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AGREEMENT OF SALE

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THIS AGREEMENT, made and entered into this 23rd day of February, 1978, by and between STEPHEN LEONARDO and CHERIE M. LEONARDO, husband and wife, hereinafter referred to as Sellers, and ANITA DENSE, hereinafter referred to as Purchaser;

W I T N E S S E T H :

RECITALS:

WHEREAS, Sellers are the owners of a certain tavern commonly known as "Pastime Tavern" located in Klamath County, Oregon, subject to a certain Contract of Sale between the Sellers and L. T. McCANN and VELMA McCANN, husband and wife, dated June 7, 1974, and

WHEREAS, Purchaser is desirous of purchasing said business together with the real property upon which said improvements are located and certain personal property more particularly hereinafter described;

AGREEMENTS:

NOW, THEREFORE, in consideration of the foregoing recitals, which are by reference expressly made a part of this agreement and the terms, covenants and conditions hereinafter contained on the part of the respective parties to be kept and performed, IT IS AGREED:

(1) That the Sellers agree to sell, and the Purchaser agrees to purchase, all of the following described property located in the County of Klamath, State of Oregon, more particularly described as follows:

PARCEL 1

The North 43 feet of the following described property:

Beginning at a point which is 1310 feet West and 30 feet North of the corner common to Sections 2 and 3, Township 37 South, Range 14 East of the Willamette Meridian, and Sections 34 and 35, Township 36 South, Range 14 East of the Willamette Meridian; thence West 80 feet; thence North 125 feet; thence East 80 feet; thence South 125 feet to the place of beginning, being a portion of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 34, Township 36 South, Range 14 East of the Willamette Meridian.

PARCEL 2

The South 82 feet of the following described property:

Beginning at a point which is 1310 feet West and 30 feet North of the corner common to Sections 2 and 3, Township 37 South, Range 14 East of the Willamette Meridian, and Sections 34 and 35, Township 36 South, Range 14 East of the Willamette Meridian; thence West 80 feet; thence North 125 feet; thence East 80 feet; thence South 125 feet to the place of beginning, being a portion of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 34, Township 36 South, Range 14 East of the Willamette Meridian.

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Together with the vacated north 10 feet of Marvin Street lying adjacent to the South line of the above described property.

TOGETHER WITH the furnishings and equipment of the tavern situate thereon, inventory of which is hereto attached marked Exhibit "A" and made a part hereof.

(2) The purchase price of the property described in paragraph (1) above which the Purchaser agrees to pay shall be the sum of SIXTY THOUSAND DOLLARS (\$60,000.00). The sum of \$31,742.00 represents that part of the purchase price allocated to the real property, together with all the improvements thereon, and the sum of \$28,258.00 represents that portion of the purchase price allocated to the personal property described above. The sum of \$60,000.00 shall be payable as follows:

(a) The sum of \$500.00, which has previously been paid as earnest money;

(b) The sum of \$9,500.00, which is paid upon execution hereof, the receipt of which is hereby acknowledged;

(c) The balance of \$50,000.00 shall be paid in monthly installments of \$508.00, said payments to include principal and interest at the rate of 9% per annum on the unpaid balance, the first of such installments to be paid on the 23rd day of ~~February~~ ^{March}, 1978, and subsequent installments to be paid on or before the 23rd day of each and every month thereafter until the entire purchase price, including both principal and interest, is paid in full. Purchaser further agrees to pay a lump sum payment in the sum of \$5,000.00 on or before October 15, 1978, in addition to the monthly payment herein called for. It is further agreed that Purchaser shall pay all taxes and assessments and any other obligations incurred by Purchaser, in addition to the monthly installments set forth above. *ad*

(3) It is understood between the parties that Sellers are presently purchasing the within described property on a Contract of Sale from L. T. McCANN and VELMA McCANN, husband and wife, dated June 7, 1974. Sellers agree to make all payments required under said Contract of Sale, and not to allow said agreement to become in default in any manner. Sellers further covenant to and with Purchaser that the said prior contract shall be paid in full prior to, or at the time this contract is fully paid, and that said above described real property will be released from the lien of said contract upon payment of this contract in full. The entire balance may be paid in full with no prepayment penalty.

(4) Interest on all unpaid balances shall commence on the 23rd day of February, 1978.

(5) The parties agree to prorate the real property taxes for the fiscal year 1977-78 as of ~~January~~ ^{February} 23, 1978. Purchaser agrees to pay when due all taxes which are hereafter levied against the property and all public, municipal and statutory liens which may be hereafter lawfully imposed upon the premises.

(6) In the event the Purchaser defaults in the payment of any taxes or liens, Sellers are authorized to make payment on said taxes or liens on behalf of Purchaser, and to add such sums paid to the principal of this contract, to be paid by Purchaser, including interest at the rate of 9% per annum.

(7) All payments shall be made to the Sellers by payment to Western Bank, Main Branch, 421 South Seventh Street, Klamath Falls, Oregon.

(8) Purchaser agrees to keep the buildings on said premises insured against loss by fire in an amount not less than 50,000.00, and to keep the personal property hereinabove described insured against loss by fire in an amount not less than _____, with loss payable in each case to the parties hereto as their interests appear at the time of loss. However, the Purchaser shall have the election to rebuild the improvements out of the insurance proceeds, providing she elects to do so in writing with notice to the Sellers. In the event she does not so elect, 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 balance to the extent of the amount of the insurance payment received by Sellers. All uninsured losses shall be borne by Purchaser, on or after date Purchaser becomes entitled to possession.

(9) Purchaser shall be entitled to possession of the premises as of the 23rd day of February, 1978.

(10) It is understood between the parties that there exists a tavern inventory. The parties agree to take said inventory as of the close of business on February 23, 1978. The Purchaser agrees to pay the Sellers the reasonable value of said inventory separate from the terms of this agreement.

(11) Purchaser agrees 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. Purchaser 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. Purchaser shall not otherwise make or cause to be made any improvements or alterations to the property without first giving ten days written notice to the Sellers and upon request of the Sellers, to provide adequate evidence of sufficient financing to complete the proposed improvement or alteration.

(12) Upon payment of the entire purchase price for the property, as provided herein, and performance by Purchaser of all other terms, conditions and provisions hereof, Sellers shall deliver an Owner's title insurance policy insuring Purchaser that she has a marketable title, free and clear of liens and encumbrances, excepting matters contained in usual printed exceptions in such title insurance policies, easements, conditions and restrictions of record, liens and encumbrances herein specified, if any, and liens and encumbrances placed upon the property or suffered by Purchaser subsequent to the date of this agreement.

(13) It is expressly understood and agreed that this agreement is contingent upon the approval of the Oregon Liquor Control Commission and upon its consenting to the transfer of all permits and licenses required for the operation of said business to the Purchaser and upon the issuance of said permits and licenses to the Purchaser. In the event that the said Oregon Liquor Control Commission fails or refuses to issue said permits and licenses to the Purchaser, this agreement shall be null and void and of no force or effect and any consideration paid by Purchaser to Sellers shall be forthwith returned by the Sellers to the Purchaser.

(14) As soon as practicable following the execution of this agreement, Sellers shall deliver in escrow to Western Bank, 421 South Seventh Street, Klamath Falls, Oregon, the following:

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(a) A fully executed and recorded original Agreement of Sale.

(b) A full Warranty Deed covering the above described real property.

(c) An unrecorded Bill of Sale from said Sellers to said Purchaser conveying the personal property described in said contract.

(d) Termination of Financing Statements--Form UCC 3 in duplicate.

(e) Promissory Note executed by STEPHEN LEONARDO and CHERIE M. LEONARDO, husband and wife, in the sum of \$1,950.00 including interest at the rate of 9% per annum from February 23, 1978, due on or before October 15, 1978, to Business Sales Co., 7434 N. E. Sandy Boulevard, Portland, Oregon 97213.

(f) Such escrow instructions as shall meet with the approval of the above named escrow agent.

(15) The parties hereto hereby instruct said escrow agent to receive for Sellers' account the balance of the installment payments provided for herein. Upon full payment of the principal and interest provided for herein, the escrow agent shall deliver to Purchaser the instruments specified above. If Purchaser fails to pay any installment before the expiration of thirty (30) days after the due date thereof, the escrow agent is authorized to surrender to Sellers, upon demand and without notice to Purchaser, all of the documents specified in the preceding paragraphs, thereby terminating the escrow.

(16) In the event that Purchaser shall be in default as to any provision of this contract for a period of thirty (30) days, the Sellers at their option shall 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 Purchaser shall revert and revest in Sellers without any act of re-entry or without any other act by Sellers to be performed, and Purchaser agrees to peaceably surrender the premises to Sellers, or in default thereof Purchaser 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.

PURCHASER shall not be deemed in default for failure to perform any covenant or condition of this contract, other than the failure to make payments as provided for herein, until notice of said default has been given by Sellers to Purchaser and Purchaser shall have failed to remedy said default within thirty (30) days after the giving of the notice. Notice for this purpose shall be deemed to have been given by the deposit in the mails of a certified letter containing said notice and addressed to Purchaser at

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(17) Purchaser agrees to execute necessary security agreements and financing statements as provided for under the Uniform Commercial Code granting the Sellers a security interest in the furnishings and equipment of the tavern business sold hereunder. Said personal property shall not be removed from the premises, except for normal replacement of equipment and fixtures.

(18) In case litigation is instituted arising directly or indirectly out of this contract, the losing party shall pay to the prevailing party his reasonable attorney fees.

(19) Purchaser certifies that this contract of purchase is accepted and executed on the basis of her own examination and personal knowledge of the premises and opinion of the value thereof; that no attempt has been made to influence her 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 Purchaser takes said property and the improvements thereon in the condition existing at the time of this agreement.

(20) Failure by Sellers at any time to require performance by Purchaser of any of the provisions hereof shall in no way affect Sellers' rights hereunder to enforce the same, nor shall any waiver by Sellers of any breach hereof be held to be a waiver of any succeeding breach, or a waiver of this non-waiver clause.

(21) Purchaser shall not assign this agreement, her rights thereunder or in the property covered thereby.

(22) The covenants, conditions and terms of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, administrators, executors and assigns of the parties hereto.

(23) In the event the Purchaser becomes in default and the Sellers commence foreclosure proceedings, the Sellers shall have the right to apply for the appointment of a receiver to take possession of the premises and manage the same during the foreclosure proceedings.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed this 23rd day of February, 1978.

Stephen Leonardo
Stephen Leonardo

Cherie M. Leonardo
Cherie M. Leonardo

SELLERS

Anita Dense
Anita Dense

PURCHASER

3488

STATE OF OREGON,

County of Klamath

SS.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 23rd day of February, 19 78,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named Stephen Leonardo and Cherie M. Leonardo, husband
and wife,

known to me to be the identical individual s described in and who executed the within instrument and
acknowledged to me that they executed the same freely and voluntarily.

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



Martha L. Lohr
Notary Public for Oregon.

My Commission expires 7-21-81

STATE OF OREGON,

County of Polk Klamath

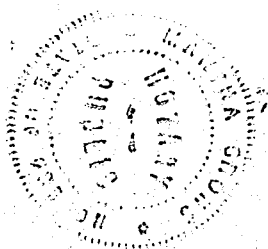
SS.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 23rd day of February, 19 78,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named Anita Densen

known to me to be the identical individual she described in and who executed the within instrument and
acknowledged to me that she executed the same freely and voluntarily.

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



Martha L. Lohr
Notary Public for Oregon.

My Commission expires 7-21-81

*After recording return
to: Transamerica Title
Attn to: Anita Densen
P.O. Box 192
Ely, OR 97622*

PERSONAL PROPERTYEXHIBIT "A"PASTIME TAVERN

3 Tables
11 Chairs
12 Bar Stools
1 National Cash Register
1 Victor Adding Machine
1 Tap Beer Cooler
1 Five Door Bottle Cooler
1 Four Compartment Sink
2 110 volt Compressors
1 220 volt Compressor
1 Monogram Oil Stove
1 Montag Wood Stove
1 6 x 8 Walk-in Cooler
1 Oak Display Case
12 Mounted Deer Horns
1 Back Bar
1 30 foot Bar

STATE OF OREGON; COUNTY OF KLAMATH; ss.
Filed for record at request of Transamerica Title Co.
this 23rd day of February A. D. 19 78 at 3:20 o'clock P.M., and
fully recorded in Vol. M78, of Deeds on Page 3483

Wm D. MILNE, County Clerk
By Bernard A. Delich

Fee \$21.00