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CONTRACT

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THIS AGREEMENT made and entered into this 1st. day of January, 1983, by and between RICHARD T. HALL, herein-after called Seller, and DAVID G. BURNETT, hereinafter called Buyer,

WHEREAS, on or about the first day of July, 1979, the Seller entered into a partnership agreement together with his spouse, FLORA ANN HALL, and JOHN E. FIELDS and PAULA FIELDS, and JAMES E. HERBERT and PATRICIA L. HERBERT, which agreement governed the conduct of business of that certain upholstery business known as "CITATION UPHOLSTERY", which business operated generally in the City of Klamath Falls, Oregon; and

WHEREAS, a conformed copy of said "Partnership Agreement" is attached hereto, marked Exhibit "A", and by this reference incorporated herein; and

WHEREAS, JOHN E. FIELDS and PAULA FIELDS, agreed to withdraw from said partnership and tendered a notice of resignation in connection therewith, on or about the 25th day of March, 1980; and

WHEREAS, a conformed copy of the said "Agreement to Dissolve Partnership" releasing the FIELDS from the partnership is attached hereto, marked Exhibit "B", and by this reference incorporated herein; and

WHEREAS, FLORA ANN HALL transferred her interest in said partnership to RICHARD T. HALL in April, 1982; and

WHEREAS, a conformed copy of said "Grant of Partnership Interest" is attached hereto, marked Exhibit "C",

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and by this reference incorporated herein; and

WHEREAS, PATRICIA L. HERBERT in April, 1982, transferred all of her interest in said partnership to JAMES E. HERBERT; and

WHEREAS, a conformed copy of the said "Grant of Partnership Interest" from PATRICIA L. HERBERT to JAMES E. HERBERT is attached hereto, marked Exhibit "D", and by this reference incorporated herein; and

WHEREAS, the Seller is interested in selling all of his right, title and interest in said partnership to the Buyer herein, now, therefore,

W I T N E S S E T H :

In consideration of the mutual covenant and agreements herein contained, the Seller agrees to sell unto the Buyer and the Buyer agrees to purchase from the Seller all of the Seller's right, title and interest in that certain partnership known as "CITATION UPHOLSTERY", which partnership is engaged in the general repair and covering of upholstered goods, including, vehicles and the sale of fabrics and related activities in Klamath County, Oregon.

PURCHASE PRICE

The purchase price due from Buyer to Seller in connection with this transaction shall be the sum of Thirty Thousand Dollars (\$30,000.00), hereinafter called the purchase price, on account of which Five Hundred Dollars (\$500.00) is paid on the execution hereof (the receipt of which is hereby acknowledged by the Seller) and the remainder

to be paid at the times and amounts as follows, to-wit:

The balance of said purchase price of Twenty-nine ^{EIGHT} Thousand ~~Five Hundred Dollars~~ ^{28,000 D.H.} (\$~~15,000~~.00) with no interest thereon is payable in monthly installments of not less than Five Hundred Dollars (\$500.00) in any one payment; the first payment to be made on the 15th day of March, 1983, and a like payment on the 15th day of each month thereafter until the whole sum, principal, has been paid; if any of said installments are not so paid, all of the principal shall immediately become due and collectible at the option of the Seller.

ASSETS

It is the intention of the parties hereto that the sale of the Seller's interest in the partnership, CITATION UPHOLSTERY, shall include all of Seller's interest in the inventory, equipment and accounts receivable of CITATION UPHOLSTERY. Buyer hereby represents that prior to the execution of this Agreement he has been actively engaged in the day-to-day affairs of the business, CITATION UPHOLSTERY, at its principle place of business at 417 N. Spring Street, Klamath Falls, Oregon. Buyer further represents that by virtue of said participation in the business, Buyer has had an opportunity to examine both the quantity and condition of the equipment and inventory, and that by virtue of said inspection, Buyer is satisfied that all the items described in the partnership inventory, included herein as part of Exhibit "A", are present and in proper condition. Buyer is further satisfied as to the quantity and quality of the

inventory available for sale and installation at the principle place of business described above. Buyer and Seller do further agree that it is their mutual decision not to take any specific list of inventory of merchandise and equipment for attachment to and inclusion in this agreement.

The following personal property not described in Exhibit "A" is also included in this sale:

POSSESSION/INSURANCE

The Buyer shall be entitled to possession of said inventory and equipment upon the execution of this agreement, and may retain such possession so long as he is not default under the terms of this agreement. The Buyer agrees that at all times he will keep the inventory and equipment, now or hereafter acquired, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said equipment and inventory free from all liens and reimburse Seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property; that he will insure and keep insured all equipment and inventory now or hereafter acquired by said partnership against loss by damage or fire in an amount not less than the fair market value of

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said inventory and equipment in a company or companies satisfactory to the Seller, with loss payable first to the Seller and then to the Buyer as their respective interests may appear.

INVENTORY LEVEL

The Buyer agrees to maintain the inventory level of goods and merchandise available for sale and installation at a level that is equal to or greater than the inventory on hand at the time of the execution of this agreement. The parties agree that the inventory available at this time ~~is~~ shall be kept AT CURRENT LEVEL.
~~not less than~~
(\$ _____).
Dollars

SECURITY INTEREST

The Buyer hereby grants to the Seller a security interest in all of the equipment, furniture, fixtures and inventory of said partnership to secure the payment by Buyer to Seller of the purchase price described above. Buyer further agrees to execute all financing statements and Uniform Commercial Code documents necessary to perfect the Seller's security interest in said furniture, fixtures, inventory and equipment. Seller agrees to release said security interest upon the payment in full of the purchase price described above.

LIABILITIES

Seller hereby represents to Buyer that there are no outstanding liabilities of said partnership subject to assumption by Buyer, except:

1. Loan to U.S. NAT. SHASTA PLAZA #
2. Loan to ERWIN MILLER

#250.00 MO

COMPETITION

The Seller agrees that he will not engage in any activity in competition with CITATION UPHOLSTERY within Klamath County, Oregon, for a period of one (1) year from the date of the execution of this agreement.

CONSENT

The parties hereto acknowledge that JAMES E. HERBERT is a partner in the partnership, which is the subject of this transaction. This agreement shall, therefore, be subject to the written approval of JAMES E. HERBERT.

EMPLOYMENT

RICHARD T. HALL agrees that he will be available for consultation and assistance to the Buyer herein for a period of sixty (60) days from the date of this agreement. The services of RICHARD T. HALL shall be at such time and in such duration as the parties may agree. Compensation for such services shall be waived by Seller, however, the Seller shall have the right to reimbursement for travel expenses in such amounts as the parties may agree.

ATTORNEY

The parties do hereby acknowledge that they have been advised by GARY L. HEDLUND, Attorney at Law, that he is the attorney for the Seller in this transaction and further that it may be in the best interests of the Buyer to seek independent legal counsel.

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BREACH

It is understood and agreed between the parties hereto that time is the essence of this agreement. In case the Buyer shall fail to make the payments above-required or any of them, punctually within ten (10) days of the time limited therefor, or fail to keep any agreement herein contained, then the Seller, at his option, shall have the following rights:

- (1) To declare the contract null and void;
- (2) To declare the whole unpaid principal balance of said purchase price immediately due and payable;
- (3) To foreclose this contract by suit in equity;
- (4) To require specific performance of the contract.

In any such case, the Seller shall have the right, immediately or at any time thereafter, with or without process of law, to take immediate possession of the inventory, equipment and furniture, which is the subject of this agreement.

In case suit or action is instituted to foreclose this agreement or to enforce any of the provisions hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable as attorneys fees to be allowed the prevailing party in said suit.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate.

SELLER:

Richard T. Hall
RICHARD T. HALL

BUYER:

David G. Burnett
DAVID G. BURNETT

APPROVED:

James E. Herbert
JAMES E. HERBERT

STATE OF OREGON: COUNTY OF KLAMATH: ss
I hereby certify that the within instrument was received and filed for record on the 3rd day of November A.D., 1983 at 11:13 o'clock A.M. and duly recorded in Vol. M83, of Misc. on page 18924.

EVELYN BIEHN, COUNTY CLERK
by Ann Smith deputy

FEE \$ 28.00

Ret. Grieger Enterprises, Inc.
PO. Box 354
Chiloos wln, Or. 97624