; measure the amount of water diverted; prevent damage to public uses of affected surface waters.

Water will be applied to the plants when needed.

SECTION 7: RESOURCE PROTECTION

In granting permission to use water from a stream or lake, the state encourages, and in some instances requires, careful control of activities that may affect the waterway or streamside area. See instruction guide for a list of

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	sible permit requirements from other agencies. Please tect water resources:	indicate any of the practices y	ou plan to undertake to		
	Diversion will be screened per ODFW specifications in ORS 498.301 through 498.346 to prevent uptake of fish and other aquatic life. Describe planned actions: Not applicable. Pond is not connected to a surface water source and there are no fish. The is no live flow into this pond.				
	Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas. Note: If disturbed area is more than one acre, applicant should contact the Department of Environmental Quality to determine if a 1200C permit is required. Describe planned actions and additional permits required for project implementation: Not applicable. Pond is existing.				
	Operating equipment in a water body will be managed and timed to prevent damage to aquatic life. Describe planned actions and additional permits required for project implementation: Not applicable.				
\boxtimes	Water quality will be protected by preventing erosion and run-off of waste or chemical products. Describe planned actions: The sides of the pond will be maintained with vegetation to reduce erosion.				
\boxtimes	List other federal and state permits or contracts to be obtained, if a water right permit is granted. NA				
SE	CTION 8: PROJECT SCHEDULE				
	 a) Date construction will begin: 4/1/19 b) Date construction will be completed: 4/31/19 c) Date beneficial water use will begin: 4/31/19 	RECEIVED MAR 0 7 2019			
SE	CTION 9: WITHIN A DISTRICT	OWRD			
Check here if the point of diversion or place of use are located within or are served by an irrigation or other water district.					
Irrigation District Name Address					
Cit	У	State	Zip		
MUNICIPA					

SECTION 10: REMARKS

Use this space to clarify any information you have provided in the application. (Attach additional sheets if necessary).

Minimum Requirements Checklist

Minimum Requirements (OAR 690-310-0040, OAR 690-310-0050 & ORS 537.140)

Include this checklist with the application

Check that each of the following items is included. The application will be returned if all required items are not included. If you have questions, please call the Water Rights Customer Service Group at (503) 986-0900.

Please submit the original application and signatures to the Water Resources Department. Applicants are encouraged to keep a copy of the completed application.

	SECTION SECTION SECTION SECTION SECTION SECTION SECTION SECTION SECTION	
Inc	lude the f	ollowing additional items:
	Land Use or signed	Information Form with approval and signature of local planning department (must be an original) receipt.
\boxtimes	crossed b	ne legal description of: (1) the property from which the water is to be diverted, (2) any property y the proposed ditch, canal or other work, and (3) any property on which the water is to be used as on the map.
\boxtimes	•	nount enclosed: \$
		epartment's Fee Schedule at <u>www.oregon.gov/owrd</u> or call (503) 986-0900.
\boxtimes	Map that	includes the following items:
	\boxtimes	Permanent quality and drawn in ink
	\boxtimes	Even map scale not less than $4'' = 1$ mile (example: $1'' = 400$ ft, $1'' = 1320$ ft, etc.)
	\boxtimes	North Directional Symbol
	\boxtimes	Township, Range, Section, Quarter/Quarter, Tax Lots
	\boxtimes	Reference corner on map
	\boxtimes	Location of each diversion, by reference to a recognized public land survey corner (distances north/south and east/west)
	\boxtimes	Indicate the area of use by Quarter/Quarter and tax lot identified clearly.
		Number of acres per Quarter/Quarter and hatching to indicate area of use if for primary irrigation supplemental irrigation, or nursery
	\boxtimes	Location of main canals, ditches, pipelines or flumes (if well is outside of the area of use)

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Water-Use Permit Application Processing

1. Completeness Determination

The Department evaluates whether the application and accompanying map contain all of the information required under OAR 690-310-0040 and OAR 690-310-0050. The Department also determines whether the proposed use is prohibited by statute. If the Department determines that the application is incomplete, all fees have not been paid, or the use is prohibited by statute, the application and all fees submitted are returned to the applicant.

2. Initial Review

The Department reviews the application to determine whether water is available during the period requested, whether the proposed use is restricted or limited by rule or statute, and whether other issues may preclude approval of or restrict the proposed use. An Initial Review (IR) containing preliminary determinations is mailed to the applicant. The applicant has 14 days from the mailing date to withdraw the application from further processing and receive a refund of all fees paid minus \$260. The applicant may put the application on hold for up to 180 days and may request additional time if necessary.

3. Public Notice

Within 7 days of the mailing of the initial review, the Department gives <u>public notice</u> of the application in the weekly notice published by the Department at <u>www.oregon.gov/owrd</u>. The public comment period is 30 days from publication in the weekly notice.

4. Proposed Final Order Issued

The Department reviews any comments received, including comments from other state agencies related to the protection of sensitive, threatened or endangered fish species. Within 60 days of completion of the IR, the Department issues a Proposed Final Order (PFO) explaining the proposed decision to deny or approve the application. A PFO proposing approval of an application will include a draft permit, and may request additional information or outstanding fees required prior to permit issuance.

5. Public Notice

Within 7 days of issuing the PFO, the Department gives public notice in the weekly notice. Notice includes information about the application and the PFO. Protest must be received by the Department within 45 days after publication of the PFO in the weekly notice. Anyone may file a protest. The protest filing fee is \$410.00 for the applicant and \$810.00 for non-applicants. Protests are filed on approximately 10 percent of Proposed Final Orders. If a protest is filed the Department will attempt to settle the protest but will schedule a contested case hearing if necessary.

6. Final Order Issued

If no protests are filed, the Department can issue a Final Order within 60 days of the close of the period for receiving protest. If the application is approved, a permit is issued. The permit specifies the details of the authorized use and any terms, limitations or conditions that the Department deems appropriate

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Land Use Information Form



Oregon Water Resources Department 725 Summer Street NE, Suite A Salem, Oregon 97301-1266 503-986-0900 www.oregon.gov/OWRD

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NAME				PHONE (HM)
NORTHWEST AGRICULTURAL	PROPERTIES LLC (AKA	Kraeme	R FARMS), RAY STAFFORD_	
PHONE (WK)	CEI (50	LL 3) 845 24	489_	FAX
ADDRESS 13318 DOMINIC RD				
CITY MT. ANGEL	STATE	ZIP	E-MAIL*	
A. Land and Location		<u></u>		

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), and/or used or developed. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Township	Range	Section	1/4 1/4	Tax Lot#	Plan Designation (e.g., Rural Residential/RR-5)	Water to be:		Proposed Land Use:	
6S	1E	16	1	EFU	<u>500</u>	□ Diverted	□ Conveyed	⊠ Used	IR
6S	1E	17		EFU	1700	Diverted	⊠ Conveyed	⊠ Used	IR
6S	1E	<u>17</u>		EFU	1800	Diverted	□ Conveyed	⊠ Used	IR
6S	1E	<u>20</u>		EFU	500	Diverted	□ Conveyed	☑ Used	IR
6S	1E	21		EFU	700	Diverted	□ Conveyed	⊠ Used	IR

List all counties and cities where water is proposed to be diverted, conveyed, and/or used or developed:

Marion County

B. Description of Proposed Use	
Type of application to be filed with the Water Resources Dep	artment:
□ Permit to Use or Store Water □ Water Right Transfer	Permit Amendment or Groundwater Registration Modification
☐ Limited Water Use License ☐ Allocation of Conserved W	ater Exchange of Water
Source of water: Reservoir/Pond Groundwater	Surface Water (name) <u>Teeney Pond Permit R-15257</u>
Estimated quantity of water needed: 11.5	☐ cubic feet per second ☐ gallons per minute ☐ acre-feet
Intended use of water:	☐ Industrial ☐ Domestic for household(s) ☐ Instream ☐ Other
Briefly describe:	
Water will be used to irrigate crops, which includes hazelnu	t trees
N	

Note to applicant: If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt at the bottom of the next page and include it with the application filed with the Water Resources Department. RECEIVED

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Land Use Information Form Page 2 of 3

For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form. This deals only with the local land use plan. Do not include approval for activities such as building or grading permits.

Please check the appropriate	e box below and provide the requested	d informat	<u>ion</u>
	posed water uses (including proposed construction plan. Cite applicable ordinance section(s): _/// C		
approvals as listed in the table bel already been obtained. Record of	posed water uses (including proposed construction low. (Please attach documentation of applicable la Action/land use decision and accompanying findical periods have not ended, check "Being pursue	and use appro	ovals which have
Type of Land Use Approval Nec (e.g., plan amendments, rezono conditional-use permits, etc.)	les,	Lan	nd Use Approval:
		☐ Obtained ☐ Denied	☐ Being Pursued ☐ Not Being Pursued
		☐ Obtained ☐ Denied	☐ Being Pursued ☐ Not Being Pursued
		☐ Obtained ☐ Denied	☐ Being Pursued ☐ Not Being Pursued
		☐ Obtained ☐ Denied	☐ Being Pursued ☐ Not Being Pursued
		☐ Obtained ☐ Denied	☐ Being Pursued ☐ Not Being Pursued
NAME Seth Rom	PHONE:	TITLE:	ciate Planner
GOVERNMENT ENTITY Ma()	ion Conty	ß BATE.	3/07/19
you sign the receipt, you will have 30 Use Information Form or WRD may comprehensive plans.	ntative: Please complete this form or sign the receion days from the Water Resources Department's not presume the land use associated with the propose	otice date to red use of water	return the completed Land er is compatible with local
Rece	eipt for Request for Land Use Infor	<u>mation</u>	
	Staff contact: _		
Signature:	Phone:	Da	ite:

OWRD

MAR 07 2019



In Loving Men

Harold Anthony June 20, 1936 - Septer

Harold Anthony Kraemer was born June 20, 1936 the 5th of 8 children. He died in his sleep at ho battle with multiple health problems. He married JUN 0 5 2018

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er) Kraemer, Ifter a long 10, 1956 at

St. Mary's church in Mt. Angel. They have farmed in the Willamette Valley all their lives. Together, they raised eight children on their farm North of Mt. Angel, and were delighted by their 31 grandchildren, three great grand-children with another due in February.

Harold attended St. Mary's Public School and graduated in 1954 from Mt. Angel Preparatory School. He served in the National Guard for six years, was a member of St. Mary's Parish, the Knights of Columbus and had previously served on the Parish Council. He was a founding member of the local water district and became a member of Norpac foods in 1968. The most important part of Harold's life was his family. He taught each of his children and grandchildren countless invaluable lessons, not to talk too much but sit quietly and listen, or how to plow a field properly. Harold was a people person. He made friends wherever he went. He was known for his teasing, but that was his way of testing people. His twinkling blue eyes let you know that he like you. He was our warrior and hero in our lives.

CONTRACT OF SALE

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JUN 08 2018

OWRD

BETWEEN: Edgar J. Fennimore and Jean E. Fennimore, Trustees

of the Edgar J. Fennimore and Jean E. Fennimore

Trust, Dated May 24, 1991. 8808 Cascade Highway Silverton, OR 97381

AND:

DATED: April 9, 2012

KJK Estates, LLC.

12614 Dominic Rd. Mount Angel, Oregon 97362 ("Purchaser")

("Seller")

Seller owns the real property located in Marion County, Oregon and described in attached Exhibit A.

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

Section 1. Purchase Price: Payment

- 1.1 Total Purchase Price. Purchaser promises to pay Seller as the total purchase price for the Property the sum of \$275,000 (US).
 - 1.2 Payment of Total Purchase Price. The total purchase price shall be paid as follows:
- 1.2.1 Down Payment. Purchaser shall pay on or before the Closing Date, as defined in Section 3.1. the sum of \$5,000.00 in immediately available funds as a down payment on the purchase price.
 - 1.2.2 Installments.
 - (1) Purchaser shall pay \$10,000 in three equal payments, together with interest accrued at 3 1/2% per annum to the date of each payment. on October 31, 2012. January 31, 2013 and July 31, 2013.
 - (2) Purchaser shall pay \$240,000 together with interest thereon at 3 1/2% per annum in 120 monthly payments of \$1074.57 each, the first such payment being due May 10, 2012. All unpaid principal and all accrued but unpaid interest on the \$240,000 shall be paid in full on or before May 10, 2022.
 - (3) Installments noted in 1.2.2.(1) and (2) will be combined and paid as one note with interest and payments due at the individual times specified.
- 1.3 Prepayments. Purchaser may prepay all or any portion of the unpaid principal without penalty. All prepayments shall be applied first to accrued but unpaid interest to date, then to amounts due Seller under this Contract other than principal or interest, then to the last installment of principal scheduled under this Contract, and shall not excuse Purchaser from making the regular installment payments when due under this Contract until the remaining balance has been paid in full.
- 1.4 Payments to Third Parties. If Purchaser fails to pay when due any amounts required under this Contract to be paid to third parties by Purchaser, Seller may, but shall not be obligated to, pay any or all such amounts directly to such third parties or otherwise to cure any such failure. If Seller makes any such payments, the amounts so paid shall be immediately due and payable by Purchaser to Seller. Until paid, such amounts shall be secured by this Contract and shall bear interest at the rate of 9% per annum. Seller's election to make any payments pursuant to this paragraph shall not constitute a waiver of Seller's right to declare Purchaser to be in default of this Contract and to exercise any remedies described in Section 12.2. In the event of any such payment by Seller, Seller shall also be subrogated to the rights of the third party to whom the payment is made.

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Section 5. Maintenance; Alterations

- Maintenance. Purchaser shall not commit or suffer any waste of the Property that impairs the Seller's interest in the Property. In the event that Purchaser makes improvements on the Property. Purchaser shall keep the improvements, and landscape that may be placed on the Property in good condition and repair, and shall not permit any waste or removal of the improvements. Purchaser shall farm the property in a husband like manner according to locally accepted good farming practices.
- Improvements. If Purchaser desires to subdivide or develop the Property, Purchaser shall first submit complete final subdivision or development plans or site plans for the proposed subdivision or development and obtain Seller's written consent before proceeding to do or permit any work or to order any services or materials with respect to such work. Purchaser agrees to permit Seller to post and maintain a notice of non-responsibility, and such other notices as Seller may reasonably require on the Property. All alterations and improvements constructed by or for Purchaser shall be completed by reputable Oregon licensed contractors in a good and workmanlike manner, lien-free, and in strict compliance with plans, specifications, and drawings approved beforehand in writing by Seller as provided above. No approval by Seller shall be deemed a representation or warranty of Seller that the approved items or conduct are otherwise lawful, safe, or appropriate, or relieve Buyer from strict compliance with all other provisions of this Contract and all applicable law.
- 5.1.2 Prohibited Activities. Purchaser shall not use or suffer the use of all or any of the Property for any "nuisance" as defined in ORS 105.555, or so as to constitute an "illegal drug manufacturing site" as that term is defined in ORS 453.858, as those statutes may now or hereafter be amended, supplemented, or superseded, or otherwise do or allow any act or omission on or about the Property that could subject the Property or Seller's or Purchaser's interest therein to forfeiture or the risk of forfeiture.
- Governmental Damage. If any damage or destruction of the Property or any portion thereof is caused by any governmental or quasi-governmental authority and to the extent the same is not a compensable taking under the state or federal constitution, or directly caused by the act or omission of Seller, Purchaser shall promptly repair and restore the same at its expense.
- 5.1.4 Timber; Minerals. Purchaser shall not extract any Timber, process, mine, or otherwise exploit any oil, gas, mineral, or other valuable deposit on or under the Property without the written permission of the Seller. Any net funds received by Purchaser, after Timber harvesting or mining costs have been paid, will be paid to Seller and may be used as a source of payment by Purchaser.
- 5.1.5 Hazardous Substances. Purchaser shall comply fully with all laws pertaining to the protection of human health and the environment, including but not limited to employee and community rightto-know laws and all laws regarding the use, generation, storage, transportation, treatment, disposal, or other handling of hazardous substances. Purchaser shall promptly advise Seller in writing of any hazardous substances regulated by such laws that are used, generated, manufactured, stored, transported, or otherwise handled on the Property. Purchaser shall exercise extreme care in handling any hazardous substances and Shall not cause or permit hazardous substances to be spilled, leaked, disposed of, or otherwise released on the Property.
- 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 Purchaser shall promptly make all required repairs, alterations, and additions. Purchaser 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 undertakes and diligently pursues 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.

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Section 6. Insurance

- 6.1 Liability Insurance. During the term of this Contract, Purchaser shall maintain public liability and property damage insurance with a combined single limit of not less than \$500,000.00 and \$300.000.00 for damage to property. Such insurance shall be written on an occurrence basis and shall be primary with respect to all other insurance covering any of the insured risks; shall cover all risks arising directly or indirectly out of Purchaser's activities on or any condition of the Property, whether or not related to an occurrence caused or contributed to by Seller's negligence; shall include a contractual liability clause to protect Purchaser against the claims of Seller on account of the obligations assumed by Purchaser under Section 7; and shall protect Seller and Purchaser against claims of third persons. Such policies shall be written in such form with such terms and by such insurance companies reasonably acceptable to Seller. Purchaser 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 20 days' written notice to Seller.
- 6.2 Property Damage Insurance. Purchaser 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 coinsurance clause and with loss payable to Seller (under a standard mortgagee's clause) and Purchaser 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. Purchaser 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 clays' written notice to Seller. In the event of loss, Purchaser shall give immediate notice to Seller. Seller may make proof of loss if Purchaser fails to do so with in 15 clays of the casualty.
- 6.3 **Purchaser's Report on Insurance.** Within 60 days after the close of each calendar year, Purchaser 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 date of expiration of the policy.
- 6.4 Application of Proceeds. All proceeds of any insurance on the Property shall be paid to and held by Seller. If Purchaser elects to restore the Property, Purchaser shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Seller. Upon satisfactory proof of lien-free restoration of the Property to at least its condition and value immediately before the damage or destruction, Seller shall pay or reimburse Purchaser from the proceeds for the reasonable cost of repair or restoration to the extent of such proceeds received by Seller. If Purchaser elects 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 Purchaser. Any proceeds that have not been paid out within 45-clays after their receipt and that Purchaser has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of Purchaser's indebtedness.

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Section 7. Indemnification

- 7.1 Purchaser's Indemnification of Seller. Purchaser shall forever indemnity, reimburse, and hold Seller harmless and, at Seller's election, defend Seller for, from, and against any and all claims, costs, expenses (including attorney fees). losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with (1) Purchaser's possession or use of the Property. (2) Purchaser's conduct with respect to the Property, (3) 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 (4) Purchaser's breach of any warranty or representation made by Purchaser 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 Purchaser agrees to defend Seller, Purchaser shall, on 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 Purchaser. Seller shall forever indemnify, reimburse, and hold Purchaser harmless and, at Purchaser's election, defend Purchaser for, from, and against any and all claims, costs, expenses (including attorney fees), losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with (1) Seller's possession or use of the Property, 2) Seller's conduct with respect to the Property, (3) any condition of the Property to the extent the same exists on the Closing Date and is not caused or contributed to by Purchaser, or (4) Seller's breach of any warranty or representation made by Seller in this Contract. In the event of any litigation or proceeding brought against Purchaser and arising out of or in any way connected with any of the above events or claims, against which Seller agrees to defend Purchaser, Seller shall on notice from Purchaser, vigorously resist and defend such actions or proceedings in consultation with Purchaser through legal counsel reasonably satisfactory to Purchaser.

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 Seller is validly existing in the state of Oregon.
- 8.3 No Brokers. Seller has employed a broker or finder in connection with the transactions contemplated by this Contract but has taken no action, which would give rise to a valid claim against Purchaser for a brokerage commission, finder's fee. or other like payment.
- **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 Purchaser's 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 without investigation, 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 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.

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- 8.6 **Compliance with Laws.** The Property is presently in compliance with zoning ordinances.
 - 8.7 Non foreign Status. Seller is not a "foreign person" as defined in IRC §1445(f)(3).
- 8.8 Permits; Licenses. Seller agrees to convey, assign or otherwise transfer all 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 cooperate with Purchaser in obtaining any such permits, consents, authorizations, or licenses necessary to the operation of the Property: provided that Seller shall not be required to incur any expense relating thereto unless Purchaser shall have first advanced funds afficient to cover all of Seller's reasonably anticipated out-of-pocket expenses; and provided further that Seller shall promptly refund to Purchaser any excess funds so advanced, and Purchaser shall reimburse Seller for any shortfall in funds so advanced.
- 8.9 No Further Contracts. Seller represents that there are no contracts, leases, or agreements relating to the Property, except as otherwise set forth in this Contract or matters of public record that will be binding on the Property following the Closing Date.
- 8.10 Wetlands or Fill. Seller warrants that as of the date of closing Seller has not received any notice and does 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. Purchaser covenants not to sue, directly or indirectly, Seller for damages, injunctive relief or any other relief or remedy in any way related to any wetland or fill on the Property, including without limitation wetlands or fill for which the presence is not known as of the date of closing, and Purchaser releases Seller from any and all claims of liability arising out of such wetlands or fill.
- 8.11 No Warranties; As Is. Seller makes no other warranties, express or implied, regarding the Property or the condition or state of repair thereof, it being understood by all parties that the Property will be conveyed to the Buyer AS IS except such warranties as may arise by law under the Deed.
- **8.12 Disclosure.** Seller has fully disclosed in writing and provided to Purchaser all material information in Seller's possession or that Seller owns or controls that relates to the Property, its condition, and the title to the Property.

Section 9. Title Insurance (Purchaser's Policy)

Seller shall furnish at Seller's expense, a purchaser's title insurance policy in the amount of the full purchase price within 10 days after the Closing Date, insuring Purchaser against loss or damage sustained by purchaser by reason of the unmarketability of Seller's title, or liens or encumbrances affecting the Property, excepting matters contained in the usual printed exceptions in such title insurance policies, those created or suffered by Purchaser, and those of record as of the date of this Contract.

Section 10. Existing Encumbrances

10.1 There are no encumbrances against the subject property, except any unpaid taxes not currently due.

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Section 11. Deed

On payment of the total purchase price for the Property as provided in this Contract and performance by Purchaser of all other terms, conditions, and provisions of this Contract, Seller shall forthwith deliver to Purchaser a good and sufficient special warranty deed conveying the Property free and clear of all liens and encumbrances except any liens or encumbrances suffered by or placed on the Property by Purchaser.

Section 12. Default

- 12.1 Events of Default. Time is of the essence of this Contract. A default shall occur under any or the following circumstances:
 - (1) Failure of Purchaser to make any payment when due.
- (2) Failure of Purchaser to perform any other obligations contained in this Contract within 30 days after written notice from Seller specifying the nature of the default or, if the default cannot be cured within 30 days, failure within such time to commence and pursue curative action with reasonable diligence. No notice of default and no opportunity to cure shall be required if during any 12-consecutive-month period Seller has already sent one notice to Purchaser concerning default in the performance of the same Contract provision.
- Dissolution, termination of existence, insolvency on a balance sheet basis, or business failure of Purchaser; the commencement by Purchaser of a voluntary case under the federal bankruptcy I aws or under other federal or state law relating to insolvency or debtor's relief; the entry of decree or order for relief against Purchaser in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Purchaser to the appointment of receiver, trustee, or custodian of Purchaser or of any of Purchaser's property; an assignment for the benefit of creditors by Purchaser or Purchaser's failure generally to pay its debts as such debts become due.
- (4) The making or suffering by Purchaser of a fraudulent transfer or conveyance under applicable federal or state law: concealment by Purchaser of any of its property from creditors; the making or suffering by Purchaser of a preference within the meaning of the federal bankruptcy law: or the imposition of a lien through legal proceedings or distraint on any of the property of Purchaser.
- (5) The failure of Purchaser to perform any term, condition, or provision of or any default by or attributable to Purchaser under any Permitted Mortgage as to which Seller has or may have subordinated Seller's interest in the Property pursuant to Section 23.
 - 12.2 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) If Purchaser fails to make any payment within 15 days after it is due. Seller will impose a late charge of 10-cents per dollar of the installment, in addition to and not in lieu of any and all other rights and remedies available to Seller. Demand or acceptance by Seller of such a late charge by Seller shall not cure or waive Purchaser's default.

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Section 23. Memorandum of Contract

On or after the Closing Date the Purchaser may cause a memorandum of this contract to be recorded in the real property records of Marion County, Oregon, in form and content reasonably acceptable to both parties. Purchaser shall pay for the preparation and recording.

Section 24. Statutory Disclaimer

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 THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY. UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES. AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

The foregoing language in this Section 24 is included for the purpose of compliance with Oregon statutory requirements only, and is not intended to affect, limit or impair the rights and obligations of the parties under any other terms and conditions of this instrument.

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IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate as of the day and year first above written. Seller Purchaser Edgar J. Fennimore, Trustee of Edgar J. Fennimore Kenneth W. Kraemer, member of and Jean E. Fennimore Trust, dated May 24, 1991. KJK Estates, LLC. Jéan E. Fennimore, Trustee of Edgar J. Fennimore RECEIVED and Jean E. Fennimore Trust, dated May 24, 1991, MAR 07 2019 STATE OF OREGON, County of Marion)ss. **OWRD** This instrument was acknowledged before me on , 2012, by Edgar J. Fennimore, Trustee of Edgar J. Fennimore and Jean E. Fennimore Trust, dated May 24, 1991 OFFICIAL SEAL THERESA GROSSR HILL NOTARY PUBLIC - OFFOON COMMISSION NO. 458360 Notary Public for Oregon MY COMMISSION EXPIRES JUNE 16, 2015 My commission expires_1 STATE OF OREGON, County of Marion)ss. This instrument was acknowledged before me on CLO Trustee of Edgar J. Fennimore and Jean E. Fennimore Trust, dated May 24, 1991 OFFICIAL SEAL THERESA GRIDER HILL NOTARY PUBLIC - OREGON COMMISSION NO. 458560 MY COMMISSION EXPIRES JUNE 16, 2015 State of Oregon, County of Marion)ss. This instrument was acknowledged before me on ADUC 9 2012, by Kenneth

member of KJK Estates, LLC.

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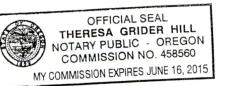


EXHIBIT A

The following described premises situate in Marion County, Oregon, to wit:

Beginning at a point on the East line of the Donation Land Claim of L. L. Thomas and wife, which is West 11.50 chains and South 8.37 chains from the Quarter Section corner between Sections Sixteen and Seventeen, in Township 6 South Range 1 East of the Willamette Meridian, thence West 27.53 chains, thence South 22.606 chains, thence North 79 degrees 37' East 27.99 chains to the East line f the Donation Land Claim of L. L. Thomas and wife, thence North 17.56 chains along the East line of said claim to the place of beginning, containing 55.29 acres of land.

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- 2.5 Tax Statements. Purchaser shall provide Seller with written evidence reasonably satisfactory to Seller that all taxes and assessments have been paid when due. Purchaser shall submit this evidence on the request of Seller and after each required payment of taxes and assessments.
- 2.6 Reserves. In the event Purchaser fails to promptly pay taxes or assessments or any other obligation under this Contract when due, at Seller's election Purchaser shall maintain with Seller reserves for payment of taxes and assessments, which reserves shall be created by monthly payments of a sum estimated by Seller to be sufficient to produce, at least 15 days before due, amounts at least equal to the taxes and assessments to be paid. The initial amount of such monthly payments shall be the amount determined in good faith by Seller, and Purchaser shall pay on demand any additional amount that may be necessary for the payment of such taxes or assessments. Purchaser shall make the reserve payments on the first day of each month. If 15 days before the payments are due the reserve funds are insufficient, Purchaser shall on demand pay any deficiency to Seller. The reserve funds shall be held by Seller as a general deposit from Purchaser which Seller may satisfy by payment of the taxes and assessments required to be paid by Purchaser as they become due. Seller does not hold the reserve funds in trust for Purchaser and Seller is not the agent of Purchaser for payment of the taxes and assessments required to be paid by Purchaser. On full payment by Purchaser of the purchase price and other amounts owed under this Contract, Seller shall refund to Purchaser the balance remaining in the reserve account.
- 2.7 Liens and Encumbrances. Other than any Permitted Mortgage, Purchaser shall keep the property free from all liens and encumbrances that may be imposed on the Property after the Closing Date.

Section 3. Closing

- 3.1 Closing Date. This transaction shall be closed on or before April 9, 2012. As used in this Contract the "Closing Date" means the date on which this Contract or a memorandum of this Contract fully executed and the Down Payment is received by the Seller.
- 3.2 Responsibility of Parties. At closing Purchaser shall pay the amount of cash specified in Section 1.2.1 above, and seller shall have received a commitment for the issuance of a purchaser's policy of title insurance as described in Section 9.
- 3.3 Prorates and Closing Costs. Except as otherwise provided in this Contract, all items to be prorated shall be prorated as of the Closing Date. Seller shall be responsible for payment of the title insurance premium and one-half of the escrow fee. Purchaser shall be responsible for payment of the recording fees for recording this Contract or a memorandum thereof, one-half of the escrow fee and \$450 to Seller for Seller's cost in having an attorney prepare this Contract. Purchaser shall be responsible for and pay at closing any transfer, excise or sales tax assessed on the sale contemplated by this Contract.
- 3.4 Collection Escrow. Seller shall deliver to Santiam Escrow, as escrow agent, the deed described in Section 11, together with suitable instructions authorizing delivery after all payments have been made under this Contract. Cost of setting up such escrow and periodic collection fees shall be divided equally between Seller and Purchaser.
- 3.5 First Right of Refusal. The seller owns additional farmland and home sites contiguous to the subject property. The Purchaser has requested a first right of refusal to purchase this additional property if the additional property is placed on the market for sale. The Seller has agreed to offer the Purchaser the first right to purchase. The Purchaser will have 60 days from the date the Seller notifies Purchaser that property is for sale, to accept or reject the price and terms being offered.

Section 4. Possession and Use

4.1 Purchaser's Possession. Purchaser shall be entitled to possession of the Property after the Closing Date; provided, however, that Seller and Seller's agents may enter on the Property at reasonable times on reasonable prior notice to Purchaser for the purpose of inspecting the Property. In no event shall Seller or Seller's agent interfere with the rights of any tenant of all or part of the Property.



WARNING

Unless Purchaser provides Seller with evidence of the insurance coverage as required by our contract or loan agreement, Seller may purchase insurance at Purchaser's expense to protect Seller's interest. This insurance may, but need not, also protect Purchaser's interest. If the collateral becomes damaged, the coverage Seller purchases may not pay any claim Purchaser makes or any claim made against Purchaser. Purchaser may later cancel this coverage by providing evidence that it has obtained property coverage elsewhere.

Purchaser is responsible for the cost of any insurance required under this purchase by Seller. The cost of this insurance may be added to Purchaser's contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date Purchaser's prior coverage lapsed or the date Purchaser failed to provide proof of coverage.

The coverage Seller purchases may be considerably more expensive than insurance Purchaser can obtain on its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

1.5 Place of Payments. All payments to Seller must be made to the Collection Escrow identified in Section 3.4 below.

Section 2. Taxes and Liens

- 2.1 Obligation to Pay. All ad valorem real property taxes and all governmental or other assessments levied against the Property for the current tax year shall be prorated between Seller and Purchaser as of the Closing Date. Purchaser shall pay when due all taxes and assessments that are levied against the Property after the Closing Date. but Purchaser may elect to pay taxes and assessments in accordance with any available installment method.
- 2.2 Right to Contest. If Purchaser objects in good faith to the validity or amount of any tax. assessment, or lien, Purchaser, at Purchaser's sole expense, may contest the validity or amount of the tax or assessment or lien, provided that Seller's security interest in the Property is not jeopardized. Purchaser shall otherwise keep the Property free from all liens that may be imposed on the Property after the Closing Date. other than the lien of current taxes not yet due.
- 2.3 Omission from Tax Rolls. Seller covenants and warrants to Purchaser that all the Property and its improvements are fully reflected on the real property assessment rolls off the county. Seller shall indemnify and hold Purchaser harmless from and against any subsequent claim or assessment on account of any of the Property or its current improvements being omitted for any reason from the rolls.
- 2.4 Classification. The Property, or a portion thereof, is classified and specially assessed as farm use property. Seller shall be responsible for and shall pay when due any additional taxes, penalties, or interest resulting from any disqualification of the Property from such classification and special assessment attributable to Seller's acts or omissions arising before the Closing Date or attributable to the Closing. After the Closing date, purchaser shall be responsible for and shall pay when due any additional taxes, penalties, or interest resulting from any disqualification of the Property from such classification and special assessment.

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