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CONTRACT OF SALE AND SECURITY AGREEMENT

1. Parties.

Seller. KERNEY W. ROLISON and EVELYN O. ROLISON, husband & wife.

Buyer. CLARENCE G. HUMPHRIES and MARGARET A. HUMPHRIES, husband and wife.

2. Agreement.

Seller agrees to sell, and Buyer agrees to buy, the following described real property (including building), equipment and inventory described below and which is used in the Crescent Chevron station business:

Real property located in Klamath County, Oregon:

A parcel of land being a portion of the SE1/4SW1/4 of Section 30 Township 24 S., R. 9 E.W.M., more particularly described as follows: Beginning at a point on the East boundary of the right of way of The Dalles-California Highway, said point being marked by a 1/2 inch iron rod, said point being further located North 732 feet and East 1331 feet from the Southwest corner of Section 30 Township 24 S., R. 9 E.W.M.; thence North 30°30' East 16.89 feet; thence on a curve to the right, said curve having a radius of 2814.8 feet for a distance of 140.7 feet (the long chord of said curve having a bearing North 31°17' East and a length of 140.70 feet), along the Easterly boundary of said highway right of way; thence South 57°12' East 57.67 feet to a point marked by an iron rod; thence South 30°22' West 152.56 feet to a point marked by an iron rod; thence North 62°04' West 59.96 feet to the point of beginning.

Equipment:

All that equipment listed on Exhibit "A" which is attached to and made a part of this contract.

Inventory:

All of the inventory used in the Crescent Chevron station business as of May 9, 1976.

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All other property and assets of the Crescent Chevron station business not described above or otherwise provided for in this contract shall remain the property of Seller.

3. Purchase Price.

\$75,000 for the real property, equipment and business name (does not include the inventory).

4. Down Payment Received by Seller. \$10,000.

5. Contract Balance. \$65,000.

6. Terms.

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*CD** The contract balance shall be paid in monthly installments including interest at 7^{*max*} percent per year as *EOR.*
HWR follows:

(a) \$405 each month beginning June 16, 1976 through May 16, 1978; and then

(b) \$505 each month beginning June 16, 1978 until May 16, 1980; and then

(c) \$605 each month beginning June 16, 1980 until May 16, 1991.

(d) The whole contract balance and interest shall be paid by June 16, 1991.

Interest shall begin May 16, 1976.

All payments shall be made on the 16th day of each month beginning June 16, 1976.

Buyer may prepay this contract at any time without penalty except that Buyer may not prepay during 1976 without the express written consent of Seller.

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7. Warranty of Possession.

Buyer shall be entitled to possession on May 16, 1976 and shall have the right to remain in possession so long as Buyer is not in default under the terms of this contract.

8. Buyer's Inspection.

Buyer has purchased the property solely upon Buyer's own inspection and in its present actual condition and has not relied upon any warranties or representations made by the Seller, or by any agent of the Seller. Buyer specifically acknowledges extensive past experience in the retail service station business in the northern Klamath County area and is relying upon this experience in purchasing this business.

9. Warranty of Title.

Seller warrants and represents to Buyer that Seller owns the personal property which is listed on Exhibit "A" free and clear from all liens and encumbrances and that Sellers owns the real property in fee simple free from all liens and encumbrances except easements and encumbrances of record.

10. Payment of Seller's Liens.

Seller warrants that Seller will make all payments on any contracts, mortgages, liens, judgments or other encumbrances outstanding which Seller has incurred during or prior to this contract as the same fall due except this year's taxes, and that in the event of Seller's failure so to do, Buyer shall have the right to make such payments and take credit on this contract at Buyer's option.

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11. Insurance.

Buyer agrees that any buildings on the property will be kept insured by Buyer in favor of the Seller against loss or damage by fire with extended coverage in a company or companies satisfactory to Seller; Buyer will have the insurance on the property made payable to Seller as Seller's interest may appear; the insurance policy will be delivered to the Seller as soon as issued; the insurance will be on a replacement cost basis. Total insurance on buildings and equipment required by this contract shall be at least \$65,000.

12. Payment of Taxes and Other Liens.

Buyer shall pay all taxes beginning May 16, 1976.

Buyer will pay all liens which Buyer permits or which may be lawfully imposed upon the property promptly and before the same or any part thereof become past due. In the event that the Buyer shall allow the taxes or other assessments upon the property to become delinquent or shall fail to pay any lien or liens imposed or permitted upon the property as they become due, the Seller without obligation to do so, shall have the right to pay the amount due and to add said amount to the contract balance, to bear interest at the rate provided herein.

13. Removal of Improvements.

No improvements placed on the property shall be removed before this contract is paid in full without Seller's consent.

14. Use of Property.

Buyer agrees not to abuse, misuse or waste the property,

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real or personal, described in this contract and to maintain the property in good condition.

15. Title Insurance.

Seller agrees to furnish Buyer with a purchaser's policy of title insurance upon the execution of this contract showing good and merchantable title in Seller as of the date of this contract, subject to the usual exceptions contained in title insurance policies in the Klamath County area except those matters contained in the paragraph Warranty of Title above.

16. Creation of Security Interest.

... Buyer grants to Seller a present security interest in the collateral described in the next paragraph to secure the performance and payment of Buyer's obligations by the terms of this contract of sale.

17. Collateral.

The collateral for this security agreement, including all additions, replacements and accessions thereto and proceeds thereof, is the personal property listed on Exhibit "A," and the business inventory, the business name and all contract rights of the business related to the supply of petroleum products.

17.1 Protection of Collateral. The collateral

- (a) Will be used primarily in the business.
- (b) Will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use; and

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(c) Will be insured until this security agreement is terminated against all expected risks to which it is exposed with the policies payable to both Seller and Buyer as their interests may appear; and

(d) Will be available for inspection by Seller at any reasonable time; and

(e) Except for its temporary removal in connection with its ordinary use, or unless Seller consents, will be kept at the business location which is the real property described in this contract of sale.

17.2 Protection of Security Interest. The collateral will not be sold, transferred or disposed of or be subjected to any unpaid charges, including taxes, or to any subsequent interest of a third person created or suffered by Buyer voluntarily or involuntarily, unless Seller consents, except that Buyer may replace the collateral with similar collateral of like or greater value, with any replacements becoming part of the collateral. Buyer may sell the inventory of the business in the usual and ordinary course of the business.

18. Default.

Time is of the essence on this contract and nonperformance of any of Buyer's obligations or agreements under all of the terms and conditions of this contract of sale, including its security agreement provisions, shall constitute default. In addition, Buyer shall be in default if bankruptcy or insolvency proceedings are instituted by or against them or if Buyer makes any assignment for the benefit of creditors.

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19. Seller's Remedies.

Upon default by Buyer and after notice as provided in this section Seller may exercise all remedies provided by law for the enforcement of Seller's security in the real property which is subject to this contract of sale and in the personal property which is subject to the security agreement provisions of this contract of sale. Seller's remedies shall include but not be limited to:

19.1 Seller may declare this contract terminated and at an end and upon such termination, all of Buyer's right, title and interest in and to the described property shall immediately cease. Seller shall be entitled to the immediate possession of the described property; may forcibly enter and take possession of said property removing Buyer and his effects; and all payments theretofore made by Buyer to Seller and all improvements or fixtures placed on the described property shall be retained by the Seller as liquidated damages, or in the alternative,

19.2 Seller may, at his option, declare the entire unpaid principal balance of the purchase price with interest thereon at once due and payable, and foreclose this contract by strict foreclosure in equity, and upon the filing of such suit all of the Buyer's right, title and interest in and to the above-described property shall immediately cease. Seller shall be entitled to the immediate possession of said property; may forcibly enter and take possession of said property removing Buyer and his effects and all payments theretofore made by Buyer to Seller and all improvements or fixtures placed on the described real property shall be retained by the Seller as liquidated damages. Such right to possession in the Seller shall not be deemed inconsistent with the suit for strict foreclosure but shall be in furtherance thereof; and in the event Buyer shall refuse to deliver possession upon the filing of such suit, Buyer, by the execution of this contract, consents to the entry of an interlocutory order granting possession of the premises to the Seller immediately upon the filing of any suit for strict foreclosure without the necessity of the Seller posting a bond or having a receiver appointed, or in the alternative,

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19.3 Seller shall have the right to declare the entire unpaid principal balance of the purchase price with interest thereon at once due and payable, and in such event, Seller may either bring an action at law for the balance due, thereby waiving the security, or in the alternative, may file suit in equity for such unpaid balance of principal and interest and have the property sold at judicial sale with the proceeds thereof applied to the court costs of such suits, attorneys' fees, and the balance due Seller, and may recover a deficiency judgment against the Buyer for any unpaid balance remaining on this contract.

19.4 Seller may enter upon Buyer's premises to take possession of, assemble and collect the collateral or to render it unusable; and

19.5 Seller may waive any default or remedy any default in any reasonable manner without waiving the default remedies and without waiving any other prior to subsequent default.

19.6 Seller may assume and register the assumed business name of Buyer with the Corporation Commissioner of the State of Oregon, and Buyer agrees to retire said assumed business name.

19.7 Buyer shall be entitled to a thirty day grace period from the due date of any installment payment required by the terms of this contract of sale, but no notice of default shall be required in connection with Buyer's failure to make installment payments; and Buyer shall be entitled to sixty days written notice of default in connection with Buyer's failure to perform any of the other terms or conditions of this contract.

20. Buyer's Deed.

When Buyer pays and performs this contract in full Seller shall give to Buyer, or Buyer's heirs or assigns, a good and sufficient warranty deed conveying good and merchantable title in fee simple, free and clear of encumbrances excepting liens and encumbrances permitted by the Buyer, Buyer's heirs or assigns and except those easements and encumbrances recited above in the paragraph Warranty of Title.

21. Assignment.

Parties specifically agree that neither this contract nor any interest in this contract nor the real or personal property

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described in this contract shall be assigned, conveyed or transferred in any manner whatsoever, directly or indirectly, any part thereof or interest therein be transferred to Buyer without written consent of Seller, provided that Seller shall not unreasonably withhold such consent.

22. Bulk Sales Law.

Seller hereby warrants and represents that all obligations of the business which is the subject of this contract and which were incurred by Seller will be paid by May 16, 1976. In the event Buyer is required to pay any obligations owed by Seller then Buyer shall have the option to credit such payments to the next amount owed Seller by the terms of this contract.

23. Accounts Receivable.

Seller shall retain the accounts receivable of the business and collect them as they become due. Buyer shall cooperate with Seller in the collection of these accounts and Buyer shall promptly remit any accounts receivable payments owed Seller to the Seller as they may be received by Buyer.

24. Inventory.

Buyer shall purchase the inventory of Seller's Crescent Chevron station business as of May 16, 1976 and shall pay Seller in cash the value of the inventory calculated on the basis of Seller's cost.

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25. Business Name.

Buyer shall conduct the business which is the subject of this agreement under the business name "Crescent Chevron station" unless Seller consents to the use of another name.

26. Business Contracts.

Buyer shall perform all obligations of the business promptly as they become due; and in particular Buyer shall comply with all of the rules, regulations and any other requirements of the Standard Oil Company (or any other supplier of petroleum products to the business). The parties specifically agree that the Standard Oil Company is a supplier of petroleum products for this business and there are agreements with Standard Oil Company relating to the use and ownership of the petroleum storage tanks and pumps; and Buyer agrees to comply with all of the terms and conditions of these agreements. Buyer also agrees to perform according to all of its terms and conditions the lease agreement with Ideal Gas Company of Bend concerning a propane tank. Buyer shall perform all signed contracts according to all of their terms and conditions. Buyer agrees to hold Seller harmless from any liability caused by Buyer's failure to perform any of the terms and conditions of these business contracts and to indemnify the Seller for any loss caused to Seller by Buyer's failure to perform these contracts.

27. Payment of Court Costs.

If suit or action is instituted to enforce any of the provisions of this contract, the prevailing party shall be entitled to such sums as the court may adjudge reasonable

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as attorney's fees in said suit or action in any court including any appellate court in addition to costs and disbursements provided by statute. Prevailing party shall also recover cost of title report.

DATED this 11th day of May, 1976.

Seller.

Kerney W. Rolison
KERNEY W. ROLISON

Evelyn O. Rolison
EVELYN O. ROLISON

Buyer.

Clarence G. Humphries
CLARENCE G. HUMPHRIES

Margaret A. Humphries
MARGARET A. HUMPHRIES

STATE OF OREGON

County of Deschutes ss.

Personally appeared the above named Kerney W. Rolison and Evelyn O. Rolison and acknowledged the foregoing instrument to be their voluntary act. Before me this 18 day of May, 1976.

STATE OF OREGON

County of Deschutes ss.

Personally appeared the above named Clarence G. Humphries and Margaret A. Humphries and acknowledged the foregoing instrument to be their voluntary act. Before me this 18 day of May, 1976.

[Signature]
Notary Public for Oregon
My Commission Expires: 7/4/78

[Signature]
Notary Public for Oregon
My Commission Expires: 7/4/78

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EXHIBIT "A"

3 Bulk Oil Tanks
Grease Guns and Assorted Equipment
Oil Drain Tank
Jacks- Hydraulic and Bumper
Tire Changing Equipment
Wheel Balancing Equipment
Battery Charger
Jump Cables
Welding Equipment-Propane Torch
Grinder
Vise
Drop Lights
Fire Extinguisher
Ladder
Racks and Stands
Cig. Vending Machine

Office Equipment:

Cash register
Adding machine
Filing cabinet
Desk
2 chairs
Burglar alarm

STATE OF OREGON, COUNTY OF KLAMATH; ss.

Filed for record at request of KLAMATH COUNTY TITLE CO
his 28th day of JUNE A. D. 1976 at 9:29 o'clock A. M., and
duly recorded in Vol. M. 76 of DEEDS on Page 9681

FEE \$ 36.00

Wm. D. MILNE, County Clerk

By Harold Drayton

Send back statements to: after recording, return to:
Mr. Mrs. Clarence Humphreys
PO Box 728
Culwase, OR 97737
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