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CONDITIONAL SALES CONTRACT AND SECURITY AGREEMENT

THIS AGREEMENT entered into this 29th day of March, 1982, by and between the following parties:

SELLERS:

Robert Ashton
255 Seguridad Avenue
Oceanside, CA 97204

Lester R. Hulsey
25349 Soboba Street
Hemet, CA 97243

Robert and Nancy Lecklider
1453 Esplanade
Klamath Falls, OR 97601

PURCHASER:

Moki, Inc., an Oregon corporation
6930 S.W. 37th
Portland, Oregon 97219

1. Sellers agree to sell to Purchaser and Purchaser agrees to buy from Sellers all that certain property situated in Klamath County, Oregon, described as follows, to-wit:

All belongings, structures and other improvements of and at Lake of the Woods Resort, situated at Lake of the Woods in Klamath County, Oregon, together with other personal property situated at or used in connection with said resort as more fully described on Exhibit "A", attached hereto and by this reference incorporated herein and made a part hereof.

SUBJECT TO: Rights of the public in and to that portion of the herein described property lying within the boundaries of roads and highways.

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Said property is approximately seventeen (17) acres on leased government land. The address of the property is Box 450, Harriman Route, Klamath Falls, Oregon.

2. Purchaser hereby covenants and agrees to pay unto Sellers as the purchase price for said property the sum of TWO HUNDRED TEN THOUSAND DOLLARS (\$210,000.00), together with interest on the unpaid balances thereof at the rate of ten percent (10%) per annum from May 4, 1982. Said purchase price and interest is to be paid as follows:

- a. The sum of \$3,000.00 has previously been paid as earnest money, receipt of which is hereby acknowledged by Sellers.
- b. The sum of \$67,000.00 as additional down payment is to be paid upon the day after date of approval of State of Oregon liquor license as detailed in Paragraph 16 hereafter.
- c. The remaining balance of \$140,000.00 in the form of a Promissory Note (hereinafter "Promissory Note") is to be paid in monthly payments of not less than \$1,351.04 per month. A copy of the Promissory Note is attached hereto as Exhibit "B" and by this reference incorporated herein as if set forth in full.

Purchaser shall have a right to prepay any part of the purchase price, provided that any additional payment shall not be credited against regular future payments nor excuse the Purchaser from making the regular monthly payments provided for in this Agreement.

3. This Agreement is given for the purpose of securing payment of the Promissory Note for the principal sum

of \$140,000.00, together with interest thereon at the rate of ten percent (10%) per annum until paid. The Promissory Note is dated May 3, 1982, as the anticipated date following approval date of the required licenses specified in Paragraph 16. The parties agree to allow adjustment in the escrow balance if another date is in fact the date of license approval so that interest shall be equal to ten percent (10%) calculated from the day following the date of approval of the licenses specified in Paragraph 16.

The parties agree to execute appropriate financing statements to be filed with the Secretary of State of the State of Oregon and with the Clerk for Klamath County, Oregon, and Sellers shall have a first security interest in all the property described on Exhibit "A".

4. It is understood and agreed that, as between Sellers and Purchaser, legal title to the property covered hereby shall remain in Sellers' until the entire purchase price hereunder has been paid by Purchaser, at which time the escrow agent designated by Sellers shall deliver the documents conveying the interest of Sellers to the Purchaser herein. Purchaser shall be entitled to possession of said property on the day following date of approval of the licenses specified in Paragraph 16 and shall continue to be entitled to such possession as long as Purchaser is not in default hereunder.

5. Purchaser shall have the right to sell or exchange any portion of the above described property that may become worn out, unserviceable or obsolete, provided that Purchaser immediately replaces any or all such items with items of similar nature and any and all such replacements shall be subject to the lien of this Agreement the same as the items replaced.

6. Purchaser covenants and agrees to make all required payments promptly when due as set forth in this Agreement, and that it will never suffer or permit any waste of the property and will keep all improvements subject to the Agreement in good condition and repair, and will keep that property free and clear of all materialmen's, mechanics' or other liens or charges of every kind and nature which have priority over the interest of Sellers.

7. All County taxes assessed against the property for the current tax year and all charges of the Forest Service for the special use permit on said property shall be prorated between Sellers and Purchaser as of the day following the date of approval of licenses specified in Paragraph 16. Purchaser agrees to pay when due all County taxes, permit fees and other assessments which are hereafter levied against the property during the term of this Agreement.

8. Purchaser agrees to keep the improvements and personal property upon said premises insured against loss by

fire or other casualty including liquor liability in an amount not less than their full insurable value, with loss payable to the parties hereto as their interests appear at the time of loss with priority in payment to Sellers.

Purchaser shall have the option of designating whether the amount received under the insurance in payment of a loss shall be applied upon the unpaid balance of the purchase price or used to repair the damage to improvements or replace damaged personal property. Any repaired or replacement property shall immediately become subject to this Security Agreement. All uninsured losses shall be borne by Purchaser, on or after the date Purchaser becomes entitled to possession.

9. It is agreed that Purchaser shall obtain and maintain in full force and effect, until the balance due hereunder is paid in full, a policy of insurance protecting both Sellers and Purchaser from liability from damages arising out of and in connection with the operation of Lake of the Woods Resort, in the nature of a general liability policy with at least the following limits:

| | |
|--|-------------------|
| Bodily Injury Liability | \$400,000/400,000 |
| Property Damage Liability | 150,000/150,000 |
| Premises Medical Liability | 2,000/20,000 |
| Comprehensive Automobile Bodily Injury | 150,000/450,000 |
| Comprehensive Automobile Property Damage | 150,000/150,000 |

Purchaser agrees to save Seller harmless from any liability to third parties as a result of the operation of said resort.

10. Sellers and Purchaser shall execute all documents required by the State of Oregon and other governmental agencies for the acquisition by Purchaser of the liquor licenses specified in Paragraph 16, said documents all to be subject to the terms and conditions of this Agreement, and an executed copy hereof shall be attached to and made a part of this application for such license.

11. The Purchaser agrees that it will faithfully comply with all the terms and conditions of both the permit to be issued by the Forest Service to it and the liquor license to be issued by the State of Oregon; that Purchaser will not sell, encumber, or otherwise alienate its interest in said property without the consent of the Sellers in writing first had and obtained, which consent shall not be unreasonably withheld.

12. As soon as practicable following the execution of this Agreement and the other required documents, Sellers shall deliver to an escrow company chosen by Sellers:

- a. The Promissory Note from Purchaser to Sellers.
- b. The Bill of Sale to the above described property.
- c. An executed copy of this Agreement.
- d. A UCC-3 termination statement.

Said escrow company shall be designated the escrow and fiscal agent of the parties hereto and all payments herein required of Purchaser shall be paid to Sellers through that escrow company.

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 paragraph, thereby terminating the escrow. It is further agreed that the parties shall share equally the initial expenses of setting up the aforesaid escrow and Sellers shall bear the escrow agent's collection charges on all payments hereinafter made by Purchaser.

13. Time shall be the essence hereof. In the event Purchaser shall pay said Promissory Note according to its terms and keep and perform all the terms and conditions of this Agreement, this Agreement shall be null and void. In the event Purchaser fails to keep and perform any of the terms and conditions herein provided, and such default continues for a period of thirty (30) days after notice in writing specifying such default has been given by Sellers to Purchaser by certified mail, addressed to Purchaser at Lake of the Woods Resort, and such other address, if any, as Purchaser may designate in writing, then the remaining balance of principal and interest of the Promissory Note shall become immediately due and payable and this Agreement may be foreclosed in the manner provided by law; provided that, Sellers shall not be required to give Purchaser notice of default in the payment of the Promissory Note more than

twice in any twelve (12) month period. In the event Purchaser is delinquent in the payment of said Promissory Note after Sellers have given two (2) notices in the same twelve (12) month period, the notice provision of this paragraph shall not apply, and the balance of principal and interest on said Promissory Note shall become immediately due and payable.

In the event that suit be instituted to foreclose this Agreement, the Court in which such suit may be brought shall, upon application of a Seller, appoint a receiver to take possession of the collateral and said receiver shall, in his discretion, subject to order of the Court, operate said resort during the period of such receivership and until such collateral shall be sold under such foreclosure.

The foregoing remedies are not exclusive, but in addition Sellers shall have any and all legal and equitable remedies available under the laws of the State of Oregon.

14. In the event suit or action is commenced by any party of this Agreement for the enforcement of any of the rights or remedies created or evidenced by this Agreement, the prevailing party in such suit or action shall be entitled to recover from the losing party a reasonable attorneys' fee, including a reasonable fee on appeal, to be fixed by the Court, in addition to any other relief had in said proceedings.

15. Insofar as this Agreement can legally provide therefor, the Purchaser at a foreclosure sale shall have the

right to cause the use permit of the United States Forest Service to be cancelled and a new use permit for the operation of said resort to be issued to the Purchaser at such sale.

16. The parties hereto understand and agree that this Agreement is contingent upon the issuance by the State of Oregon of the following licenses:

- a. Retail Malt and Beverage License;
- b. Seasonal Dispenser License.

For purposes of this Agreement, the day following the approval of such licenses shall be the date of:

- a. Transfer of possession as detailed in Paragraph 4 of this Agreement;
- b. Prorate of taxes as detailed in Paragraph 7 of this Agreement;
- c. Payment of the \$67,000.00 remaining down payment to Sellers as specified in Paragraph 1 of this Agreement.
- d. Beginning date of interest accrual as detailed in Paragraph 1 of this Agreement.

In the event either permit specified above in this paragraph cannot be obtained by Purchaser, this Agreement shall become null and void and of no further force and effect and the parties hereto shall be placed in status quo as of the day prior to the execution of this Agreement.

17. Seller covenants and agrees that it has the use and occupancy of said resort and the grounds on which said resort is situated under a permit from the United States

Forest Service, that said permit is in good standing and that it will execute and deliver to the office of the United States Forest Service in Klamath Falls, Oregon, such consents, assignments, relinquishments or other documents as may be necessary to aid Purchaser in acquiring a like permit.

18. It is agreed by the parties that Sellers and its agents have made no warranties upon which Purchaser relies as to the value of said business, income of said business, or otherwise. In purchasing said resort, Purchaser is relying solely on its own judgment as to the value of same.

Sellers make no warranties as to the condition or repair of the property covered hereby and has made no agreement or promise to alter, repair or improve the property sold to Purchaser, except as the parties have agreed by separate document prior to the close of escrow. Purchaser has made its own examination of the property to be purchased and does so on its own knowledge of said property and its own opinion of the value thereof. Purchaser takes said property, "AS IS", in the condition existing at the time of this Agreement.

19. The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

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20. All notices under this Agreement shall be by certified mail, return receipt requested, and shall be mailed to Sellers at:

c/o Douglas M. Fellows
808 American Bank Building
Portland, Oregon 97205

and to Purchaser at:

6930 S.W. 37th
Portland, Oregon 97219

21. The purchase price of \$210,000.00 shall be allocated as follows:

- a. Rental cabins, trailer spaces, boat docks and all lease-hold improvements. \$168,000.00
- b. Machines, equipment and fixtures necessary for the operation of the resort. \$ 31,500.00
- c. Goodwill. \$ 10,500.00

IN WITNESS WHEREOF the undersigned have executed this Agreement by authority of their Board of Directors as of the date first hereinabove written.

SELLERS:

Robert Ashton
Robert Ashton

Lester R. Hulsey
Lester R. Hulsey

Robert Lecklider
Robert Lecklider
in fact, Nancy C. Lecklider
Nancy Lecklider
Nancy Lecklider

PURCHASER:

MOKI, INC., an Oregon corporation

By: Walter S. Schrey
President

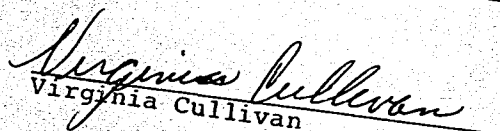
For value received and in consideration of Sellers, Robert Ashton, Lester R. Hulsey and Robert and Nancy Lecklider, entering into the above Agreement with Moki, Inc., the undersigned jointly and severally endorse, guarantee and promise to perform all of the obligations of Moki, Inc., under this Agreement and promise to pay the Promissory Note to Sellers, Robert Ashton, Lester R. Hulsey and Robert and Nancy Lecklider, or their assigns, which Note is secured hereby, and all extensions and renewals thereof and hereby consent to one or more extensions or renewals thereof regardless of term and hereby waive:

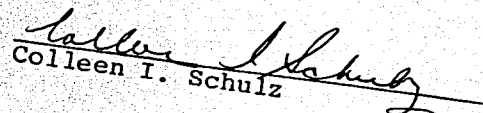
- a. Presentment, demand for payment, protest, notice of dishonor and notice of any other kind;
 - b. The right, if any, to the benefit of or to direct the application of any security hypothecated to the holder until all indebtedness of the maker to the holder howsoever arising shall have been paid;
 - c. The right to require the holder to proceed against the maker or to pursue any other remedy in the holder's power;
- and agree that the holder may proceed against the undersigned directly and independently of the maker and that the cessation of liability of the maker for any reason other than full payment or any forbearance or acceptance, release or substitution of security or any impairment or suspension of the holders' remedies or rights against the maker shall not in anywise affect the liability of the undersigned

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hereunder. If suit or action is instituted under, in connection with or upon this Agreement, the undersigned jointly and severally promise to pay such sum as the trial court and any appellate court may adjudge reasonable as attorney's fees in said suit or action.


Arthur Cullivan


Virginia Cullivan


Colleen I. Schulz


Wesley R. Schulz

EXHIBIT A

TO

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CONDITIONAL SALES CONTRACT AND SECURITY AGREEMENT

1. Marina, Boat House Structure and Docks
 - A. 8 Fiberglass Boats
 - B. 5 Gregor Alum. Boats, 12 Ft.
 - C. 2 Gregor Alum. Boats, 14 Ft.
 - D. 29 Need Help Cushions
 - E. 12 Life Preservers
 - F. 24 Oars
 - G. 6 Paddles
 - H. 2 Alum. Canoes
 - I. 1 Fiberglass Canoe
 - J. 5 6-1/2 HP Evenrude Motors
 - K. 10 Gasoline Cans
 - L. 10 Boat Fire Extinguishers
 - M. 4 10-Lb. Anchors
2. Tackle Shop Structure
 - A. 1 Display Case, 2 x 3 x 4
 - B. 1 Display Case, 2 x 3-1/2 x 8
 - C. 1 NCR Cash Register
 - D. 2 Credit Card Chevronmatics
 - E. 2 Gasoline Pumps
 - F. 2 Mix Pumps (Spare One)
3. Work Shop (In Boat House)
 - A. 1 2HP Sears Air Compressor
 - B. 1 Champion Spark Plug Cleaner
 - C. 1 Rock Island Vise
 - D. 1 1-1/2 HP Victory Air Compressor
 - E. 1 Marquette Battery Charger
4. Snack Bar
 - A. 2 Picnic Tables
 - B. 1 Wolf Gas Grill
 - C. 1 Multimixer

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4. Snack Bar (Continued)

- D. 1 Eagle Stainless Sink
- E. 1 Douchette Salad Bar
- F. 1 Hotpoint Electric Grill
- G. 1 Hot Chocolate Machine
- H. 1 Campbells Soup Machine
- I. 1 Cutting Board, 18 x 40"
- J. 1 Kidde Kitchen Sentanal
- K. 1 Maytag Stove
- L. 1 Rheem Electric Hotwater Heater
- M. 1 Gas Humphery Heater

5. Work Shop Structure

- A. Assorted Bolts, Nuts, Washers
- B. 1 Craftsman 1/2 HP Grinder
- C. 1 Bench Vise
- D. 1 Lincoln 225 AMP ARC Welder
- E. 1 50-Gallon Can 30 Wt. Oil
- F. 1 OX & Acetyline & Gauges Set
- G. 4 ARC Welding Masks
- H. 1 Box Welding Rod
- I. 1 Pipe Cutter
- J. 1 Pipe Vise on Stand
- K. Assorted Tire Chains
- L. Assorted Misc. Tools, Grease Guns, Etc.
- M. 1 Homemade Wood Heater
- N. 1 50-Gallon #1 Fuel Oil
- O. 1 Marquette 32-140 Battery Charger
- P. 1 Rockwell Table Saw & Joiner

6. Store Structure

- A. 1 NCR Cash Register
- B. 1 Kidde Fire Extinguisher
- C. 1 Cigarette Display Holder
- D. 1 Dinner Table
- E. 2 Chairs
- F. 1 2 x 4 x 8 Display Case
- G. 1 Magazine Display Case
- H. 1 Open Top Freezer
- I. 1 Deville Pop Cooler
- J. 1 Schaffer Ice Cream Freezer
- K. 1 Superfold Cooler Display
- L. 1 24' Round Mirror

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7. Lodge Structure

(Porch)

- A. 1 Ice Maker Manitowoc

(Office)

- B. 1 Meilina Safe
- C. 1 Courier 23 Base Station
- D. 1 Antenna
- E. 2 Walkie Talkies
- F. 1 Olympia Electric Typewriter
- G. 1 Typewriter Stand
- H. 1 2-Drawer Filing Cabinet
- I. 1 Desk
- J. 2 Chairs

(Ski Shop)

- K. 1 NCR Cash Register
- L. Assorted Wall Shelving

(Restaurant, Dining Area)

- M. 1 NCR Cash Register
- N. 1 Seeburg Jukebox
- O. 1 Cigarette Display Unit
- P. 1 Pepsi Clock
- Q. 1 Floor Ashtray
- R. 3 Wall Speakers
- S. 1 High Chair
- T. 2 Deer Heads
- U. 1 Saw
- V. 14 Dinner Tables
- W. 30 Chairs
- X. 1 Pie Display Case
- Y. 1 Nestea Machine
- Z. 1 Hot Plate Warmer (4 Plates)

(Rear Room)

- aa. 1 Payne Heater
- bb. 1 General Fire Extinguisher

(Bar)

- cc. 1 Speed Bar With Ice Sink (?)
- dd. 1 Oster Mixer (Single)
- ee. 1 Hobart Machine Glasswasher
- ff. 1 Follett Cube Ice Machine
- gg. 1 NCR Cash Register
- hh. 1 Coldspot Refrigerator

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7. Lodge Structure (Continued)
(Kitchen)

- ii. 1 3-Sink Washer Area
- jj. 2 Toasters
- kk. 1 Freshomatic Steamer
- ll. 1 2 x 4 x 3 Counter & Storage Area
- mm. 1 Stainless Steam Table
- nn. 1 Hot Point Deep Frier (Double Basket)
- oo. 1 2 x 4 Cutting Board
- pp. 1 Garland Stove (2 Oven, 4 Burner, 24 x 36 Grill)
- qq. 1 Can Opener
- rr. 1 Coldspot Freezer
- ss. 1 Globe Slicing Machine
- tt. 1 Hobart Mixer & Attachments
- uu. 2 Metal Shelving Units
- vv. 1 Kidde Kitchen Sentanal
- ww. 1 Simplex Time Machine
- xx. 1 Westinghouse Refrigerator
- yy. 1 Schaffer Freezer (Ice Cream)
- zz. 2 Wood Shelving & Work Area Units

8. Cabin Structures

(Cabin No. 1)

- A. 1 Electric Stove
- B. 1 Hot Water Heater
- C. 1 Philco Refrigerator
- D. 1 Quaker Heater
- E. 3 Double Beds
- F. 2 Single Beds
- G. 8 Chairs
- H. 1 4 x 5 Dinner Table
- I. 3 Chest of Drawers

(Cabin No. 2)

- J. 1 Wedgewood Stove
- K. 1 Hot Water Heater
- L. 1 Refrigerator
- M. 1 Quaker Heater
- N. 4 Double Beds
- O. 2 Fold-Up Tables
- P. 1 Couch
- Q. 1 18 x 60" Chest of Drawers
- R. 2 Chairs

(Cabin No. 3)

- S. 1 Sunray Electric Stove
- T. 1 Hot Water Heater
- U. 1 Coldspot Refrigerator
- V. 1 Dearborn Heater
- W. 1 Table
- X. 4 Chair
- Y. 2 Double Beds

(Cabin No. 4)

- z. 1 Hotpoint Refrigerator
- aa. 1 Electric Stove
- bb. 1 Hot Water Heater
- cc. 1 Dearborn Heater
- dd. 1 Table
- ee. 4 Chairs
- ff. 1 Chest Of Drawers
- gg. 2 Double Beds

(Cabin No. 5)

- hh. 1 Gas Stove
- ii. 1 Hot Water Heater
- jj. 1 Dearborn Heater
- kk. 1 Table
- ll. 5 Chairs
- mm. 2 Double Beds

(Cabin No. 6)

- nn. 1 Gas Stove
- oo. 1 Hot Water Heater
- pp. 1 Refrigerator
- qq. 1 Dearborn Heater
- rr. 1 Table
- ss. 2 Double Beds
- tt. 4 Chairs

(Storage Cabin)

- uu. 1 Sunray Stove
- vv. 1 Table
- ww. 1 General Electric Radio (Transmitter & Receiver)
- xx. 2 Single Beds
- yy. 2 Tables
- zz. 1 Sieg Heater
- AA. 3 Chairs
- BB. 1 Hot Water Heater

(Cabin No. 26)

- CC. 1 Electric Stove
- DD. 1 Bed
- EE. 1 Chest Of Drawers

(Cabin No. 47)

- FF. 1 Refrigerator
- GG. 1 Bed
- HH. 4 Chairs

9. Shower Building

- A. 1 Rheem Heater
- B. 2 Electric Hot Water Heaters
- C. 1 Washer
- D. 1 Dryer

10. Generator Building

- A. 1 400 KVA Gas Over Diesel Generator.
- B. 1 Approximately 500 Gallon Fuel Tank
- C. Miscellaneous Wire, Etc.

11. Heavy Equipment

- A. Military Jeep Truck
- B. Snow Plow
- C. Tractor with Backhoe and Front Loader

THIS LISTING IS UNDERSTOOD TO BE APPROXIMATE AND THE PARTIES AGREE THAT A FINAL LIST WILL BE PREPARED WITHIN 30 DAYS AFTER CLOSING.

Date: 5-3-82

Moki, Inc.

By: Colleen I. Schulz
Colleen I. Schulz,
President

Arthur C. Cullivan
Arthur C. Cullivan
Vice-President

Wesley R. Schulz
Wesley R. Schulz
Secretary

Virginia M. Cullivan
Virginia M. Cullivan
Treasurer

Nancy Lecklider
Nancy Lecklider

Robert Lecklider, by his attorney in fact, Nancy C. Lecklider
Robert Lecklider

Robert Ashton
Robert Ashton

Lester R. Hulsey
Lester R. Hulsey

Taxes:

Moki, Inc

Box 950

Narriman, Route

Klamath Falls, Oregon
97601

Return after recording:
Mountain Title Co. Inc
add: Mary
Collection Escrow

STATE OF OREGON,
County of Klamath)
Filed for record at request of

on this 30th day of April A.D. 19 85
at 3:20 o'clock P M, and duly
recorded in Vol. m85 of Misc.
Page 6280

EVELYN BIEHN, County Clerk

By Pam Smith Deputy

Fee 77.00