

25545

SECURITY AGREEMENT

2801

THIS AGREEMENT made by and between DONALD A. RIDER and EVELYN V. RIDER, husband and wife, doing business as Fashion Cleaners, hereinafter called Debtor, and AL W. RIDER and BETTY M. RIDER, husband and wife, hereinafter called Secured Party.

SECTION 1. LOAN AGREEMENT:

1.1 Consideration for Loan: In consideration of the items of equipment attached to this Agreement and marked as "Exhibit A" Debtor agrees to pay to Secured Party the sum of \$ 33,286.25 together with interest thereon from January 1, 1977 at the rate of 7 1/2% per annum until paid in full.

1.2 Terms of Payment. Debtor agrees to pay the obligation secured by this Agreement, as evidenced hereby and by Debtor's note of even date, as follows:

(a) The balance of \$ 33,286.25 to be paid in weekly installments of not less than \$100.00 per week including interest at the rate of 7 1/2% per annum, the first payment to be made January 1, 1977 and a like amount due each week thereafter until the full sum both principal and interest is paid in full.

(b) All payments to be made to the Secured Party at: 3854 Crest, Klamath Falls, OR 97601.

1.3 Other Charges. Debtor shall pay to Secured Party all expenses incurred by Secured Party to preserve,

handle, collect and protect his interest in the collateral, including attorney's fees, taxes and insurance premiums. All such expenses shall be part of the obligation secured by the collateral and shall bear interest at 6 percent per annum from the date advanced by the Secured Party.

SECTION 2. COLLATERAL:

2.1 Equipment. The Secured Party shall hold title to the equipment in "Exhibit A" attached hereto. The titles to the items in "Exhibit A" are to be kept by the Secured Party and released to Debtor upon the payment of the sum opposite said items.

SECTION 3. DEFINITIONS:

3.1 Time is of the essence hereof. The Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) Debtor's failure to pay, when due, the principal of or interest on said note or obligations, of any installment thereof;

(b) Debtor's failure to keep, observe or perform any provision of this agreement or any other agreement between him and the secured party;

(c) The discovery of any misrepresentation, or material falsity of any warranty, representation or statement made or furnished by Debtor to the Secured Party whether or not in connection with this agreement;

(d) Loss, theft or destruction of or substantial damage to any of the Collateral;

(e) The secured party deems or has reasonable cause to deem himself insecure;

(f) Failure or termination of the business of, or commencement of any insolvency or receivership proceedings by or against the Debtor, or if the Debtor or any guarantor or co-maker of said note dies or becomes insolvent, and if Debtor or any guarantor or co-maker of said note is a partnership, the death of any partner.

3.2 Trust property shall mean all collateral in Section 2 above.

SECTION 4. SECURED PARTIES RIGHTS AND OBLIGATIONS:

4.1 Examination. Secured Party shall be permitted to examine all trust property and all records and books of account pertaining to it at any time during normal business hours.

4.2 Insurance. Debtor shall insure the trust property at their own expense against loss by fire, theft and other risks designed by Secured Party for at least the cost of such trust property, with each policy bearing an endorsement providing that loss shall be payable to Secured Party as their interest may appear, and with each policy delivered to Secured Party.

4.3 Secured Party's Right to Possession. Secured Party shall at all times have the right to immediate possession of trust property. Secured Party may take possession of the same without legal process.

4.4 Default by Debtor. In the event of default by

Debtor (1) All indebtedness of Debtor to Secured Party, whether represented by notes or otherwise or whether incurred hereunder or otherwise shall, at Secured Party's option, become immediately due and payable; (2) With respect to any trust property in its possession Secured Party may give notice to Debtor of the intention to sell the same and may, not less than five (5) days after the serving or sending of such notice, sell the same for Debtor's account at public or private sale and may at a public sale itself become a purchaser. Such property may be sold in one or more sales, as Secured Party shall elect. The proceeds of any such sale, whether public or private, shall be applied (i) to the payment of expenses thereof; (ii) to the payment of the expenses of retaking, keeping and storing such property; (iii) to the satisfaction of Debtor's indebtedness referred to in paragraph 4 (e) (1) above. Secured Party may hold any surplus until such time as all contingent liabilities of Debtor to Secured Party have been satisfied, at which time such surplus shall be paid to Debtor, Debtor shall be liable to Secured Party for any deficiency. Notice of sale shall be deemed sufficiently given if in writing and either (i) personally served on the Debtor or (ii) sent postpaid by ordinary mail to the Debtor's last known business address. (3) Secured Party shall have such other rights to which he is entitled by law.

SECTION 5. WARRANTIES OF DEBTOR:

5.1 No financing statement covering any of the collateral described herein or the products or proceeds thereof, is on file in any public office. The Debtor is the owner of

said Collateral and each and every part thereof free from any prior lien, security interest or encumbrance and will defend the Collateral against the claims and demands of all persons whomsoever.

5.2 The Debtor will not sell, exchange, lease or otherwise dispose of the collateral, or any part thereof, or suffer or permit any lien, levy or attachment thereon or security interest therein or financing statement to be filed with reference thereto, other than that of the Secured Party.

SECTION 6. MISCELLANEOUS:

6.1 Waiver. Secured Party waivers of any right hereunder shall not be deemed in such right in a subsequent instance.

6.2 Debtors consent to execute all proper notes or evidence of debt to Secured Party upon demand without delay of any type whatsoever.

6.3 The laws of the State of Oregon shall govern all terms, rights and duties herein.

SECTION 7. NON-COMPETITIVE CLAUSE:

Secured Party agrees not to compete either directly or indirectly, either as an owner, stockholder or employee, in a business similar to the business herein being sold within Klamath or Lake Counties for a period of five (5) years from the date hereof.

DATED this 2nd day of February 1977.

DEBTOR

Donald A. Rader
Evelyn W. Rader

SECURED PARTY

A.W. Rader
Billy M. Rader

EXHIBIT A

INVENTORY

One (1) Vacuum
 Three (3) Hoffman Presses
 Two (2) Singer Sewing Machines
 One (1) Conveyer
 Two (2) Adding Machines
 One (1) Typewriter
 One (1) Cash Register
 One (1) Citizen's Band Radio
 One (1) Clothes Wheel
 One (1) Suzie
 Two (2) Puff Irons
 Two (2) Steam Irons
 One (1) Filing Cabinet
 One (1) Counter and Showcase
 One (1) Cleaning Machine complete with still
 and cooker
 Two (2) Clothes Dryers
 One (1) Boiler
 One (1) Compressor
 One (1) Sniff-o-Miser
 One (1) Water Softener

After recording return to
 Alan M. Lee
 136 N. 3rd St.
 Klamath Falls

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 16th day of
FEBRUARY A.D., 1977 at 10:15 o'clock A M., and duly recorded in Vol. M 77,
 of DEEDS on Page 2801.

FEE \$ 18.00

WM. D. MILNE, County Clerk

By Hazel Orsille Deputy