

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 25 day of July, 1989, by and between SHING FONG SEID aka JERRY SEID, hereinafter referred to as "Vendor" and KIT FAN SEID aka ALICE SEID, hereinafter referred to as "Purchaser":

W I T N E S S E T H :

WHEREAS, Vendor, and Purchaser are the owners, as tenants in common, of the real property hereinafter described, and

WHEREAS, the Purchaser heretofore since July 25, 1983 and currently under, HO WAH OF OREGON, INC., an Oregon corporation have been conducting the business of managing rental property and the operation of a restaurant on part of the real property owned by the parties hereto, and

WHEREAS, it is the desire of Vendor to convey all of his interest in and to the real property involved to Purchaser and to convey to Purchaser all of his stock in said corporation.

NOW THEREFORE, in consideration of the above recitals and the terms hereinafter set forth, the parties hereto agrees as follows:

1.

Purchase Price and Terms:

Vendor, agrees to sell and Purchaser agrees to purchase all of Vendor's stock in HO WAH OF OREGON, INC., an Oregon corporation. Vendor agrees that the transfer of his stock also includes the transfer and release of any claims, loans, advances or any benefit or entitlement that Vendor may have, or claim to have, as a result of his stock ownership and involvement in said corporation.

Vendor also agrees to sell to Purchaser all of this interest in and to the real property described in Exhibit "A", which is attached hereto, and by this reference incorporated herein.

The purchase price for the subject real property and Vendor's

CONTRACT OF SALE
Page 1

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KLAMATH FALLS, OREGON 97601

A-5

stock and ownership in said corporation which Vendor agrees to accept and Purchaser agrees to pay is the sum of \$236,903.53 payable as follows:

(A) The sum of \$70,000.00 cash consideration paid concurrently with the execution of this agreement.

(B) The sum of \$12,468.56 representing balance of Vendor's obligation to the purchaser as an off-set.

(C) The remaining balance of \$154,434.97 shall be paid in monthly installments of not less than \$1,293.51 including interest at the rate of eight (8%) percent per annum on the unpaid balances, with the first of such installments to be paid on or before the 30th day after the closing of escrow, and subsequent installments to be paid on or before the 15th day of each month thereafter until the entire purchase price, principal and interest, is paid in full.

JS (C) Interest on the unpaid balance shall commence on August 1, 1989.

(D) Purchaser shall have the privilege of increasing any payment or prepaying the whole consideration at any time.

2.

Taxes and Assessments:

Purchaser agrees to pay, when due and payable all taxes and assessments which are thereafter levied against the Property and to keep the Property free from all public, municipal and statutory liens which may be thereafter lawfully imposed upon the Property.

3.

Insurance:

Purchaser shall procure and maintain policies of all-risk coverage on a replacement cost basis, covering all improvements on the subject real property in an amount equal to the full insurable value with loss payable to the parties hereto and the mortgagees, as their respective interest may appear, at the time of loss. Purchaser shall deliver to Vendor certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled nor diminished without a minimum of ten (10) days

CONTRACT OF SALE

Page 2

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KLAMATH FALLS, OREGON 97601

AS

written notice to Vendor. In the event of loss, Purchaser shall give immediate notice to Vendor and Vendor may make proof of loss if Purchaser fails to do so within 15 days of the casualty.

Purchaser shall also keep the personal property described above similarly insured against such loss.

Purchaser shall indemnify and defend Vendor from any claim, loss or liability arising out of or related to any activity of Purchaser on the property or any condition of the property.

During the term of this contract, Purchaser shall maintain public liability and property damage insurance in a responsible company. Such insurance shall cover all risks arising directly or indirectly out of Purchaser's activities on or any condition of the Property, whether or not related to an occurrence caused or contributed to by Vendor's negligence, and shall protect Vendor and Purchaser against claims of third persons.

4.

Possession:

- (a) The Purchaser shall be entitled to possession of the subject premises immediately upon execution of this Agreement.
- (b) This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring the fee title to the property should check with the appropriate city or county planning department to verify approved uses.
- (c) Vendor hereby transfers and assigns to Purchaser all existing leases encumbering the subject premises, and all future rents shall be the property of Purchaser.

5.

Improvements their Alteration and Repair:

If Purchaser shall undertake the construction or renovation of any improvements, Purchaser shall comply with all appropriate laws, ordinances, regulations, directions, rules, and other re-

CONTRACT OF SALE
Page 3

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KLAMATH FALLS, OREGON 97601



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quirements of all governmental authorities. Purchaser may contest, in good faith, any such requirements and withhold compliances during any proceeding, including appropriate appeals, so long as Vendor's interest in the property is not at all jeopardized. In the event that construction liens of any sort are filed against the subject real property, Purchaser shall remove the same within thirty (30) days of the filing or post a surety bond issued by a surety licensed to issue same in the State of Oregon in the full amount claims. Said bond shall be delivered to Vendor within said thirty (30) day period.

6.

Covenants of Title and Delivery of Deed:

- (a) Vendor covenants that Vendor is in title to the subject real property as a Tenant in Common with Purchaser and that title to same is free and clear of all encumbrances, excepting:

Those set forth on Exhibit "B" and by reference incorporated herein.

- (b) Concurrently herewith Vendor shall execute and deliver unto the escrow agent hereinafter designated a good and sufficient Warranty Deed conveying the subject real property, free and clear of all liens and encumbrances, except as above provided and any placed upon the property by Purchaser subsequent to the date of this Agreement.
- (c) Additionally, Vendor, shall assign and deliver to Purchaser all his stock in Ho Wah of Oregon, Inc.

7.

Escrow Arrangements:

As soon as practicable following the execution of this agreement, the parties shall deliver in escrow to Aspen Title & Escrow, Inc., of Klamath Falls, Oregon:

- (a) An unrecorded Warranty Deed executed by Vendor
- (b) An executed copy of this Agreement.

CONTRACT OF SALE
Page 4

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KLAMATH FALLS, OREGON 97601

A-8

The parties hereby hereby instruct said escrow agent to received for Vendor's account the balance of the installment payments provided for herein. Upon full payment of the principal and interest provide for herein, the escrow agent shall deliver to Purchaser the instruments specified above. 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 Vendor, upon demand and without notice to Purchase, all of the documents specified in the preceding paragraph and this escrow shall be considered thereby terminated.

8.

Default provisions:

- (1) Time is of the essence of this Contract. A default shall occur under any of the following circumstances:
 - (a) Failure of Purchaser to cure any payment delinquency within thirty (30) days, followed by a sixty (60) day notice of such default. (Note: In essence Purchaser shall have 90 days within which to make any delinquent payment). Notice shall be sent by Certified Mail addressed to Purchaser at 2021 Kimberly Drive, Klamath Falls, Oregon 97603 or Purchasers last-known address and it shall be deemed received on the day following its mailing.
- (2) In the event of a default, Vendor may take any one or more of the following steps:
 - (a) Declare the entire balance of the purchase price and interest immediately due and payable;
 - (b) Foreclose this contract by suit in equity;
 - (c) Specifically enforce the terms of this contract by suit in equity;
 - (d) Declare this contract null and void as of the date of the breach and retain as liquidated damages the amount of the payments previously made hereunder. In such event, all of the right, title and interest of Purchaser to the Property shall revert to and be vested in Vendor without any act of re-entry or

CONTRACT OF SALE

Page 5

ENVER BOZGOZ

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KLAMATH FALLS, OREGON 97601



without any other act by Vendor to be performed, and Purchaser agrees to peaceably surrender the Property to Vendor.

- (3) The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

9.

Attorney Fees:

In the event of litigation respecting any of the terms or provisions of this agreement, or for rescission of same, the prevailing party shall be entitled to an award of reasonable attorney fees incurred at trial and on appeal.

10.

Successor Interests:

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.

11.

Representations and Conditions of Property

Purchaser accepts the land, buildings, improvements and all other aspects of the Property in their present condition, AS IS, including latent defects, without any representations or warranties, express or implied, unless they are in writing signed by the Vendor. Purchaser agrees that he has ascertained, from sources other than the Vendor, the applicable zoning, building, housing and other regulatory ordinances and laws and that he accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended use of the Property, and Vendor has made no representations with respect thereto.

12.

Miscellaneous:

Either Ho Wah of Oregon, Inc., or the parties to this agreement, have, through the years, either jointly or severally

operated a restaurant and rental income business on the real property covered by this agreement with the Purchaser having operated the businesses for the past several years.

It is specifically agreed that neither party hereto is required to account in any fashion to the other for any proceeds received during any such operation, nor is the corporation, Ho Wah of Oregon, Inc., required to do so, as it might be involved in any such operation, with any benefits or entitlement that might be involved flowing to Purchaser as well as any obligations. That Purchaser shall indemnify and defend Vendor from any claim, loss or liability arising out of or related to any activity of Purchaser on the property, restaurant and rental income business during the period of time that Purchaser operated said restaurant and rental income business.

By this agreement Vendor is releasing and agreeing to convey any right, title or interest he might have in and to the real estate and the businesses involved, hereby completely disentangling the parties, with the Purchaser being the sole owner of the real property involved and the sole owner of all of the stock of Ho Wah of Oregon, Inc., and entitled to all of the benefits, entitlements or liabilities in connection therewith.

The assets involved in this Agreement have an agreed upon value of \$650,000.00.

From that amount has been deducted six mortgages, or deeds of trust; one owed to U. S. National Bank of Oregon, Town and Country Branch, Klamath Falls, with a principal balance of \$28,382.10, with interest thereon paid to July 1, 1988 and five mortgages or trust deeds owed to Klamath First Federal Savings and Loan Association with the unpaid balances on those as follows:

\$45,938.06
\$26,304.23
\$27,471.09
\$40,030.80

\$ 8,056.66, with interest on all of these five (5) balances paid to July 20, 1988.

Purchaser assumes and agrees to pay the foregoing notes, mortgages and/or deeds of trust against said property as set out in Exhibit "B" and by reference incorporated herein, on which the balance currently due is \$176,192.94. This sum deducted from

CONTRACT OF SALE
Page 7

ENVER BOZGOZ
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KLAMATH FALLS, OREGON 97601

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the agreed upon value of \$650,000.00 leaves a balance of \$473,807.06. Vendor's share of the \$473,807.06 is \$236,903.53.

(NOTE: Purchaser specifically agrees to make all payments on the various mortgages, or notes and trust deeds, involved and agrees to save Vendor harmless from any liability in connection therewith and shall show evidence of such payments having been made at all reasonable times upon written request of Vendor.)

The parties hereto have been involved in a dissolution proceeding and various hearings resulting in a Decree and Orders being entered into the matter of the Dissolution of the marriage of Kit Fan Seid aka Alice Seid, Petitioner and Shing Fong Seid, aka Jerry Seid, Case No. 79-706-E-1 in the Circuit Court of the State of Oregon for Klamath County. Each party hereto agrees that with the execution of this agreement, all the terms and conditions of the Decree and Orders have been fully complied with, that a stipulation will be entered into satisfying and discharging all of those obligations of record and acknowledging full settlement of the terms and conditions of the Decree and subsequent Orders.

In accordance with the original Decree, dated March 5, 1983, Vendor has a judgment against Purchaser in the sum of \$7,400.00, the interest on said judgment at 9.00 % from March 5, 1983 through July 25, 1988, is \$3,588.44, for a total obligation of \$10,988.44.

In accordance with the Order dated July 25, 1983, Vendor to reimburse the Purchaser for one-half of the \$26,808.00 (Vendor's obligation is \$13,404.00) which Purchaser paid to Klamath First Federal Savings and Loan in order to bring the delinquencies existing at that time current. Purchaser was to be reimbursed with interest thereon at the rate of 15% from July 25, 1983 through July 25, 1988. (\$13,404.00 at 15% for a total interest of \$10,053.00) for a total obligation, principal and interest of \$23,457.00 deducting therefrom the amount of Purchaser's obligation to the Vendor in the amount of \$10,988.44 leaves Vendor's obligation totally \$12,468.56, to correctly settle and adjust the Decree and various Court Orders.

Purchaser agrees that Vendor shall have no further obligation or responsibility concerning said \$26,808.00 with accumulated interest, and agrees to hold Vendor harmless from any liability in connection therewith.

Vendor agrees that Purchaser shall have no further obligation or responsibility concerning the \$7,400.00 with accumulated interest and agrees to hold Purchaser harmless from any liability in connection therewith.

CONTRACT OF SALE
Page 8

ENVER BOZGOZ
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1135 PINE STREET
KLAMATH FALLS, OREGON 97601

A-S

From Vendor's share of \$236,903.53, upon deducting from it the \$70,000.00 down payment, and the sum of \$12,468.56 representing the balance of Vendor's obligation per Court order of 7/25/83 after off-set of Purchaser's obligation, per Decree of Dissolution of March 5, 1983, leaves a balance owing Vendor of \$154,434.97 which will be paid in monthly installments of \$1,293.51 including interest at 8% per annum for the next 20 years.

Vendor agrees that he will not engage in any kind of restaurant or allied businesses, within a radius of thirty miles, from the real property involved in this agreement for a period of twenty (20) years. Interest to run from July 1, 1988 until paid.

Concurrently herewith, Vendor has delivered to Purchaser all the parties stock in South Valley Bank.

Vendor hereby resigns as an Officer and Director of Ho Wah of Oregon, Inc., and Oregon Corporation.

13.

Notices

Any notice under this contract shall be in writing and shall be effective when actually delivered or when deposited in the mail, registered or certified, addressed to the Purchaser at 5430 South Sixth Street, Klamath Falls, Oregon 97603. Any notice to Vendor shall be made at 2804 S. E. 48th, Portland, Oregon 97206.

14.

Captions

All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this contract.

This Agreement was prepared on behalf of Vendor

IN WITNESS WHEREOF, we have hereby executed this Agreement in triplicate on the day and year first above mentioned.

CONTRACT OF SALE
Page 9

ENVER BOZGOZ
ATTORNEY AT LAW
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KLAMATH FALLS, OREGON 97601

D-5


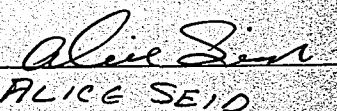
VENDOR:



SHING FONG SEID aka JERRY SEID

PURCHASER:

 
KIT FAN SEID aka ALICE SEID

7/25/89 - seventy-thousand dollars and no/100 -
\$70,000 shall be paid to Aspen Title Company
within 30 days, or sooner

 
KIT FAN SEID, aka ALICE SEID

 CONTRACT OF SALE
Page 10

ENVER BOZGOZ
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KLAMATH FALLS, OREGON 97601

D.S

EXHIBIT "A"

PARCEL 1: Lot 4, Block 1, BAILEY TRACTS #2, in the County of Klamath, State of Oregon, EXCEPT THEREFROM the North 205 feet thereof

PARCEL 2: Lots 5, 6, 7 and 8, Block 1, BAILEY TRACTS #2, in the County of Klamath, State of Oregon.

EXHIBIT "A"



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A-S

EXHIBIT "B"

MORTGAGES, NOTES OR TRUST DEEDS OWED TO KLAMATH FIRST
FEDERAL SAVINGS AND LOAN ASSOCIATION

Account # 0140527

PRINCIPAL \$45,938.06

Interest rate 9.75

Interest paid to 7/1/88

Account #0140666

PRINCIPAL \$26,304.23

Interest rate 9.75

Interest paid to 7/1/88

Account #9140666

PRINCIPAL \$27,471.09

Interest rate 9.75

Interest paid to 7/1/88

Account #9240666

PRINCIPAL \$40,030.80

Interest rate 9.75

Interest paid to 7/1/88


Account #9340666

PRINCIPAL \$ 8,066.66

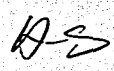
Interest rate 9.75

Interest paid to 7/1/88

EXHIBIT "B"-Page 1



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MORTGAGES, NOTES OR TRUST DEEDS OWED TO UNITED STATES NATIONAL
BANK OF OREGON

Account #000350920

PRINCIPAL


\$28,382.10

Interest rate

9.75

Interest paid to

7/0/88

 EXHIBIT "B"-Page 2

ENVER BOZGOZ
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KLAMATH FALLS, OREGON 97601

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EXHIBIT "C"

1. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Enterprise Irrigation District.

2. Regulations, including levies, liens, assessments, rights of way and easements of the South Suburban Sanitary District, and as per Ordinance No. 29, recorded May 24, 1983 in Book M-83 at page 8062 and as per Ordinance No. 30, recorded May 30, 1986 in Book M-86 at page 9346.

3. Easement, including the terms and provisions thereof:

Dated : May 19, 1964
 Recorded : June 3, 1964
 Book : 353
 Page : 291
 In favor of : State of Oregon, by and through its
 State Highway Commission
 For : Relocation of irrigation facilities over
 the 5 feet Southerly and adjacent of the
 Northerly line of Lots 4 and 5

4. Easement, including the terms and provisions thereof:

Dated : May 27, 1964
 Recorded : June 16, 1964
 Book : 353
 Page : 529
 In favor of : State Highway Commission

5. Easement, including the terms and provisions thereof:

Dated : February 5, 1964
 Recorded : February 19, 1964
 Book : 351
 Page : 203
 In favor of : State Highway Commission
 To : Maintain slopes of cuts or fills

6. Easement, including the terms and provisions thereof:

Dated : June 4, 1964
 Recorded : June 23, 1964
 Book : 354
 Page : 69
 In favor of : State Highway Commission

7. Limited access in deed to State of Oregon by and through its State Highway Commission, which provides that no right or easement of right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property

Recorded : February 1, 1968
Book : M-68
Page : 794

8. Any improvements located upon the insured property, which constitutes a mobile home as defined by Chapter 801.340, Oregon Revised Statutes, is subject to registration and taxation as therein provided and as provided by Chapter 308, Oregon Revised Statutes.

9. Mortgage, including the terms and provisions thereof to secure the amount noted below and other amounts secured thereunder, if any:

Mortgagor : Jerry Seid and Alice C. Seid, husband and wife
Mortgagee : First Federal Savings and Loan Association of Klamath Falls, a Federal Corporation
Dated : April 17, 1975
Recorded : April 18, 1975
Book : M-75
Page : 4192
Amount : \$75,000.00

Assignment of rentals, given as additional security to the mortgage shown above

Recorded : April 18, 1975
Book : M-75
Page : 4194

10. Mortgage, including the terms and provisions thereof to secure the amount noted below and other amounts secured thereunder, if any:

Mortgagor : Jerry Seid and Alice C. Seid, husband and wife
Mortgagee : First Federal Savings and Loan Association of Klamath Falls, a Federal Corporation
Dated : November 13, 1975
Recorded : November 14, 1975
Book : M-75
Page : 14385
Amount : \$45,000.00

The lien of the above mortgage was subordinated by instrument to the lien of the mortgage shown as Exception No. 11
Dated : December 5, 1977

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KLAMATH FALLS, OREGON 97601

EXHIBIT "C"
Page -2-

45

Recorded : February 10, 1978
 Book : M-78
 Page : 2481
 Re-recorded : February 17, 1978
 Book : M-78
 Page : 3127

11. Mortgage, including the terms and provisions thereof to secure the amount noted below and other amounts secured thereunder, if any:

Mortgagor : Ho Wah of Oregon, Inc., an Oregon corporation
 Mortgagee : United States National Bank of Oregon
 Dated : January 26, 1978
 Recorded : February 9, 1978
 Book : M-78
 Page : 2455
 Amount : \$56,000.00

12. Unrecorded Lease, including the terms and provisions thereof:

Dated : January 26, 1978
 Lessor : Sing Fong Seid and Kit Fan Seid
 Lessee : Gordon R. Sellars and Karen Sellars
 as disclosed by Assignment of Lease:
 Recorded : February 9, 1978
 Book : M-78
 Page : 2458

The above lease was assigned by instrument:

To : United States National Bank of Oregon,
 a National Banking association
 Recorded : February 9, 1978
 Book : M-78
 Page : 2459

The lien of the above lease was subordinated by instrument to the lien of the mortgage shown as Exception No. 11

Recorded : February 9, 1978
 Book : M-78
 Page : 2460

13. Lease, including the terms and provisions thereof:

Dated : May 26, 1978
 Recorded : May 1, 1981
 Book : M-81
 Page : 7694
 Between : Sing Fong Seid and Kit Fan Seid
 To : Gordon R. Sellars and Karen Sellars

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14. Mortgage, including the terms and provisions thereof to secure the amount noted below and other amounts secured thereunder, if any:

Mortgagor : E. W. G. Development Company
 Mortgagee : Doris Achor Trustee for the Doris Achor Trust
 Dated : October 7, 1981
 Recorded : October 9, 1981
 Book : M-81
 Page : 18258
 Amount : \$4,000.00
 (Covers Additional Property)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Enver Bozgoz the 10th day
 of Aug. A.D., 19 89 at 10:12 o'clock A M., and duly recorded in Vol. M89,
 of Deeds on Page 14788

FEE \$88.00

Evelyn Biehn County Clerk

By

Dorise Muckeladore

EXHIBIT "C"
 Page -4-

Att. ENVER BOZGOZ
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A-5