

MTC 1306 8013

MEMORANDUM OF OPTION AGREEMENT AND
AGREEMENT OF PURCHASE AND SALE

Date: ~~September~~ Nov. 13, 1996 ("Effective Date")

Between: LONGHORN RESTAURANT AND SALOON, INC.
an Oregon corporation ("Owners")

And: DAVID A. SMITH
GARY EPPERSON ("Optionee")

Pursuant to an Option Agreement and Agreement of Purchase and Sale dated this same date, Owner has granted to Optionee an option to purchase Owner's interest in that certain property in Klamath County, Oregon, more particularly described in the attached Exhibit "A". The option agreement provides for an option to purchase in the Optionee by the 31st day of August, 1997. If exercised, the true and actual consideration for the conveyance is One Hundred Fifty Thousand and No/100ths Dollars (\$150,000.00.).

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 ANY INTEREST IN OR TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

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MEMORANDUM OF OPTION AGREEMENT AND AGREEMENT OF PURCHASE AND SALE - 1

AFTER RECORDING RETURN TO:
AmeriTitle
222 S. 6th Street
Klamath Falls, OR 97601

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Until a change is requested, all tax statements shall be sent to the following address: Stanley and Janet Petersen, 28585 Hwy. 70, Bonanza, Oregon, 97623.

IN WITNESS WHEREOF, the parties have caused this memorandum to be executed as of the day and year first above written.

OWNER:

LONGHORN RESTAURANT AND SALOON, INC.

By: Stanley Petersen, President
Stanley Petersen, President

By: Janet Petersen, Secretary/Treasurer
Janet Petersen, Secretary/Treasurer

OPTIONEE:

David A. Smith
DAVID A. SMITH

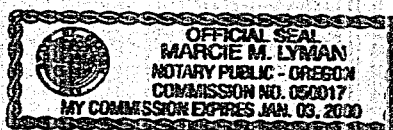
Gary Epperson
GARY EPPERSON

STATE OF OREGON)

) ss.

County of Klamath)

Oct. 24, 1996 and
 On ~~September~~ *Oct.* 23, 1996, before me, the undersigned Notary Public for the State of Oregon, personally appeared STANLEY PETERSEN and JANET PETERSEN, who, being duly sworn, each for himself/herself and not for the other, did say that the former is the president and that the latter is the secretary/treasurer of the LONGHORN RESTAURANT AND SALOON, INC., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.



Marcie M. Lyman
 NOTARY PUBLIC FOR OREGON

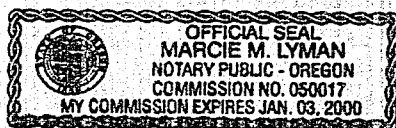
My Commission Expires: *Jan. 3, 2000*

STATE OF OREGON)

) ss.

County of Klamath)

Nov.
 On ~~September~~ *Nov.* 13, 1996, before me, the undersigned Notary Public for the State of Oregon, personally appeared DAVID A. SMITH and GARY EPPERSON who are known to me to be the individuals described in the within instrument and who acknowledged the execution of the within instrument to be their voluntary act and deed.



Marcie M. Lyman
 NOTARY PUBLIC FOR OREGON

My Commission Expires: *Jan 3, 2000*

PARCEL 1:

The West 25 feet of the following described property, in the County of Klamath, State of Oregon:

Commencing at the Southeast corner of Block 12, FIRST ADDITION TO THE TOWN OF BONANZA and running thence West along the South line of said Block, a distance of 75 feet; thence North a distance of 48' 3 1/2" more or less to the Southeast corner of parcel conveyed to Bray in Book 163 at Page 253, Deed Records; thence East along the South line of said Bray Parcel to the Southeasterly line of said Block 12; thence Southwesterly a distance of 58' 6 1/4" more or less to the point of beginning.

PARCEL 2:

That part of Block 12, FIRST ADDITION TO BONANZA, in the County of Klamath, State of Oregon, described as follows:

Commencing at a point in the Southeasterly line of Block 12 of First Addition to Bonanza, which point is in the intersection of the Southeasterly line of said Block 12 with the centerline of the Southerly wall of the building located on the premises herein described and which said point is North 33 3/4" East 58 feet 6 1/2 inches, more or less, from the Southeast corner of said Block 12; thence continuing North 33 3/4" East along the said Southeasterly line of said Block 12, 31 feet 6 1/4 inches, more or less, to the North line of said building, and being the East and West centerline of said Block 12, thence Westerly parallel with the South line of said Block a distance of 124.74 feet; thence South 26 feet 4 1/2 inches; thence East to the place of beginning.

PARCEL 3:

Beginning at the Northeast corner of Block 12 of the FIRST ADDITION TO THE TOWN OF BONANZA, OREGON; thence West 170 feet; thence Southerly 75 feet; thence Easterly 120 feet; thence Northeasterly 90 feet to beginning, being the N 1/2 of Block 12, LESS the Westerly 80 feet described in Book 33 at Page 316, Deed Records, LESS description in Book 42 at Page 539, Deed Records, in the County of Klamath, State of Oregon.

PARCEL 4:

Commencing at the Southeast corner of Block 12, FIRST ADDITION TO TOWN OF BONANZA and running thence West along the South line of said block a distance of 75 feet; thence North a distance of 48' 3 1/2" more or less to the Southeast corner of parcel conveyed to Bray in Book 163 at Page 253, Deed Records; thence East along the South line of said Bray parcel to the Southeasterly line of said Block 12; thence Southwesterly a distance of 58' 6 1/4" more or less to the point of beginning.

EXCEPTING THEREFROM the West 25 feet of the hereinabove described property measured parallel to the Westerly boundary.

CODE 11 MAP 3911-10CA TL 5500
CODE 11 MAP 3911-10CA TL 5500
CODE 11 MAP 3911-10CA TL 5300

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Trust Deed dated January 19, 1990, and recorded January 22, 1990, in Volume M90, at Page 1505, between Stanley Petersen and Janet Petersen, as Grantors, Aspen Title Escrow, Inc., as Trustee, and Stanley A. Scrivner dba Country Boy's Cafe and Lounge, as Beneficiary, securing the original amount of \$150,000.00.

2. City liens, if any, of the City of Bonanza.

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

4. Agreement, including the terms and provisions thereof:

Regarding : Party Wall Agreement
Recorded : March 16, 1944
Book : 163
Page : 251
Affecting : The North line of herein described property

5. Agreement, including the terms and provisions thereof:

Regarding : Agreement as to use of real property
Between : F. W. Bold & Son
And : J. L. Sparretorn
Recorded : July 7, 1930
Book : 91
Page : 443

6. Easement, including the terms and provisions thereof:

For : Ingress and Egress
Recorded : August 31, 1987
Book : M-87
Page : 15774
Fee No. : 78735

7. Federal tax lien against Longhorn Restaurant and Saloon, Inc., an Oregon corporation, dated March 18, 1996, in the amount of \$17,498.78.

36961

8. Federal tax lien against Longhorn Restaurant and Saloon, Inc., an Oregon corporation, dated March 18, 1996, in the amount of \$98,317.35.

9. Federal tax lien against Longhorn Restaurant and Saloon, Inc., an Oregon corporation, dated April 15, 1996, in the amount of \$4,561.88.

EXHIBIT "A" - Page 3 of 3

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 25th day
of November A.D., 1996 at 11:21 o'clock A.M., and duly recorded in Vol. M96,
of Mortgages on Page 36956.

FEE \$55.00

Bernetha G. Letsch County Clerk

By Ruthen Ross