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CONTRACT OF SALE

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THIS AGREEMENT, entered into this 6 day of February 1978, by and between ROGER COUTURE and ELAINE D. COUTURE, husband and wife, hereinafter called Sellers, and FRED EVANS and GRACE EVANS, husband and wife, hereinafter called Buyers,

W I T N E S S E T H :

That the Sellers agree to sell to Buyers, and Buyers agree to purchase the following real and personal property, to-wit:

Lots 1 and 2 in Block 3, BUTLER'S ADDITION TO FORT KLAMATH, Klamath County, Oregon, and Lots 2 and 7 in Block 1 of FORT KLAMATH, Klamath County, Oregon.

Subject, however, to the following:

1. The requirements and provisions of ORS Chapter 481 pertaining to the registration and transfer of ownership of a mobile home, and any interests or liens disclosed thereby.

TOGETHER WITH all of the equipment, furnishings, fixtures and inventory now used by Sellers in carrying on and conducting that certain business known as the "Cattle Crossing Cafe", Fort Klamath, Oregon 97626, a more particular description of said personal property having been marked Exhibit "A" and attached hereto and by this reference incorporated herein and made a part hereof.

Subject to: Personal property taxes for 1977-78.

ALSO TOGETHER WITH the assumed business name "Cattle Crossing Cafe".

ALL at and for a total purchase price of \$72,000.00 payable as follows:

(a) By assigning an unrecorded contract of purchase and sale dated September 30, 1972, by and between CLAY THOMAS and EDNA R. THOMAS, husband and wife, as sellers, and ROGER COUTURE and ELAINE D. COUTURE, husband and wife, as buyers, which Buyers herein assume and agree to pay according to the terms and provisions thereof. The present unpaid principal balance is \$9,284.62, with interest paid to Feb. 6, 1978 and described as escrow number 266-1 which is the escrow number of Klamath County Title Company, 422 Main Street, Klamath Falls, Oregon 97601.

(b) By assigning Sellers' mortgage held by the United States National Bank of Oregon, 740 Main Street, Klamath Falls, Oregon covering the mobile home described as a 1972 Sunnybrook, serial number 30389, which has a present balance due and owing of \$9,948.66, which mortgage Buyers hereby assume and agree to pay.

(c) Payment of \$3,000.00 which has previously been paid as earnest money, and the sum of \$17,880.00 which is paid upon

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closing of this transaction.

(d) The remaining balance of \$31,886.72, with interest at the rate of 7½% per annum from February 6, 1978, payable in installments of not less than \$277.79 per month inclusive of interest, the first installment to be made March 15, 1978, and a further installment on the 15th day of each month thereafter until the full balance of principal and interest are paid.

The purchase price of the property is allocated as follows:
Real property, \$32,000.00 and personal property, \$20,000.00.
Mobile home, \$20,000.00.

Buyers shall have the privilege of increasing any monthly payment or prepaying the whole consideration at any time provided that additional payments shall not excuse Buyers from making the regular monthly payments provided for in this contract until the remaining balance has been paid in full.

Buyers covenant and agree as follows: That they will make said payments promptly on the dates above named to the order of Sellers at: First Federal Savings & Loan Association, 540 Main Street, Klamath Falls, Oregon 97601; that they will keep all of said real and personal property insured for the full amount of their insurable value in companies approved by the Sellers, and with loss payable to the parties as their interest may appear. Said policies shall be held by the Sellers until this agreement has been completely performed; that they will pay regularly and seasonably as the same shall become payable and before the same shall become delinquent all taxes, assessments, liens and encumbrances of every kind and nature; that they will not suffer or permit any 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.

Sellers covenant and agree as follows: That said real property is free and clear of all liens and encumbrances, except as set forth above, and that said personal property is free and clear of all liens and encumbrances, except as set forth above; that they have good right to sell said real and personal property to Buyers, and that they will furnish Buyers with their good and sufficient bulk sales affidavit that they have no creditors. Sellers covenant and agree to indemnify and hold Buyers harmless with respect to any and all indebtedness of Sellers.

It is expressly understood and agreed that this is a conditional sales agreement and that full title to all of said real and personal property shall remain in Sellers until said balance and interest are paid in full. It is further understood and agreed that any and all equipment, furnishings, fixtures and inventory which may at any time hereafter be placed upon said premises by the Buyers shall become subject to the lien of this agreement as further security to the Sellers for the payment and performance of this agreement, and that any replacements to present equipment when the same wears out will also be secured hereby. It is also further understood and agreed that any replacements of equipment furnishings and fixtures or additions thereto which shall be placed on the premises by the Buyers shall be purchased by the Buyers, and not leased or rented, which said replacements or additions shall become subject to the lien of this agreement.

It is further expressly understood and agreed that upon the execution of this agreement Sellers shall make and execute in favor of Buyers a good and sufficient warranty deed conveying

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said real property free and clear of all liens and encumbrances, except as set forth above, and a good and sufficient bill of sale conveying said personal property free and clear of all liens and encumbrances, except as set forth above; that Buyers and Sellers shall join in executing a financing statement, and Sellers shall execute a termination of financing statement; and that Buyers shall execute their certificate of withdrawal of the assumed business name, "Cattle Crossing Cafe", and that said deed, bill of sale, termination of financing statement, together with the original recorded Contract of Sale shall be placed in escrow at First Federal Savings & Loan Association, 540 Main Street, Klamath Falls, Oregon.

The real and personal property taxes and the insurance currently in force and effect on the premises will be prorated by and between Sellers and Buyers as of Feb. 6, 1978. Personal property taxes will be prorated based on the 1977-78 taxes when payable.

Buyers shall be entitled to possession of said real and personal property on or before the first day after closing escrow, 1978.

Sellers shall record their certificate of withdrawal of assumed business name of "Cattle Crossing Cafe" forthwith upon transfer of possession of said property to Buyers.

It is understood between the parties that there exists a merchandise inventory. The parties agree to take said inventory as of the date of transfer to Buyers. The Buyers agree to pay the Sellers the reasonable value of said inventory separate from the terms of this agreement.

In case 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 other terms or conditions of this agreement, time of payment and strict performance being declared to be the essence of this agreement, then Sellers shall have the following rights: (1) To foreclose this contract by strict foreclosure in equity; (2) To declare the full unpaid balance immediately due and payable; (3) To specifically enforce the terms of this agreement by suit in equity; (4) To declare this contract null and void; and in any of such cases, except exercise of the right to specifically enforce this agreement by suit in equity, all of the right and interest hereby created or then existing in favor of Buyers derived under this agreement shall utterly cease and determine, and the premises aforesaid shall revert and revest in Sellers without any declaration of forfeiture or act of re-entry, and without any other act by Sellers to be performed and without any right of Buyers of reclamation or compensation for money paid or for improvements made, as absolutely, fully and perfectly as if this agreement had never been made.

Should Buyers while in default permit the premises to become vacant, Sellers may take possession of the same for the purpose of protecting and preserving the property and their security interest therein, and in the event possession is so taken by Sellers they shall not be deemed to have waived their right to exercise any of the foregoing rights.

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In case suit or action is instituted to foreclose this contract or to enforce any of the provisions hereof, the parties agree to pay reasonable costs of title report and title search and sums as the trial Court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action, and if an appeal is taken from any judgment or decree of such trial Court, the parties further promise to pay such sum as the appellate Court shall adjudge reasonable as attorney's fees to the prevailing party on such appeal.

Buyers further agree that failure by Sellers at any time to require performance by Buyers of any provision hereof shall in no way affect Sellers' right hereunder to enforce the same, nor shall any waiver by Sellers of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

PROVIDED FURTHER, that the personal property herein sold is subject to terms and provisions of Uniform Commercial Code of the State of Oregon, and that all of the terms herein, the right, duties and remedies of the parties shall be governed by the laws of Oregon. That Sellers' address is 8610 Remmet, Canoga Park, California 91304. That Buyers' address is P. O. Box 322, Fort Klamath, Oregon 97626. That each demand, notice or other communication shall be served or given by mail or telegram addressed to the parties at their mailing addresses as set forth herein, or by personal service upon the parties. Reasonable notice, when notice is required, shall be five (5) days. Buyers agree to join with Sellers in executing and filing a financial statement as required by said Uniform Commercial Code as above mentioned to protect and continue Sellers' security interest.

That Buyers' vendees' interest in said contract as between the parties as tenants by the entirety in the real property and as joint tenants with right of survivorship in the personal property.

Buyers acknowledge that they have personally inspected the personal property and real property and accept it in its present condition. Buyers further acknowledge that Sellers have made no representation as to the amount of income that can be realized from the operation of this business.

Buyers agree to keep said property at all times in as good condition as the same now are, that no improvement, now on or which may hereinafter be placed on said property shall be removed or destroyed before the entire purchase price has been paid.

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

As soon as practicable after the execution of this agreement, the parties shall deliver to First Federal Savings and Loan Association, 540 Main Street, Klamath Falls, Oregon, in escrow the following documents:

- a. A full Warranty deed covering the above described real property.
- b. A fully executed and recorded original land sale contract.
- c. An unrecorded Bill of Sale dated February 13, 1978, from said Sellers to said Buyers conveying the personal property described in said contract.

- d. Combined Bill of Sale and Power of Attorney covering the 1972 Sunnybrook mobile home.
- e. Termination of financing statements -- form UCC-3 in duplicate.
- f. Such escrow instructions as shall meet with the approval of the above named escrow agent.

The parties instruct the above named escrow agent to receive for collection the installments provided for herein and to remit the same to Sellers as Sellers may from time to time direct. Sellers retain a lien on said properties to secure Buyers' payment and performance hereof; but upon full and faithful payment and performance hereby by Buyers, title shall pass, and the escrow agent shall then deliver to Buyers all instruments deposited in escrow.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

Roger Couture
ROGER COUTURE

Elaine D. Couture
ELAINE D. COUTURE

"SELLERS"

X Fred Evans
FRED EVANS

X Grace Evans
GRACE EVANS

"BUYERS"

STATE OF CALIFORNIA)

County of Klamath)

ss.

February 13, 1978.

Personally appeared, before me, the above named ROGER COUTURE and ELAINE D. COUTURE, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

William D. Brown
NOTARY PUBLIC FOR CALIFORNIA
My Commission Expires: May 23, 1981

STATE OF CALIFORNIA)

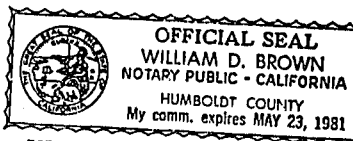
County of Humboldt)

ss.

February 6, 1978.

Personally appeared, before me, the above named FRED EVANS and GRACE EVANS, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

William D. Brown
NOTARY PUBLIC FOR
My Commission Expires:



797 Redwood Drive, Garberville, CA 95440

EXHIBIT "A"

TAVERN:

pool table
 beer tap-beer cooler
 3 sink stainless sink
 tables, chairs, stools
 cash register
 glasses, etc.

RESTAURANT:

cigarette machine
 ice machine
 5 maple tables with captain chairs
 other tables & chairs
 milk shake mixers
 cash register
 serving carts
 Reznor heater
 Reach in Boy (servicable from kitchen & cafe sides)
 gift counter
 fixtures, dishes, etc.
 other misc. equip. serviced by suppliers

KITCHEN:

deep freeze (upright 14')
 Tappan electronic oven
 Char Broiler (2 burner)
 4 burner 2 oven Wolf Commercial Range (with filtered hood)
 4 burner grill
 2- 1 basket deep fryers
 6 well 5 steam table (hooded)
 2 entire double burners
 2- 4 slice toasters
 14" slicing machine (us bernel)
 2 rolling Butcher Board top tables
 commercial 4 sink dish washing sink
 (dirty dish racks, etc.)
 1 all Cooking & Service utensils
 8'x15' refrigerated walk in cooler
 waitress station, soup server
 remaining inventory included in sale price
 desk, adding machine, file cabinet, etc.

Return to
T.A.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.this 13th day of February A. D. 1978 at 10 o'clock A.M., andfully recorded in Vol. M78, of Deeds on Page 2596.By Wm D. MILNE, County Clerk
Bernetha H. Ketch

Fee \$18.00