

## SECURITY AGREEMENT

THIS AGREEMENT, made and entered into this 14th day of September, 1984, by and between JOE H. VICTOR and ELEANOR D. VICTOR, husband and wife, hereinafter referred to as SELLERS, and HOWARD C. HASSETT and MARY A. HASSETT, husband and wife, hereinafter referred to as PURCHASERS.

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

That the Sellers hereby agree to sell and the Purchasers hereby agree to buy that business known as MOLLIES RESTAURANT located upon the following described real property situated in Klamath County, State of Oregon, to-wit:

Beginning at a point on the Northeasterly right of way line of State Highway No. 97 which lies South  $0^{\circ}06'$  West along the East Section Line a distance of 688.5 feet and North  $89^{\circ}49'$  West along the North Line of Byrd Avenue in Chelsea Addition, a distance of 521.6 feet and North  $38^{\circ}52'$  West along the Northeasterly right of way line of State Highway 97 (Note, State Highway bearing of this line shows North  $39^{\circ}07\frac{1}{2}'$  West) a distance of 130.55 feet from the iron axle which marks the Northeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, running thence: Continuing North  $38^{\circ}52'$  West along the Northeasterly right of way line of State Highway No. 97 a distance of 250 feet to a point; thence North  $51^{\circ}08'$  East a distance of 192.77 feet to a point; thence South  $38^{\circ}52'$  East a distance of 250 feet to a point; thence South  $51^{\circ}08'$  West a distance of 192.77 feet, more or less, to the point of beginning, in NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 19, township 38 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon; hereinafter referred to as Parcel #1, upon which is located the business of Mollie's Restaurant,

together with the following described personal property:

12' Back Draft Hood  
8' Canopy Hood  
Exhaust Fan for 12' Hood  
Exhaust Fan for 8' Hood  
Refrigeration equipment for freezer  
Refrigeration equipment for refrigerator  
Walk-in refrigerator door  
Walk-in freezer door  
16 8061 Stool Seats  
16 8200 Counter Base  
1 Front counter consisting of 2 sections  
All Booths  
Neon Sign "EAT"

OK  
37.00

84 SEP 21 AM 11 15

That the sales price which the Sellers agree to receive and the Purchasers agree to pay for said property is the sum of \$194,227.36 payable as follows:

a. Earnest Money \$ 500.00

b. Purchasers assuming and agreeing to pay that certain Trust Deed, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein given to secure the payment of \$155,000.00, dated August 29, 1983, recorded August 30, 1983 in Book M-83, Page 14607, wherein the Trustor is JOE H. VICTOR and ELEANOR D. VICTOR, husband and wife, the Trustee is SANTIAM ESCROW, INC., an Oregon Corporation and the Beneficiary is INVESTOR'S MORTGAGE CO., an Oregon Corporation which covers the above described Parcel 1 and the following described real property situated in the County of Klamath, State of Oregon, more particularly described as follows, to-wit:

Beginning at an iron pin on the Northeasterly right of way line of the State Highway 97 which lies South 0°06' West along the East Section line a distance of 688.5 feet and North 89°49' West along the North line of Byrd Avenue in Chelsea Addition, a distance of 521.6 feet and North 38°52' West along the Northeasterly right of way line of State Highway No. 97 (Note: State Highway bearing of this line shows North 39°07½' West) a distance of 380.55 feet from the iron axle which marks the Northeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon, and running thence North 51°08' East a distance of 192.77 feet to an iron pin; thence North 38°52' West parallel to the Northeasterly right of way line of Highway No. 97 to a point on the North line of Section 19; thence West along the North line of Section 19 to its intersection with the Northeasterly right of way line of Highway 97; thence Southeasterly along the Northeasterly right of way line of Highway 97 to the point of beginning in the County of Klamath, State of Oregon; hereinafter referred to as Parcel #2, upon which is located the business known as La Vista Motel,

which Parcel 2 is subject to a contract including the terms and provisions thereof dated October 1, 1982, recorded October 21, 1982, in Book M-82, Page 14043 wherein the Vendor is JOE H. VICTOR and ELEANOR D. VICTOR and the Vendee is DILIP B. PATEL and SUBHASH PATEL and JAYANTILAL PATEL and a Memorandum of a Contract dated August 1, 1983, recorded December 5, 1983, Book M-83, Page 20726 wherein the Vendor is DILIP B. PATEL and the Vendee

is SUBHASH PATEL, and further a Bargain and Sale Deed dated December 7, 1983 recorded May 4, 1984 in Book M-84, Page 7496 wherein the Grantor is SUBHASH PATEL and JAYANTILAL PATEL and the Grantee is SUBHASH PATEL and JAYANTILAL PATEL and KANTIBHAI PATEL; over which Purchasers have no control and Sellers hereby agree to hold the Purchasers harmless from any default in the terms and provisions of said trust deed, regarding said Parcel 2 and to indemnify the Purchasers from any and all damages arising out of such default.

Further, that said trust deed provides that said note and trust deed together with any interest in the above stated parcels 1 and 2 cannot be sold, conveyed, assigned or alienated by the Grantors JOE H. VICTOR and ELEANOR D. VICTOR, husband and wife, without first having obtained the written consent or approval of the Beneficiary, INVESTORS MORTGAGE CO., an Oregon Corporation, or the said Beneficiary at its option, shall have all obligations secured by said trust deed, irrespective of the maturity dates expressed in said note and trust deed to become immediately due and payable. That the Sellers have provided the Purchasers with said written consents to the sale of the above-described parcels 1 and 2.

Further, that the above mentioned parcel 1 is subject to a Lease, including the terms and provisions thereof, recorded October 21, 1982 in Book M-82 at Page 14021, Microfilm Records, between ELEANOR D. VICTOR doing business as ELEANOR V. DELAINEY, as Lessors, and HOWARD C. HASSETT and MARY ANN HASSETT, as Lessees, which lease was assigned by instrument dated August 29, 1983, recorded August 30, 1983 in Book M-83, Page 14610 from ELEANOR D. VICTOR dba ELEANOR V. DELAINEY to JOE VICTOR and ELEANOR D. VICTOR dba ELEANOR V. DELAINEY, which was further assigned by instrument dated August 29, 1983, recorded August 30, 1983 in Book M-83, Page 14612 from JOE H. VICTOR and ELEANOR D. VICTOR, dba ELEANOR V. DELAINEY to INVESTOR'S MORTGAGE CO., an Oregon Corporation; that said Lease and the Subsequent Assignments have been cancelled, the Lease has been rendered null and void by the Lessors and their subsequent assigns, and the rents and business expenses shall be pro-rated as of July 1, 1984, the date of the sale as hereinafter provided.

That said note and trust deed has a balance due thereon as of July 1, 1984 the sum of \$153,727.36

c. Purchasers have conveyed to the Sellers by

16509

Warranty Deed, free and clear of encumbrances, approximately one acre of land located at Keno, Oregon the following described real property, to-wit:

The Southwesterly 220' of:

A tract of land situated in the E $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 31, Township 39 South, Range 8 East of the Willamette Meridian, more particularly described as follows:

Beginning at a point on the East line of the E $\frac{1}{4}$ NW $\frac{1}{4}$  of said Section 31, said point being southerly a distance of 324 feet from the Northeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of said Section 31; thence Northwesterly along the Northeasterly line of that tract of land described in deed volume 323, page 376, a distance of 63 feet to the most northerly corner thereof; thence Southwesterly along the Northwesterly line of said tract of land to the Northerly boundary of the County Road: thence Northwesterly along the County Road boundary a distance of 198 feet; thence Northeasterly at right angles to said County Road to the East line of the E $\frac{1}{4}$ NW $\frac{1}{4}$  of said Section 31; thence Southerly along the East line of the E $\frac{1}{4}$ NW $\frac{1}{4}$  of said Section 31 to the point of beginning.

EXCEPTING THAT PORTION described in Warranty Deed recorded May 14, 1964, in Deed Volume 353 at page 50, described as follows:

A tract of land situated in the SE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 31, Township 39 South, Range 8 East of the Willamette Meridian, and being more particularly described as follows:

Beginning at the iron pipe marking the long established Northwest corner of the SW $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Section 31, Township 39 South, Range 8 East of the Willamette Meridian and Running thence S.0°21'40" East along the North and South one-quarter Section line 261.5 feet; thence S.44°36'20" West 43.61 feet to the true point of beginning of this description; thence continuing S.44°36'20" West 309.46 feet to the Northerly right of way of the Clover Creek Road opposite Engineer's Station 12/53.39; thence along said right of way N. 46°52' West 19.0 feet; thence N.44°38'20" East 310.19 feet; thence S.44°37' East 18.82 feet more or less to the true point of beginning of this description.

SUBJECT TO: Reservations and restrictions of record, easements and right of way of record and those apparent on the land and to contract and/or liens for irrigation and/or drainage.

That there is a home under construction thereon and said land, building and improvements and all other

aspects of the property the Sellers herein accept in its present condition, "as is", including latent defects, without any representations or warranties, express or implied, unless in writing and signed by the Purchasers. That the actual consideration of said property is \$ 40,000.00

TOTAL PURCHASE PRICE: \$194,227.36

That the aforementioned Parcel 1 has been conveyed by the Sellers to the Purchasers.

That the Purchasers shall be entitled to possession of the above-described Parcel 1 on July 1, 1984 and the Sellers shall be entitled to the above-described Keno Property on July 1, 1984; taxes, insurance, business expenses and rents shall be pro-rated as of July 1, 1984.

That the Sellers covenant to and with the Purchasers that they are the owners of the above-described personal property which is free and clear of all liens and encumbrances.

That effective July 1, 1984 Purchasers shall assume and pay all monthly accounts, punctually when due through the term of this agreement, and shall likewise after said date pay for all charges incurred by them for water, electricity, gas, phone and garbage disposal, including, but not limited to, all other licenses, in connection with the aforementioned property and the business sold herewith.

Purchasers shall promptly pay all indebtedness incurred by them which may become a lien upon said property and shall regularly and before the same shall become delinquent, pay all taxes, assessments, liens and encumbrances of whatsoever kind affecting the said property after July 1, 1984, provided all such taxes, assessments and other charges for the current year shall be pro-rated as of July 1, 1984.

Purchasers shall at all times, during the term hereunder keep the above-described personal property insured against loss

or damage by fire and theft with extended coverage in a sum not less than the full insurable value and pay the premiums therefor, said policies to reflect the losses payable in favor of the Sellers as their interest may appear.

Purchasers shall during the term hereof, indemnify and defend Sellers from any claim, loss or liability arising out of or related to any activity of Purchaser on the above-described Parcel 1 or any condition of the said premises in the possession or under the control of the Purchasers including any such claim, loss or liability which may be caused or contributed to in whole or in part by Purchasers' own negligence or failure to effect any repair or maintenance.

Purchasers shall procure and thereafter during the term hereof continue to carry the following insurance at Purchasers' cost:

(a) Public liability and property damage insurance in a responsible company with limits of not less than \$100,000.00 for injury to any one person, \$300,000.00 for injury to two or more persons in any one occurrence, and \$50,000.00 for damage to property. Certificates evidencing such insurance and bearing endorsements requiring ten days written notice to Sellers prior to any change or cancellation shall be furnished to the Sellers upon Purchasers occupancy of the premises.

(b) Workmen's Compensation from Oregon State Industrial Fund or from a responsible private carrier. Purchasers shall supply Sellers with satisfactory evidence of such coverage with certificates of private coverage in the same form as required above for Purchasers' general liability coverage.

Purchasers hereby covenants to and with the Sellers that they will at all times during the term hereof keep said

personal property clean and in good repair and working order, that they will not sell or dispose of any such items or permit them to be removed from the premises without first obtaining the written consent of Seller; that if replacement of such item of personal property shall become necessary or adviseable, that Purchasers shall replace the same with items of like quality, value and utility, free from any encumbrance, and that any such replacement or substitute items shall, immediately upon acquisition by the Purchasers, be subject to the terms and conditions of this agreement.

Sellers shall upon execution hereof, make and execute in favor of Purchasers a Bill of Sale to said personal property, free and clear of all encumbrances as of July 1, 1984, together with a UCC Form 3, Termination of Security Interest Statement and when and if Purchasers have paid the balance of the purchase price in accordance with the terms and conditions of this agreement, Sellers shall deliver said Bill of Sale and UCC Form 3, Termination of Security Interest to Purchasers, but in case of default by the Purchasers as herein provided, the Sellers shall have no obligation to deliver said documents to the Purchasers.

Purchasers agree to pay the deferred balance due on the aforesaid note and trust deed.

Time is of the essence of this agreement and if the Purchasers shall default in their performance of any of the terms and conditions hereof, or in the payment when due of any sum herein required to be paid, the Sellers as a secured party in this transaction, shall have and may exercise each and all of the remedies granted to them by the Uniform Commercial Code of Oregon and at their option, may declare all sums due and payable and may require the Purchasers, as the debtor herein, to assemble the said personal property and make the same available to the Sellers

at a place to be designated by the Sellers which is reasonably convenient to both parties. In event suit or action is instituted to collect any sums of money due hereunder or to replevy said personal property, the Buyers agree to pay, in addition to the Statutory costs and disbursements the Sellers reasonable attorneys fees to be fixed by the trial court and on appeal, if any, similiar fees in the appellate court to be fixed by the appellate court.

The Purchasers agree to join with the Seller in executing, filing and doing whatever may be necessary to perfect and continue the Sellers' interest in said personal property.

It is understood and agreed by and between the Sellers and the Purchasers that there is the sum of \$3,324.24 plus interest, due and owing on Parcel 1 for 1983-84 real property taxes and that there is a judgment in the sum of \$5,517.83 in favor of Klamath Insurance Center, Inc. against the Sellers. That the Sellers agree to pay said taxes and judgment and to hold the Purchasers harmless therefrom. To secure the payment of said taxes and judgment, the Sellers do hereby grant a security interest to the Purchasers in the aforementioned Keno real property. In event that the Purchasers have to pay said taxes and judgment, Sellers hereby agree to execute and deliver to the Purchasers their demand promissory note and mortgage covering the said Keno property. That the note and mortgage shall provide that the Sellers shall pay to the Purchasers interest at the legal rate and that Sellers will pay Purchasers reasonable attorneys fees and collection costs, even though no suit or action is filed thereon; and if suit or action is filed, the amount of such reasonable attorneys fees shall be fixed by the Court or Courts in which the suit or action, including any appeal therein, is tried, heard or decided.



16514

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

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

Joe H. Victor  
JOE H. VICTOR SELLER

Eleanor D. Victor  
ELEANOR D. VICTOR SELLER

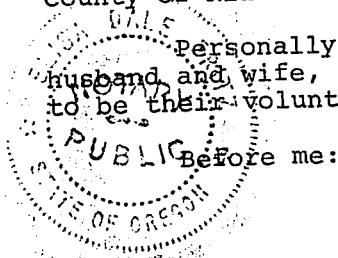
Howard C. Hassett  
HOWARD C. HASSETT BUYER

Mary A. Hassett  
MARY A. HASSETT BUYER

STATE OF OREGON )  
County of Klamath ) ss.

9-14, 1984

Personally appeared JOE H. VICTOR and ELEANOR D. VICTOR,  
husband and wife, and acknowledged the foregoing instrument  
to be their voluntary act and deed.



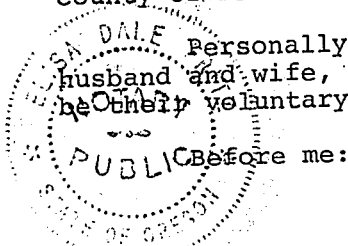
Before me:

Elisa D. Fritz  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 5-17-85

STATE OF OREGON )  
County of Klamath )

9-14, 1984

Personally appeared HOWARD C. HASSETT and MARY A. HASSETT,  
husband and wife, and acknowledged the foregoing instrument to  
be their voluntary act and deed.



Before me:

Elisa D. Fritz  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 5-17-85

AFTER RECORDING, return to:

D.L. Hoots  
2261 S. 6<sup>th</sup> St.  
Klamath Falls, OR 97601

-9-SECURITY AGREEMENT

STATE OF OREGON: COUNTY OF KLAMATH: ss  
I hereby certify that the within instrument was received and filed for  
record on the 24th day of September A.D., 19 84 at 11:15 o'clock A M,  
and duly recorded in Vol \_\_\_\_\_, of \_\_\_\_\_ Deeds on page 16506.

EVELYN BIEHN, COUNTY CLERK

by: Ann Smith, Deputy

Fee: \$ 36.00 Index: \$1.00