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CONTRACT OF SALE

This agreement is made as of the 24th day of July, 1999, by and between LARRY GARCIA and PATRICIA GARCIA, herein called SELLERS, VENDORS OR SECURED PARTY, and NELSON MARK GOHLKE and MARGARET GRACE, PURCHASERS;

WITNESSETH:

Sellers own the real property in Klamath County, Oregon, described as follows, to-wit:

Lots 1, 2, 3, 4, 20, 21, 22 and 23, Block 11, SPRAGUE RIVER, in the County of Klamath, State of Oregon.

Said real property is improved with a community store, Deli and United States Post Office and the furnishings and fixtures described on Exhibit A, attached hereto and incorporated herein by this reference.

Sellers agree to sell the Property to Purchasers and Purchasers agree to buy the Property from Sellers for the price and on the terms and conditions set forth below:

1. PURCHASE PRICE; PAYMENT

A. Purchase Price: Purchasers promise to pay Sellers as the purchase price for the Property the principal sum of \$150,000.00.

B. Payment of Purchase Price: The purchase price shall be paid as follows:

(1) Down Payment: Purchasers have paid to Sellers the sum of \$1,000.00 as earnest money and shall pay to Sellers at the time of execution of the contract the further sum of \$31,000.00 for a total down payment of \$32,000.00.

OC MARGARET GRACE
P.O. BOX 63
SR 97639

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81.00

(2) **Installment Payments:** The balance of the purchase price of \$118,000.00 shall be paid as follows: Purchases shall pay to Sellers monthly installments of not less than \$1127.67 each, including interest. The first such installment shall be due and payable on or before the 15th day of October, 1999 and a like equal installment payment shall be due and payable on or before the 15th day of each month thereafter until the entire unpaid principal balance and accrued interest is paid in full.

(3) **Interest:** The unpaid principal balance of the Purchase Price shall earn interest at the rate of 8% per annum from the period from September 07, 1999 until paid in full.

(4) In the event Purchasers fail to make the monthly installment payment after ten (10) days from the said due date, Purchasers shall pay to Sellers an additional fee of \$35.00 as a penalty for each such late payment.

C. **Place of Payment:** The payment required by the Contract hereinabove, shall be made by Purchasers to Sellers at Aspen Title & Escrow, Inc., Klamath Falls, Oregon. Each payment shall be applied first to interest accrued as of the date the payment and the balance to principal.

D. **Prepayments:** Purchasers may prepay all or any portion of the unpaid purchase price without penalty. No prepayments shall excuse Purchasers from making the regular monthly payments due under this Contract until the remaining balance has been paid in full.

E. **Pay Ahead Schedule:** Purchasers may make more than 1 payment each month, and it shall be applied to each consecutive month thereafter. When Purchasers are "paid ahead" they will not be required to make that particular payment upon the due date.

F. **Inventory in Store:** The inventory in the store is not to exceed \$10,000.00 and is in addition to full sales price and is to be paid separately upon closing.

2. TAXES AND LIENS

A. **Obligation to Pay:** Purchasers shall pay when due all taxes and assessments which are levied against the Property after September 07, 1999, before the same become delinquent. Purchasers may elect to pay taxes and assessments in accordance with any available installment method.

B. **Right to Contest:** If Purchasers object in good faith to the validity or amount of any tax, assessment or lien, Purchasers, at Purchasers' sole expense, may contest the validity or amount of the tax or assessment or lien provided that Sellers' security interest in the Property is not jeopardized.

C. **Tax Statements:** Purchasers shall provide Sellers with written evidence reasonably satisfactory to Sellers that all taxes and assessments have been paid when due. Purchasers shall submit this evidence after each required payment of taxes and assessments.

D. **Liens:** Purchasers shall otherwise keep the Property free from all liens which may be lawfully imposed upon the Property after September 07, 1999.

3. POSSESSION

Purchasers are purchasing the subject property in its "AS IS" condition and specifically acknowledge that Sellers have made no representations whatsoever concerning the condition or physical quality of the subject property or its fitness for any use. Purchasers shall be entitled to possession of the property on September 07, 1999 and for so long as Purchasers are not in default of the terms of this contract.

4. MAINTENANCE

A. **Maintenance:** Purchasers shall not commit or suffer any waste of the Property and shall maintain the Property in good and clean condition.

B. **Compliance with Laws:** Purchasers shall promptly comply with all laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities applicable to the use or occupancy of the Property.

5. INDEMNIFICATION

Purchasers shall forever defend, indemnify and hold Sellers harmless from any claim, loss or liability arising out of or in any way connected with Purchasers' possession or use of the Property, Purchasers' conduct with respect to the Property or any condition of the Property. In the event of any litigation or proceeding brought against Sellers and arising out of or in any way connected with any of the above events or claims, against which purchasers agrees to defend Sellers, Purchasers shall, upon notice from the Sellers, vigorously resist and defend such actions or proceedings through legal counsel reasonably satisfactory to Sellers.

6. INSURANCE

A. **Property Damage Insurance:** Purchasers shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Property including furnishings, fixtures and equipment in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Sellers and Purchasers as their respective interests may appear. The policies shall be written in such form with such terms and by such insurance companies reasonably acceptable to Sellers. Purchasers shall deliver to Sellers certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days written notice to Sellers. In the event of loss, Purchasers shall give immediate notice to Sellers. Sellers may make proof of loss if Purchasers fail to do so within 15 days of casualty.

B. **Purchasers' Report on Insurance:** Within 30 days after the close of each contract year, Purchasers shall furnish to Sellers a report on each existing policy of insurance showing:

- (a) the name of the insurers;
- (b) the risks insured;
- (c) the amount of policy;
- (d) the property insured, the then current replacement cost of the property, and the manner of determining that cost; and
- (e) the expiration date of the policy.

Upon Sellers' request, Purchasers shall have an independent appraiser, satisfactory to Sellers, determine the replacement cost of the property.

C. Application of Proceeds: All proceeds of any insurance on the Property shall be held by Sellers. If Purchasers elect to restore the Property, Purchasers shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Sellers. Upon satisfactory proof of expenditure, Sellers shall pay or reimburse Purchasers from the proceeds for the reasonable cost of repair or restoration. If Purchasers elect not to restore the Property, Sellers shall retain a sufficient amount of the proceeds to pay all amounts due under this Contract, and shall pay the balance to Purchasers. Any proceeds which have not been paid out within 45 days after their receipt and which Purchasers have not committed to the repair or restoration of the Property shall be used to pay the accrued interest and then to prepay the principal of Purchasers' indebtedness.

7. COVENANTS OF SELLERS

Sellers warrant that Sellers are the owners of good and marketable title to the property free of all liens and encumbrances except reservations, restrictions, easements and rights of way of record and those apparent on the land and the following agreements. The Purchasers are taking the subject property subject to the terms of said agreements and hereby assume and agree to pay and perform all of the obligations set forth in said Agreement and further agree to hold Sellers harmless from any damages, costs, attorney's fees or other liability that may arise or result from the default of said agreement.

(a) Satisfaction of Mortgage recorded May 27, 1999 at Klamath County Recorder's Office, Volume M99, Page 21105 which list Lawrence E. Garcia and Patricia L. Garcia as owner(s).

The Sellers will, with the execution of this Contract, sign and acknowledge a good and sufficient Warranty Deed naming the Purchasers as the Grantees therein and conveying a marketable, fee-simple title to said property free and clear of all encumbrances as of this date and said Deed shall be placed by the Sellers in the Escrow provided. The Sellers shall also execute and place in said escrow a Bill of Sale for the personal property and fixtures included in the Sale.

The parties agree to execute escrow instructions in a form acceptable to said escrow agent directing said escrow agent to deliver all of the instruments held by it to Purchasers at such time as escrow agent has received full payment of the principal and interest required by the Agreement to be paid by Purchasers and said instruction shall direct escrow agent to deliver said instruments to Sellers in the event of Purchasers' default of this Agreement.

The parties agree that the cost of the escrow filing will be paid as follows:

(a) The initial fee being of \$30.00 and thereafter \$2.00 per 1,000.00 (approximately 330.00) will be paid in equal amounts by the Seller and the Purchaser.

(b) The monthly fee of \$5.00 per check processed (at the time of this contract), will be paid by the Buyers for the entirety of this contract.

8. LAND SALES CONTRACT

This Agreement shall constitute a Land Sales Contract under Oregon Law as to the above-described real property and any and all interests therein or any improvements now or hereafter made or constructed to or upon the real property.

9. SECURITY AGREEMENT

This Agreement shall constitute a Security Agreement within the meaning of the Oregon Uniform Commercial Code with respect to any personal property included within the description of the Property together with any substitution or replacements thereof. Upon request of Sellers, Purchasers shall execute any and all necessary Financing Statements in the form required by Oregon Law and shall file the statements at Purchasers' expense in all appropriate public offices.

10. EFFECT OF SECURITY INTERESTS

The Liens, Legal Title and Security Interests herein reserved, given and granted are reserved, given and granted to secure the payment and performance of all of the Buyers' obligations set forth in this Agreement and to secure all future credit and advances made by Sellers to or for the account of the Buyers, or either of them, to the Sellers including, but not by way of limitation, advances for loans, taxes, levies, assessments, judgments, liens, encumbrances, charges, storage, insurance and rent, and all reasonable costs and expenses incurred in the protections, storage, repair and maintenance of the Property or any part thereof and in the collection of any such indebtedness, including reasonable attorneys' fees and legal expenses and including attorneys' fees in any appeal or proceeding in any appellate court.

11. LOCATION OF THE PROPERTY

All of the Property shall be retained in the Buyers' possession on said premises at all times and at the Buyers' sole risk and responsibility and the Buyers shall protect and preserve the same against loss or damage and the Sellers may enter and inspect the condition of same at any reasonable time.

12. ASSIGNMENT

This Contract shall be binding upon and inure to the benefit of the parties, their successors, and assigns but no interest of Purchasers shall be assigned, subcontracted, or otherwise transferred, voluntarily or involuntarily. Consent by Sellers to transfer is made only upon condition that Buyers pay, in full, the principal, interest and any other fees which may be due to Sellers upon the date of transfer. Sellers must be "paid in full" prior to Buyers transfer of ownership of aforementioned Property.

13. DEFAULT

A. Events of Default: Time is of the essence of this Contract. A default shall occur under any of the following circumstances:

(1) Violation of Article 13

(2) Failure of Purchasers, on a total of three consecutive occasions, to make any payment on or before the day it is due; or

(3) Failure of Purchasers to perform any other obligation contained in the Contract within 15 days after notice from Sellers specifying the nature of the default or, if the default cannot be cured within 15 days, failure within such time to commence and pursue curative action with reasonable diligence.

B. Remedies on Default: In the event of a default, Sellers may take any one or more of the following steps:

(1) Declare the entire balance of the purchase price and interest immediately due and payable;

(2) Foreclose this contract by suit in equity;

(3) Specifically enforce the terms of this Contract by suit in equity;

(4) Declare a forfeiture of this contract in the manner provided by Oregon Revised Statutes, as hereafter amended;

(5) Exercise any remedies provided by the Oregon Uniform Commercial Code; and

(6) Sellers shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the balance due under this Contract, and any receiver appointed may serve without bond. Sellers may act as said receiver and Employment by Sellers shall not disqualify a person from serving as a receiver. Upon taking possession of all or any part of the Property, the receiver may:

(a) Use, operate, manage and control the Property and make expenditures for all maintenance and improvements as in its judgment are proper; and

(b) Collect all rents, revenues, income, issues and profits from the Property and apply such sums to the expenses of use, operation, and management.

15. BULK SALE

The parties acknowledge that the sale provided herein constitutes a bulk sale of Sellers' business. Sellers covenant and warrant that they will promptly pay all expenses and charges incurred by said business prior to the closing of this sale and that they will hold Purchasers harmless therefrom.

16. WAIVER

Failure of either party at anytime to require performance of any provision of this Contract shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

17. PRIOR AGREEMENTS

This document is the entire, final, and complete agreement of the parties pertaining to the Sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements between the parties or their representatives relating to the Property.

18. NOTICE

Any notice under this Contract shall be in writing and shall be effective when actually delivered in person or three days after being deposited in the U.S. Mail, registered or certified, postage prepaid and addressed to the party at the address stated in this Contract or such other address as either party may designate by written notice to the other.

19. COSTS AND ATTORNEY FEES

In the event Sellers or Purchasers shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this Contract, the prevailing party shall be entitled to recover from the other party all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports, surveyors reports and foreclosure reports and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with nonjudicial action.

20. LAND USE ORDINANCE

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 fee title to the property should check with the appropriate city or county planning department to verify approved uses.

21. LUMP SUM PAYMENT ON PRINCIPAL

Buyers agree that in the event any of their property/properties sell, they agree to put down an additional minimum amount of \$ 10,000.00.

22. REFINANCE OF REMAINING BALANCE

Sellers agree to refinance the remaining balance due in the event that Buyers put an additional minimum amount of \$20,000.00 cash down payment, or in a minimum of 5 years from the first payment made to Buyers.

23. POSTAL INCOME RECEIVED

Buyers acknowledge that the payment in the amount of \$500.00 received in September, 1999, is for services rendered in August, 1999, by Sellers. Buyers agree to pay Sellers the amount of \$500.00 upon receipt of this payment in the event that it is forwarded to Sellers.

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

SELLERS:

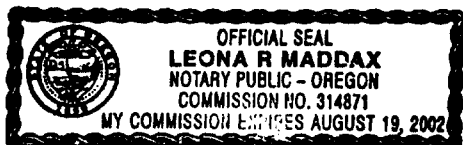
Larry Garcia
Larry Garcia
Patricia Garcia
Patricia Garcia
P.O. Box 59
Sprague River, OR 97639
(address)

PURCHASERS:

Nelson Mark Gohlke
Nelson Mark Gohlke
Margaret Grace
Margaret Grace
P.O. Box 63
Sprague River, OR 97639
(address)

STATE OF OREGON, County of Klamath) ss.

Larry & Patricia Garcia, 1999, personally appeared the above named Larry Garcia and Patricia Garcia who acknowledged the foregoing instrument to be their voluntary act and deed.

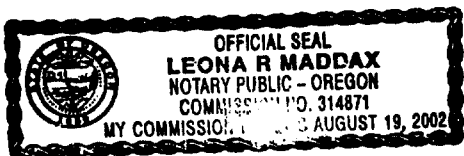


BEFORE ME:

Leona R. Maddax
Notary Public for Oregon
My commission expires: Aug 19, 2002

STATE OF OREGON, County of Klamath) ss.

Nelson & Margaret Grace, 1999, personally appeared the above named Nelson Mark Gohlke and Margaret Grace and acknowledged the foregoing instrument to be their voluntary act and deed.



BEFORE ME:

Leona R. Maddax
Notary Public for Oregon
My commission expires: Aug 19, 2002

- (1) Office Desk
- (1) SAFE
- (2) Sidewalk Benches
- (1) CASH Register
- (1) ADDING machine
- (1) Produce SCALE
- (1) upright refrigerator
- (1) Hand CART
- (1) Ice machine
- (1) Mop Bucket and mop
- (1) Dust mop
- (1) PATIO Broom

② - ~~(1) Ball Case~~

Round WASTEBASKETS
Rectangle WASTEBASKETS
Floor mats (rubber)
MATS (WALK-off)
Grocery carts
Shopping Baskets

Various misc. Office, Kitchen and
cleaning implements.

Equipment Attached And included in Valuation of Building

- (1) Deli Case w/ (3) Sink
- (1) Cooler Unit to inc: Compressors, Condensers, Doors & Shelves
- (1) Freezer Unit to inc: Compressors, Condensers, Doors & Shelves
- (1) Fire Extinguisher
- (1) Smoke Alarm System
- (1) Burglar Alarm System (non-op)
- (1) Wood Stove to inc: Chimney And Hearth
- Shelf Wall Units & Shelving
- (1) Hardware Scale
- Paper towel dispensers
- Hand Soap dispensers

NOTE:

Antiquities, Computer, monitor and printer
 Are not inclusive in Exhibit A.
 Sellers Are to retain these
 items prior to September 07, 1999.

This addendum to the contract of sale is made between LARRY GARCIA and PATRICIA GARCIA, SELLERS, and NELSON MARK GOHLKE and MARGARET GRACE, PURCHASERS.

Sellers and Purchasers agree to the following changes:

1. In reference to 1(c), Place of Payment: The place of payment shall be directly to Sellers, Larry and Patricia Garcia. Payment will adhere to all previous stipulations, except that Sellers and Purchasers agree to delete Aspen Title & Escrow, and Sellers shall hold contract directly. Payment is to be made at the current address of PO BOX 59 SPRAGUE RIVER, OR 97639, unless Purchasers are given a different address by Sellers at a later date in which to mail payment to. In the event of an address change for payment, Sellers shall give as much notice as reasonable to Purchaser.

2. In reference to 7 (a), Covenants of Sellers: The bill of sale and warranty deed will not be held by the title company and wherefore escrow instructions will be null and void.

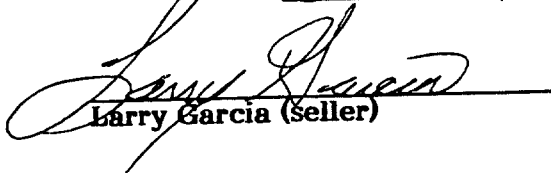
Sellers nor Purchasers shall accrue no escrow filing fees nor monthly fees as Aspen Title and Escrow is deleted as of this date of addendum.

3. Any costs for filing the deed with Klamath County, Klamath County Courts (if applicable) and with Klamath County Tax shall be paid by purchasers.

SELLERS AND PURCHASERS AGREE TO THIS ADDENDUM TO CONTRACT OF SALE AND ARE IN AGREEMENT THAT THE AFOREMENTIONED CONTRACT OF SALE AND ALL BINDING AGREEMENTS THEREAFTER BE HELD BY SELLERS, LARRY AND PATRICIA GARCIA. SELLERS AND PURCHASERS BY SIGNATURE CERTIFY THAT THIS IN NO WAY CHANGES ANY OTHER STIPULATIONS AND AGREEMENTS MADE IN THE CONTRACT OF SALE DATED THE 24TH DAY OF JULY, 1999 AND THAT THIS IS SOLEY TO REMOVE ASPEN TITLE & ESCROW ONLY AS HOLDERS OF CONTRACT.

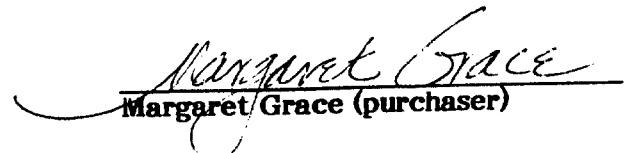
State of Oregon, County of Klamath
Recorded 1/31/00, at 1:05 p.m.
In Vol. M00 Page 3210
Linda Smith,
County Clerk Fees \$ 41.00

DATED THIS 30th DAY OF AUGUST, 1999


Larry Garcia (seller)


Patricia Garcia (seller)


Nelson Mark Gohlke (purchaser)


Margaret Grace (purchaser)