

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 29 day of April, 1978, by and between LAWRENCE I. WORLEIN and PAULINE E. WORLEIN, husband and wife, hereinafter referred to as "Sellers", and GALEN OLSON and MARILYN OLSON, husband and wife, hereinafter referred to as "Buyers",

## W I T N E S S E T H:

Sellers agree to sell to Buyers and Buyers agree to purchase from Sellers for the price and on the terms and conditions set forth below, that certain real and personal property, and all improvements, situated in Klamath County, Oregon, described as follows:

REAL PROPERTY:

Lots 8 and 9 in Block 28 of HOT SPRINGS ADDITION to the City of Klamath Falls, Klamath County, Oregon.

SUBJECT TO: All future real property taxes and assessments; reservations, restrictions and easements and rights of way of record, and those apparent on the land, and

SUBJECT, FURTHER, to a Trust Deed, including the terms and conditions thereof, dated 11/25/64 and recorded 12/23/64 in Book 228, page 32, official records of Klamath County, Oregon, wherein First Federal Savings and Loan Association of Klamath Falls, Oregon, a corporation is beneficiary, approximate balance at this time of \$5,347.36, which Buyers do not assume but which Sellers assume and agree to pay punctually and hold Buyers harmless therefrom.

PERSONAL PROPERTY:

- a. All that certain personal property more particularly described and set forth on Exhibit "A" which is attached hereto and by this reference made a part hereof;

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 ATTORNEY AT LAW  
 540 MAIN STREET  
 KLAMATH FALLS, OREGON 97601  
 882-7253

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b. Inventory on hand shall be determined prior to closing at retail less 20%. The present inventory is owned by John W. and Patricia Howell, present operators of the business. The down payment as set forth below, to be paid to John W. and Patricia Howell, will transfer title to the present inventory to Buyers. It is estimated that the price for said inventory is \$10,000.00, however, any adjustment thereon after ascertaining the exact amount will be made between Buyers and John W. and Patricia Howell.

Until a change is requested, all tax statements shall be sent to: Galen Olson  
1842 Portland Street  
Klamath Falls, Oregon 97601

PURCHASE PRICE:

Buyers promise and agree to pay as the total purchase price, subject to adjustment for inventory as above provided, for the above real and personal property, the sum of \$89,500.00, which sum shall be paid as follows:

a. The sum of \$500.00 as earnest money has heretofore been paid. Upon closing, Buyers will pay to John W. Howell and Patricia Howell, husband and wife, present owners and contract holders, the sum of \$54,500.00 for their equity therein, for a total down payment of \$55,000.00.

b. The balance of \$34,500.00 and interest shall be payable in monthly installments of \$370.00 each, including interest, the first such monthly installment to be paid on the 1st day of June, 1978, and subsequent and like payments to be paid on or before the 1st day of each month thereafter until said balance and interest is paid in full. Any remaining balance which may be unpaid on October 1, 1991, shall be due and payable on or before that date.

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1 Each payment shall be applied first to interest to the  
2 date of the payment and the balance to principal.  
3 INTEREST:

4 Interest on all deferred balances shall commence  
5 June 1, 1978, and shall be computed at the rate of 9-1/4% per  
6 annum.

7 PRE-PAYMENT:

8 Buyers shall have the right to prepay any deferred  
9 balance at any time without penalty.

10 POSSESSION:

11 Buyers shall be entitled to possession of the said  
12 real and personal property on June 1, 1978, provided, however,  
13 that Sellers may enter upon the real property at reasonable  
14 times during the term hereof for the purpose of inspection.

15 BILL OF SALE:

16 Sellers shall execute and place in escrow hereinafter  
17 provided for a Bill of Sale to said personal property with  
18 instructions to deliver said Bill of Sale to Buyers at such time  
19 as the deferred balance of the purchase price is reduced to  
20 \$30,000.00.

21 ESCROW:

22 Sellers agree that upon the execution hereof they shall  
23 make and execute in favor of Buyers a good and sufficient deed  
24 conveying said real property free and clear of all liens and  
25 encumbrances except as herein set forth and will place said deed,  
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together with the original Contract and said Bill of Sale in  
escrow at First Federal Savings and Loan Association of Klamath  
Falls, Oregon, and the parties hereto agree to enter into  
written escrow instructions in form satisfactory to said escrow  
holder and the parties hereto whereby the escrow holder is  
instructed that at such time as the Buyers have paid the purchase  
price in accordance with the terms and conditions of this  
agreement, said escrow holder shall deliver said deed and Bill  
of Sale to Buyers, but in case of default by Buyers said escrow  
holder shall, on demand, surrender said deed and Bill of Sale  
to Sellers, or either of them.

TAXES AND INSURANCE:

Buyers shall pay promptly all indebtedness incurred  
by their acts which may become a lien or purported lien upon  
said property, and shall regularly and before the same shall  
become delinquent, pay all taxes, including adjustment of same  
for any reason, assessments, liens, purported liens, and  
encumbrances of whatsoever kind affecting said property after  
the date hereof, provided, all such taxes, assessments and  
charges for the current year shall be prorated as of the date  
hereof and in the event Buyers shall fail to so pay, when due,  
any such matters or amounts required by Buyers to be paid  
hereunder, or to procure and pay seasonably for insurance,  
Sellers may pay any or all such amounts and any such payment  
shall be added to the purchase price of said property on the

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1 date such payments are made by Sellers and such amount shall  
2 bear interest at the rate herein provided, without waiver,  
3 however, of any right arising to Sellers for Buyers' breach of  
4 contract, and, in such event or events, the escrow holder is  
5 hereby directed and authorized to so add such amounts to the  
6 contract balance upon being tendered a proper receipt therefor.  
7 Buyers agree to furnish Sellers proof of timely payment of  
8 all real estate taxes within 10 days of the date such taxes  
9 are due and payable.

10 INSURANCE:

11 Buyers shall keep the buildings on said property  
12 insured against loss or damage by fire or other casualty in an  
13 amount not less than the insurable value thereof with loss  
14 payable to the parties hereto and the interests herein reflected,  
15 all, as their interests appear at the time of loss, all uninsured  
16 losses to be borne by Buyers on or after the date Buyers become  
17 entitled to possession. Buyers agree to furnish Sellers proof  
18 of insurance under this paragraph, and timely renewals thereof.

19 ALTERATIONS AND IMPROVEMENTS:

20 Buyers agree that all improvements now located or which  
21 shall hereafter be placed on the property, shall remain a part of  
22 the real property and shall not be removed at any time prior  
23 to the expiration of this Contract without the written consent  
24 of Sellers. Buyers shall not commit or suffer any waste of the  
25 property, or any improvements thereon, or alteration thereof,  
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and shall maintain the property, improvements and alterations thereof in good condition and repair, provided, Buyers shall not make or cause to be made any major improvement or alteration to the property without first obtaining the written consent of Sellers.

INDEMNIFICATION AND LIABILITY INSURANCE:

Buyers shall during the term hereof indemnify and defend Sellers from any claim, loss or liability arising out of or related to any activity of Buyers on the subject property or any condition of the property and shall maintain public liability and property damage insurance in a responsible company with limits of not less than \$100,000 for injury to one person and \$300,000 for injury to two or more persons in one occurrence, and \$50,000 for damage to property.

ALLOCATION:

The parties do hereby agree that the sum of \$7,500.00 shall be allocated to the above described personal property and equipment, and the sum of \$72,000.00 shall be allocated to the real property and improvements.

TITLE INSURANCE:

Buyers will be furnished, at no expense to them, a Purchaser's Policy of Title Insurance in the amount of \$72,000.00 within thirty days from the date of closing, insuring Buyers against loss or damage sustained by Buyers by reason of the unmarketability of Sellers' title, or liens or encumbrances

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1 thereon, excepting matters herein expressly covered and further  
2 excepting matters contained in the usual printed exceptions in  
3 such title insurance policies.

4 CONDITION OF PROPERTY:

5 Buyers accept the land, buildings, improvements, and  
6 all other aspects of the property in their present condition,  
7 as is, including latent defects, without any representations  
8 or warranties, expressed or implied, unless they are in writing  
9 signed by Sellers. Buyers agree that they have ascertained,  
10 from sources other than Sellers the applicable zoning, building,  
11 housing, and other regulatory ordinances and laws and that  
12 they accept the property with full awareness of these ordinances  
13 and laws as they may affect the present use or any intended  
14 future use of the property, and Sellers have made no representa-  
15 tions with respect thereto.

16 ASSIGNABILITY:

17 Buyers agree that they will not assign, sell, transfer  
18 or dispose of their interest in this agreement or the said land,  
19 improvements or personal property covered herein without first  
20 obtaining the written consent of Sellers to do so, provided,  
21 however, that Sellers agree that they will not unreasonably  
22 withhold such consent. It is expressly understood and agreed  
23 that in the event Buyers do consent to such assignment, sale  
24 or transfer, the entire unpaid balance remaining on this Contract  
25 as well as any other moneys due Sellers will be paid to Sellers

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1 as part of the terms of such assignment, sale or transfer.  
2 EXISTING MORTGAGE:

3 It is understood that the above subject real property  
4 is subject to an existing mortgage in favor of First Federal  
5 Savings and Loan Association of Klamath Falls, Oregon. Sellers  
6 agree that \$250.00 from each monthly payment received by them  
7 will be applied toward the payment of said existing mortgage.  
8 Sellers further agree to promptly pay in full said mortgage  
9 before or at the time Buyers shall have paid in full this  
10 Agreement.

11 MISCELLANEOUS:

12 This document is the entire, final, and complete  
13 agreement of the parties pertaining to the sale and purchase  
14 of the property, and supersedes and replaces all written and  
15 oral agreements heretofore made or existing by and between  
16 the parties or their representatives insofar as the property  
17 is concerned.

18 FIXTURES AND EQUIPMENT:

19 Buyers shall at all times during the term hereof keep  
20 said personal property insured against loss or damage by fire  
21 and theft with extended coverage in the sum of not less than  
22 \$7,500.00, or insurable value, and pay the premiums therefor,  
23 said policies to reflect the interests of Sellers and Buyers  
24 as their interests may appear.

25 Buyers hereby covenant to and with the Sellers that  
26 they will at all times during the term hereof, keep said personal  
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1 property clean and in good repair and working order; that they  
2 will not sell or dispose of any such property or permit the same  
3 to be removed from the above premises and real property without  
4 first obtaining the written consent of Sellers; that if replace-  
5 ment of any such item of personal property shall become  
6 necessary, Buyers shall replace the same with items of like  
7 quality, value and utility, free from any encumbrance, and,  
8 that any such replacement or substitute items shall, immediately  
9 upon acquisition by the Buyers, be subject to all of the terms  
10 and conditions of this Contract.

11 Buyers hereby grant to Sellers a security interest  
12 in said personal property, together with all accessories,  
13 substitutions, additions, replacements, parts and accessories  
14 affixed to or used in connection therewith, herein called  
15 "collateral" and shall contemporaneously herewith execute and  
16 deliver unto Sellers financing statements covering said  
17 property.

18 INSURANCE:

19 Buyers further agree that during the term hereof they  
20 shall carry Workmen's Compensation from the Oregon State  
21 Industrial Accident Commission or from a responsible private  
22 carrier and in the event they obtain private insurance such  
23 insurance shall provide the schedule of employees' benefits  
24 required by law and shall provide employer's liability coverage  
25 with limits of at least \$250,000 for injury to one person and  
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1 \$1,000,000 for injury to two or more persons in one occurrence.

2 CREDITORS:

3 Buyers assume and agree to pay promptly all creditors  
4 of the business for any accounts and/or debts incurred after  
5 June 1, 1978, and during the term hereof and so long as they  
6 operate said business.

7 Sellers and Buyers agree to cause to be notified all  
8 creditors of the business of the change of ownership promptly  
9 after June 1, 1978.

10 Buyers shall assume responsibility for all utilities,  
11 licenses and assessments after June 1, 1978, and so long as they  
12 operate said business.

13 DEFAULT:

14 PROVIDED, FURTHER, that in case Buyers shall fail to  
15 make the payments aforesaid, or any of them, punctually and  
16 upon the strict terms and at the times above specified, or  
17 within thirty days from the due date thereof, or fail to keep any  
18 of the other terms or conditions of this Agreement, time of  
19 payment and strict performance being declared to be the essence  
20 of this Contract, then Sellers shall have the following rights:  
21 (1) To foreclose this Contract by strict foreclosure in Equity;  
22 (2) To declare the full unpaid balance immediately due and  
23 payable; (3) To specifically enforce the terms of this Contract  
24 by suit in Equity; (4) To declare this Contract null and void,  
25 and in any of such cases, except exercise of the right to  
26 specifically enforce this Contract by suit in Equity, all the  
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1 right and interest hereby created or then existing in favor of  
2 Buyers derived under this Contract shall utterly cease and  
3 determine, and the premises aforesaid shall revert and revest in  
4 Sellers without any declaration or forfeiture or act of re-entry,  
5 and without any other act by Sellers to be performed and without  
6 any right of Buyers of reclamation or compensation for money paid  
7 or for improvements made, as absolutely, fully and perfectly as if  
8 this Contract had never been made.

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

15       In the event suit or action is instituted to enforce  
16 any of the terms of this Contract, the prevailing party shall be  
17 entitled to recover from the other party such sum as the Court  
18 may adjudge reasonable as attorney's fees at trial or on appeal  
19 of such suit or action, in addition to all other sums provided  
20 by law. Buyers further agree that failure by Sellers at any time  
21 to require performance by Buyers of any provision hereof shall in  
22 no way affect Sellers' right hereunder to enforce the same, nor  
23 shall any waiver of any succeeding breach of any such provision,  
24 or as a waiver of the provision itself.

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

WITNESS THE HANDS of the parties the day and year  
first herein written.

SELLERS: Lawrence I. Worlein  
Lawrence I. Worlein

Pauline E. Worlein  
Pauline E. Worlein

BUYERS: Galen Olson  
Galen Olson

Marilyn Olson  
Marilyn Olson

STATE OF OREGON )  
County of Klamath ) ss.

April 29, 1978

Personally appeared the within named LAWRENCE I. WORLEIN  
and PAULINE E. WORLEIN, husband and wife, and GALEN OLSON and  
MARILYN OLSON, husband and wife, and acknowledged the foregoing  
instrument to be their voluntary act and deed.

BEFORE ME:

Lloyd A. Domaschofsky  
Notary Public for Oregon  
My commission expires:

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A D D E N D U M

The above Sellers and Buyers further agree that the within and foregoing Contract of Sale is subject to and contingent upon the approval of the Oregon State Liquor Control Commission and the transfer of the present license of and pertaining to the existing business located upon the above-described real property.

Lawrence I. Worlein  
Lawrence I. Worlein  
Pauline E. Worlein  
Pauline E. Worlein  
Galen Olson  
Galen Olson  
Marilyn Olson  
Marilyn Olson

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STATE OF OREGON; COUNTY OF KLAMATH; ss.  
Filed for record at request of Lloyd A. Comaschofsky  
on the 3rd day of May A. D. 19 78 at 2:57 o'clock P. M. or  
only recorded in Vol. M78 of Deeds Page 8870  
Wm D. MILNE, County Clerk  
By Dorothy M. Ditch  
Fee \$39.00