

CONTRACT OF SALE

THIS AGREEMENT between DALE M LEWIS and KAYOKO LEWIS, husband and wife, as seller, hereinafter called "Seller", and PHILLIP and MARLYN THOMAS, husband and wife, as purchaser, hereinafter called "Purchaser":

PROPERTY. Purchaser agrees to purchase from Seller the real property described in Exhibit "A".

PURCHASE PRICE. In consideration therefore, Purchaser will pay to Seller the sum of \$35,000.00, of which sum \$3,500.00 shall be paid upon the execution of this agreement. The remaining \$31,500.00 shall be paid in monthly payments of \$300.00 per month, which interest shall accrue at the rate of 8.5% percent per annum beginning March 1, 1987. The first payment called for herein shall be due on or before the ~~15th~~ day of April, 1987, with a like payment due on the 1st day of each month thereafter until the entire amount, both principal and interest, has been paid in full. All payments shall be applied first to accrued interest and then to principal. In the event any of the said monthly installments are paid more than five (5) days after the due date, there shall accrue a late charge of \$25.00. Payment shall be paid to Seller herein, DALE M LEWIS at 304 Sandhill Rd. Las Vegas, Nv. 89110, or at such other place as may be designated from time to time as desired by the Seller herein.

RIGHT OF PREPAYMENT. Purchaser shall have the right of prepayment without penalty; provided, however, that all such prepayments shall be in addition to, and not in lieu of, the monthly payments called for herein.

PROPERTY TAXES. Property taxes shall be prorated between the parties as of March 1, 1987. Thereafter, it shall be the responsibility of Purchaser to pay all taxes, liens and assessments levied against the property when due and prior to delinquency.

FIRE INSURANCE. Until the purchase price is paid in full, Purchaser shall maintain fire insurance with extended coverage upon the improvements located thereon in an amount equal to their full insurable value, which policy shall contain a loss payable clause showing the interest of Seller therein. In the event of loss, all proceeds shall be paid first to Seller to the extent of Seller's interest therein and then to Purchaser. Purchaser shall be required to obtain such fire insurance coverage as of March 1, 1987.

UTILITY EXPENSE. All utility expense, including but not

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limited to electricity, telephone, sewer, water, propane, TV cable and fuel oil, incurred after Purchaser takes possession shall be the responsibility of Purchaser. In this regard, Purchaser acknowledges that the propane tank located upon the premises is rented from Cal Gas-Klamath Falls, of Klamath Falls, Oregon, and in that regard Purchaser shall be responsible for all rental payments due Cal Gas-Klamath Falls.

ASSIGNMENT AND SUCCESSORS. This contract cannot be assigned by Purchaser without first obtaining the written consent of Seller; provided, however, that Seller shall not unreasonably withhold such consent. In the event this contract, or any part thereof, is assigned by Purchaser without first having obtained the written consent of Seller, Seller shall have the right to declare the entire unpaid balance of the purchase price immediately due and payable.

This agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns.

WAIVER AND TIME OF THE ESSENCE. Time is of the essence, and waiver of a default hereunder shall not be construed as a waiver or evidence of any intention to waive any other default hereunder unless each such default is specifically and not impliedly waived by the other party.

DEFAULT. A default shall occur if:

1. Purchaser fails to make any payment within five (5) days after it is due.

2. Purchaser fails to perform any other obligation imposed by this contract and does not correct or commence correction of such failure within thirty (30) days after receipt of written notice from Seller specifying the manner in which Purchaser is in default.

3. Purchaser becomes insolvent, a receiver is appointed to take possession of all or a substantial part of Purchaser's properties, Purchaser makes an assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or Purchaser is the subject of an involuntary petition in bankruptcy which is not dismissed within 90 days. If Purchaser consists of more than one person or entity, the occurrence of any of these events as to any one such person or entity shall constitute a default hereunder.

REMEDIES OF SELLER. In case of default by Purchaser, Seller shall be entitled to the rights granted by law, including but not limited to the following rights:

1. To declare forfeited all sums of money previously paid by Purchaser, and to retake possession of the property, with all money previously paid to be declared

reasonable rent for the property from the date of possession to the time of such forfeiture and as liquidated damages for Purchaser's failure to keep this agreement according to its terms.

2. To sue Purchaser for any installment that may be due plus interest thereon.

3. To sue Purchaser in equity to compel the specific performance of this agreement.

4. To declare the entire unpaid balance due and payable at once.

ATTORNEY'S FEES. In any suit or action brought on this contract or in relation thereto, the prevailing party in such suit or action shall be entitled to recover, in addition to all other sums allowed by law, such sums as the court may adjudge to be reasonable as attorney's fees both in the lower court and on appeal, whether such suit or action is for enforcement, rescission or novation of any or all of the provisions herein.

EXAMINATION OF PROPERTY. Purchaser has examined the property herein described and is familiar with the same and is entering into this agreement based upon Purchaser's examination thereof and is not in any manner relying upon any representations made by Seller, Seller's agents or representatives.

ZONING.

Purchaser acknowledges having had an opportunity to review the zoning laws applicable to the property being purchased by Purchaser.

COVENANTS OF PURCHASER. Purchaser covenants and agrees:

1. To maintain the property in as good condition as it now is, normal wear and tear excepted.

2. To allow Seller, Seller's agents and representatives, to come upon the property at reasonable times and in a reasonable manner to make an inspection of the property.

NOTICES. All notices deemed necessary by the parties shall be in writing and shall either be delivered to the other party in person or by mailing said notice to the other party at the addresses hereinafter set forth. All notices mailed shall be sent by certified or registered mail, return receipt requested. All notices mailed pursuant to this provision shall be conclusively deemed received five (5) days after mailing. The addresses of the parties, unless changed by appropriate notice, shall be as follows:

SELLER: Mr. & Mrs Dale Lewis s
304 Sandhill Rd.
Las Vegas, Nevada 89110

Bly Oregon 97622

BUSINESS LICENSES. The parties acknowledge that the property being purchased by Purchaser includes a restaurant. In this regard, it shall be the obligation of Purchaser to obtain any licenses necessary to enable Purchaser to continue to utilize the premises for restaurant and related purposes. Sell agrees to execute any documents necessary to enable Purchaser to obtain such licenses; provided, however, that all expense incurred in connection with the obtaining of such licenses shall be the responsibility of Purchaser.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year indicated below.

Dated: 5/15/87By Dale M. Lewis
Dale Lewis SELLERDated: 5/15/87By Kayoko Lewis
Kayoko Lewis SELLERDated: April 6, 87By Phillip A. Thomas
Phillip Thomas BUYERDated: April 6, 87By Marlyn M. Thomas
Marlyn Thomas BUYER

STATE OF NEVADA

COUNTY OF CLARK

On this 15th day of MAY, 1987, personally appeared before me the above named DALE M LEWIS and KAYOKO LEWIS, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



DONALD L. MURSCHEL
Notary Public-State of Nevada
COUNTY OF CLARK
My Appointment Expires:
June 9, 1990

By Donald L. Murschel
Notary Public

STATE OF OREGON

COUNTY OF KLAMATH

On this 6th day of APRIL, 1987, personally appeared before me the above named PHILLIP and MARLYN THOMAS, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

By Robert Biehn
Notary Public

my Commission expires 1/28/91

-4-

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Phillip Thomas the 27th day
of Jan. A.D., 19 89 at 2:49 o'clock P M., and duly recorded in Vol. M89,
of Deeds on Page 1794.

Evelyn Biehn County Clerk

By Caroline Mullendore

FEE \$23.00

Return: Phillip Thomas
P.O. Box 83
Bly, Or. 97622