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CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 28 ^{JULY} day of May, 1977, by and between OLIVER T. THORVILSON and WANDA R. THORVILSON, husband and wife, hereinafter referred to as Sellers, and, LEONARD L. WERRONEN and DIADDA J. WERRONEN, husband and wife, hereinafter referred to as Purchasers, all of Klamath County, Oregon,

W I T N E S S E T H:

Sellers agree to sell to the Purchasers and the Purchasers agree to buy from the Sellers all of the following described real and personal property situate in Klamath County, Oregon, to-wit:

REAL PROPERTY:

All of Lots 69 and Lot 70, 71 and 72, EXCEPT the West 10 feet of said Lots 70, 71 and 72 in Block 40 of WEST KLAMATH, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

SUBJECT TO: All future real property taxes and assessments, reservations, restrictions, easements and rights of way of record, and those apparent on the land; statutory powers, including the power of assessment, of Klamath Irrigation Project and Plevna District Improvement Company.

PERSONAL PROPERTY:

All that certain personal property presently used in connection with, and located within the improvement on the above described real property, commonly known as TOPPER'S TAVERN & CAFE, including, but not limited to, pool table, grill, overhead fan, booths, stools and breakfast sets,

at and for a price of \$40,000.00, payable as follows: \$9,000.00

at the time of the execution of this agreement, the receipt of which is hereby acknowledged; \$31,000.00 with interest at the rate of

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~~9 1/4~~% per annum from August 1, 1977, payable in installments of not less than \$300.00 per month, inclusive of interest, the first such installment to be paid on the 1st day of September, 1977, and a further and like installment on or before the 1st day of every month there-

after until the full balance and interest are paid.

Purchasers agree to make said payments promptly on the dates above named to the order of Sellers, or the survivor of them, at First Federal Savings & Loan Association of Klamath Falls, Klamath Falls, Oregon; to keep said property at all times in as good condition as the same now are; that no improvement now on or which may hereafter be placed on said property shall be removed or destroyed before the entire purchase price has been paid and that said property will be kept insured in companies approved by Sellers against loss or damage by fire in a sum not less than \$25,000.00 or the insurable value, whichever is greater, on said real property, and the sum of not less than \$5,000.00 on equipment, with loss payable to the parties as their respective interests may appear, said policy or policies of insurance to be held by the parties hereto, subject to the following provisions; that Purchasers shall pay regularly and seasonably and before the same shall become delinquent, all taxes, assessments, liens and encumbrances of whatsoever nature and kind, and, in the event Purchasers shall fail to pay any of said liens, costs, charges, assessments, taxes, encumbrances, or to procure and pay for said insurance, the Sellers may do so and any payment so made shall be added to and become a part of the debt secured by this agreement and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to Sellers for Purchasers' breach of contract. Any amount received by Sellers under said insurance in payment of a loss shall be applied upon the unpaid balance of the purchase price and shall reduce said unpaid

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balance to the extent of the amount of the insurance payment so received by Sellers. All uninsured losses shall be borne by Purchasers, on or after the date Purchasers become entitled to possession.

Purchasers shall indemnify and defend Sellers from any claim, loss or liability arising out of or related to any activity of Purchasers on the property or any condition of the property, and Purchasers shall maintain general liability insurance of not less than \$25,000.00 single limits, and, \$25,000/\$25,000 liquor liability,

Purchasers agree not to suffer or permit any part of said property to become subject to any taxes, assessments, liens, charges or encumbrances whatsoever having precedence over the rights of Sellers in and to said property.

Purchasers shall be entitled to the possession of said property on August 1, 1977.

Purchasers agree that all improvements now located or which shall hereafter be placed on the premises, shall remain a part of the real property and shall not be removed at any time prior to the expiration of this agreement without the written consent of Sellers. Purchasers shall not commit or suffer any waste of the property, or any improvements thereon, or alterations thereof, and shall maintain the property, and all improvements thereon, and all alterations thereof, in good condition and repair. Purchasers shall not otherwise make or cause to be made any improvements or alterations to the property without first obtaining the written consent of Sellers.

This agreement is contingent upon the approval of Purchasers

by the Oregon Liquor Control Commission and the transfer of the present existing liquor licenses, and in the event such approval and transfer is not obtained, then this agreement shall be null and void and of no further force or effect and Purchasers shall be entitled to the return of said above referred to down payment.

Sellers shall pay any and all indebtedness of and pertaining to the operation of said tavern and cafe through July 31, 1977, and hold Purchasers harmless therefrom.

The parties hereto shall take an inventory of the stock in trade on July 31, 1977, and buyers shall pay the wholesale value thereof in cash on or before August 1, 1977.

Sellers shall, on the execution hereof, make and execute in favor of Purchasers a good and sufficient warranty deed conveying a fee simple title to said property, free and clear of all encumbrances whatsoever, except as above set forth, which Purchasers assume, and will place said deed, together with one of these agreements in escrow at First Federal Savings & Loan Association of Klamath Falls, Klamath Falls, Oregon, instructing said escrow holder that when, and if, the Purchasers shall have paid the balance of the purchase price and shall have in all other respects fully complied with all of the terms and conditions of this contract, said escrow holder shall deliver said instruments to Purchasers on demand therefor. Sellers shall further place in said escrow a Bill of Sale to the above described personal property, together with a Termination of Financing Statement, which said instruments shall likewise be delivered to Purchasers upon payment in full of the purchase

price.

Purchasers shall have the right to replace said personal property from time to time as it may become necessary, with like quantity and quality.

The parties hereto shall each pay one-half of the initial escrow fee.

Purchasers shall not sell, assign, transfer, lease or in any way dispose of, or set over, any of their right, title and interest in and to the above described real and personal property without first obtaining the written consent of Sellers, provided, however, that Sellers shall not unreasonably withhold such consent.

Purchasers further agree that failure by said Sellers at any time to require performance by Sellers of any provision herein shall in no way effect their rights hereunder to enforce the same, nor shall any waiver of said Sellers of any breach of any provision be held to be a waiver of any such provision, or, as a waiver of the provision itself, or of any succeeding breach of any provision.

Real and personal property taxes, and all other charges and assessments shall be pro-rated between the parties hereto as of the July 31, 1977.

Purchasers shall have the right to pay any bills or claims of and pertaining to the real and personal property herein conveyed as of the date hereof in the event Sellers shall fail to so do and upon obtaining a receipt therefor the escrow holder may deduct the amount thereof from the purchase price.

Purchasers certify that this contract of purchase is accepted

and executed on the basis of their own examination and personal knowledge of the premises and opinion of the value thereof; that no attempt has been made to influence their judgment; that no representations as to the condition or repair of said premises have been made by Sellers or by any agent of Sellers; that no agreement or promise to alter, repair, or improve said premises has been made by Sellers or by any agent of Sellers; and that Purchasers take said property and the improvements thereon in the condition existing at the time of this agreement. Sellers further making no representations as to the volume of business and/or profits in connection with that certain tavern and cafe business located upon the subject real property.

In the event Purchasers shall fail to perform any of the terms of this agreement, time of payment and performance being of the essence, within thirty (30) days from the due date thereof, Sellers shall, at their option, have the following rights: (a) To foreclose this contract by strict foreclosure in equity; (b) To declare the full unpaid balance of the purchase price immediately due and payable; (c) To specifically enforce the terms of this agreement by suit in equity; (d) To declare this agreement null and void as of the date of the breach and to retain as liquidated damages the amount of the payment theretofore made upon said premises. Under this option all of the right, title and interest of Purchasers shall revert and re-vest in Sellers without any act of re-entry or without any other act by Sellers to be performed, and Purchasers agree to peaceably surrender the premises to Sellers, or in default thereof

Purchasers may, at the option of Sellers, be treated as a tenant holding over unlawfully after the expiration of a lease and may be ousted and removed as such, and in any of such events said escrow holder is hereby instructed to deliver said deed unto Sellers on demand for same, without notice to Purchasers.

In case suit or action is taken to enforce any provision hereof, the prevailing party shall be entitled to such costs and attorney fees as the court, including any appellate court, may adjudge reasonable in such suit or action.

THIS AGREEMENT shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective heirs, executors, administrators and assigns.

WITNESS the hands of the parties the day and year first herein written.

SELLERS: Oliver T. Thorvilson
Oliver T. Thorvilson

Wanda R. Thorvilson
Wanda R. Thorvilson

PURCHASERS: Leonard L. Werronen
Leonard L. Werronen

Dianna J. Werronen
Dianna J. Werronen

STATE OF OREGON)
County of Klamath) ss.

July 28, 1977

Personally appeared the within named OLIVER T. THORVILSON and WANDA R. THORVILSON, husband and wife, and LEONARD L. WERRONEN and DIANNA J. WERRONEN, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME:

Orville K. Over
Notary Public for Oregon

My Commission expires: 9-28-79

Return to
P.K. Puckett
136 N. 3rd St.

Page (7) Contract of Sale, Thorvilson to Werronen
STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 28 day of July A.D., 19 77 at 2:33 o'clock P.M., and duly recorded in Vol. M 77, of Deeds on Page 13522.

FEE \$21.00

WM. D. MILNE, County Clerk

By Pat McCullough Deputy