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PROPERTY SALES CONTRACT

THIS AGREEMENT made and entered into as of December 15, 1976,
by and between MONNIETTE GARDNER of Reno, Oregon, hereinafter called
Seller, and JAMES B. PALMER and VICKI PALMER, hereinafter called
Buyers,

W I T N E S S E T H:

The Seller agrees to sell and the Buyers agree to purchase
from Seller the following described property situated in Klamath
County, Oregon:

- (1) Real property: A portion of the northwest quarter of
Section Six (6), Township 40 South, Range 8 East,
Willamette Meridian, said real property being known as
Whoa Tavern, Keno, Oregon, and consisting of approxi-
mately .48 acres, as described in Exhibit A attached
hereto.
- (2) Personal property: Tavern business, furnishings, equip-
ment and inventory (inventory price to be paid separately
at time of closing).

SALES PRICE: The sales price for the above described property
is agreed to be the sum of FIFTY THOUSAND DOLLARS (\$50,000.00),
[\$10,000 personal property, and \$40,000 real property].

PAYMENTS: The sale price of \$50,000.00 shall be payable as
follows:

- (a) \$10,000.00 downpayment, receipt of which is hereby acknow-
ledged by Seller;
- (b) Balance of \$40,000.00 in monthly instalments of not less
than THREE HUNDRED THIRTY-FOUR DOLLARS AND SIXTY CENTS (\$334.60)
each thereafter, said payments include interest at eight per cent (8%)
per annum on all deferred balances. The monthly instalment of \$334.60

shall commence on February 1, 1977, with a like payment of \$334.60 per month on the first day of each month thereafter, until the full purchase price including interest is fully paid. (Payments calculated for twenty (20) year period)

(c) The Buyers shall have the right, subject to the limitations of payment hereinafter described, at any time, in multiples of the regular monthly instalments, to accelerate payments of the balance owing and without penalty as to interest. Accelerated payments shall be credited against the next future instalment payments.

(d) Buyers shall not pay more than thirty per cent (30%) on principal during the year of the sale. It is understood that it is the intention of the parties that payment of the principal is to be made to Seller in a manner that permits Seller to take advantage of existing federal and state income tax legislation with respect to instalment reporting of long term capital gains. Any ambiguities in this contract shall be construed consistent with this intention.

(e) If the Buyers fail to make any instalment payments at the time it is due hereunder, or if the Buyers fail or refuse to perform any other obligations or conditions imposed on them by the terms of this agreement, and do not make said payment, or correct said failure within thirty (30) days written demand by Seller so to do, then at the option of Seller, while any such default continues after notice, this contract shall be null and void and the whole sum of principal and interest still remaining owing shall become due and payable with written notice to be mailed to the last known address of Buyers or

delivered to Buyers.

(f) In the event of death of either Buyer, the survivor shall succeed to all interest of the deceased spouse.

POSSESSION: Possession of said premises is to be delivered to Buyers on or before January 1, 1977. (It is understood that if OLCC approval is not obtained prior to January 1, 1977, Buyers shall be considered the lessees of Seller until approval of the OLCC is obtained. However, Buyers shall hold Sellers harmless from any and all liabilities incurred by Buyers during their operation of the business as provided in concurrent agreement.)

TAXES: Personal property and real property taxes shall be prorated as of January 1, 1977. Buyers shall pay all taxes and other public liens and assessments which hereafter may be lawfully levied, imposed or accrued against said property, all before the same or any part thereof becomes past due.

LIENS AND WASTE: Buyers shall not suffer or permit any strip or waste of the real property. Buyers shall keep all said property free of mechanic's and all other liens and save Seller harmless therefrom and reimburse Seller for all costs and attorney's fees incurred by her in defending any such liens.

SELLER'S RIGHT TO REIMBURSEMENT: If Buyers fail to perform any act or to pay any item so required to be performed or paid by them hereunder, then Seller may do so, and any expense or payment so incurred or made by Seller shall be added to and become a part of the debt secured by this contract, and shall bear interest at the rate of aforesaid, without waiver, however, of any right arising to Seller

for Buyers' breach of contract.

WARRANTY DEED: Seller agrees to furnish Buyers a warranty deed free and clear of all encumbrances, except rights of the public in roads, easements of record, and any encumbrances created by Buyers, upon payment of principal and interest due on this contract, and Seller further agrees to furnish a title insurance policy insuring in the amount equal to the purchase price, marketable title in and to said premises to the Seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and building and other restrictions and easements now of record.

FIRE INSURANCE: Buyers agree that at Buyers' expense they will insure and keep all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount not less than the full insurable value in a company or companies satisfactory to the Seller, with first loss payable to the Seller as her interest may appear and copies of all policies of insurance to be delivered to the Seller as soon as insured.

TRUTH IN LENDING: The Buyers warrant to and covenant with Seller that the real property described in this contract is for business or commercial purposes other than agricultural purposes.

DEFAULT: In the event Buyers shall fail to make the payments aforesaid or any of them, punctually and upon the strict terms and at the time above specified, or fail to keep any of the obligation herein on their part to be kept and performed, time of payment and strict performance being expressly declared to be the essence of this contract, then Seller may make written demand upon Buyers for payment

or correction of the default and in the event Buyers fail to make said payment or correct said default within thirty (30) days after said written demand, then and in any of such events, Seller may, at her option,

(a) Declare this contract null and void; or

(b) Declare the whole unpaid principal balance of said contract with interest thereon at once due and payable and then bring action at law for all or any portion of said purchase price without in any way forfeiting any security; or

(c) Strictly foreclose this contract by suit in equity,

(d) Pursue any right or remedy at law, in equity, or otherwise, no above right or remedy being exclusive and each being cumulative, and the exercise of any one or more remedies shall not exclude or prevent Seller from at any time, or at any other time, resorting to or exercising any other right or remedy on account of the same for any breach or default.

WAIVER: Seller's failure at any time to require performance by Buyers of any of Buyers' obligations hereunder shall in no way affect Seller's rights hereunder to enforce the same or otherwise to avail herself of any of her rights or remedies hereunder, nor shall any waiver by Seller of any breach of any condition hereof be held to be a waiver of any succeeding breach or any such provision or as a waiver of the provision itself.

COSTS AND ATTORNEYS FEES: It is further agreed that if it becomes necessary for either party to bring an action in any court

of competent jurisdiction for the enforcement of this contract (or on the part of the Seller for the possession of said premises upon failure of the Buyers to make payments and perform their covenants as herein specified) then the defaulting party shall pay all court costs contracted by the other party, together with reasonable attorney's fees.

MISCELLANEOUS PROVISIONS: It is understood that this contract is for a sale of real and personal property. That the Seller will provide Buyers with a more complete legal description for the real property, said description may be attached to this contract as Exhibit A and incorporated by reference. In addition, Seller will provide Buyers with an inventory of equipment and furnishings. Buyers may, from time to time, replace worn out equipment and furnishings with like equipment or furnishings at Buyers' election.

Seller shall cause all business obligations of Whoa Tavern to be current as of the time of possession and shall hold Buyers harmless from any and all business obligations existing at the time of possession.

The Seller agrees as part of the consideration for the payments by Buyers to transfer all her interest in the assumed name "Whoa Tavern" together with all business licenses connected with said business. Seller agrees to fully cooperate with Buyers in the transfer of all said licenses including OLCC license.

It is further understood that in the event Seller forecloses her security interest in the real and personal property described herein that Buyers shall fully cooperate with Seller in the retransfer of said licenses. In the event Buyers fail to so cooperate, Buyers, in the event of default, foreclosure pursuant to the terms of this contract and repossession by Seller, then and in this event, Buyers

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irrevocably appoint Seller as their attorney-in-fact to execute in their name any and all documents reasonably necessary to fully restore to Seller the real and personal property described herein.

The true and actual consideration for this transfer stated in terms of dollars is \$50,000.00.

IN WITNESS WHEREOF, the parties have executed this instrument in triplicate this 18 day of December, 1976.

Monnette Gardner
Monnette Gardner

SELLER

James B. Palmer
James B. Palmer

Vicki Palmer
Vicki Palmer

BUYERS

STATE OF OREGON)
County of Klamath) ss.

On this 18 day of December, 1976, before me, the undersigned a Notary Public in and for said County and State, personally appeared the within named MONNIETTE GARDNER known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that she executed the same freely and voluntarily.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year last above written.

Shirley L. Linn
Notary Public for Oregon
My Commission Expires: 8-5-79

STATE OF OREGON

County of Klamath } ss.

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On this 19 day of December, 1976, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named JAMES B. PALMER and VICKI PALMER, husband and wife, known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Glenn D. Ramirez
Notary Public for Oregon
My Commission Expires: 8-5-79

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Glenn D. Ramirez

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STATE OF OREGON; COUNTY OF KLAMATH; ss.

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this 22 day of February A. D. 19 77 at 4:53 o'clock P. M., and

duly recorded in Vol. M77, of Deeds on Page 3143

Fee \$24.00

Wm D. MILNE, County Clerk

By *Hazel Dray*