

CONTRACT OF SALE
AND SECURITY AGREEMENT



This Contract of Sale made and entered into this 22nd day of May, 1981 by and between KENNETH K. WOODS and SALLIE T. WOODS, husband and wife, hereinafter referred to as Sellers, and JOHN A. MARLETT and MARGARET B. MARLETT, husband and wife, hereinafter referred to as Buyers.

Sellers desire to sell and Buyers desire to purchase all of the assets in the business of the Sellers previously known as the Skamania Inn restaurant and cocktail lounge and now known as Norte Del Rio, located in Stevenson, Skamania County, Washington, for a cash purchase price, on terms and conditions hereinafter set forth.

Considerations of the premises and the mutual agreements hereinafter set forth, the parties hereto agree as follows:

1. **PURCHASE AND SALE.** On the terms as subject to the conditions set forth in this agreement, Sellers hereby agree to sell and deliver to Buyers and the Buyers agree to purchase from the Sellers, all the assets and business of the Sellers used in connection with the operation of the business previously known as the Skamania Inn and now known as Norte Del Rio, including the fixtures and equipment and food and liquor inventories as shall exist at the closing date.

2. **PURCHASE PRICE.** The aggregate purchase price to be paid by the Buyers for the assets and the business of the Sellers shall be \$103,000.00 and allocated as follows:

Fixtures and Equipment	\$ 60,000.00
Inventory	15,000.00
Good Will	25,000.00
Sales Fee	3,000.00
TOTAL	\$103,000.00

3. **PAYMENT.** The purchase price shall be payable by Buyers to Sellers as follows: (i) \$20,000.00 on the Closing Date, which shall include the One-thousand dollars (\$1,000.00) earnest money herein, receipt of which is hereby acknowledged by Sellers; (ii) the balance of Eighty-thousand dollars (\$80,000.00) by promissory note payable in consecutive monthly payments of One-thousand dollars (\$1,000.00) or more, each beginning the first day of the month after closing, together with interest at the rate of nine percent (9%) per annum. Such note shall contain a provision, satisfactory to counsel for Sellers, for acceleration of the balance remaining unpaid upon default in the payment of any installment for a period longer than thirty days and payment of Sellers' attorney's fees to enforce collection. As security of payment of any such note, Buyers shall execute and deliver to Sellers at closing date a security agreement upon the inventory fixtures, the equipment described in Exhibit "A". Such security agreement shall contain an "after acquired property" clause and "proceeds clause" with such other provisions as counsel for Sellers may request; (iii) in addition, Buyers shall pay a Three-thousand dollars (\$3,000.00) principal sum to Independent Agents Realty, Inc. in accord with the terms of a note of this date signed by Buyers.

4. **SECURITY AGREEMENT.** To secure payment performance of all of Buyers' obligations hereunder, herein called obligations, Sellers have retained a security interest in all of the equipment in Exhibit "A" hereto, and all additions thereto pursuant to Chapter 62A, Article 9, Revised Code of Washington.

Buyers warrant and covenant that no financing statement covering equipment or

Registered ☒
 Indexed, Dir. ☒
 Indexed ☒
 Recorded ☒
 Mailed ☒

any part thereof of any proceeds thereof is on file in any public office, other than an underlying Agreement with EMERY O. OWENS and CHERI J. OWENS dated June 30th, 1978 to which this Agreement is subordinate. That the equipment herein is not bought primarily for personal, family or household purposes and is bought primarily for use in commercial restaurant operations. At Sellers' request, Buyers shall execute or join in executing all financing statements and other instruments, in form satisfactory to Sellers, gains necessary to perfect its security interest in equipment pursuant to Chapter 62A, Article 9, of Revised Code of Washington. Sellers shall pay the cost of filing such statements or other instruments.

5. REPRESENTATIONS OF SELLERS. Sellers represent, warrant, and agree as follows:

(a) Sellers have the unqualified right to use of the name of Skamania Inn or Norte Del Rio, in Skamania County, Washington, and have full power to assign such right to Buyers, subject only to the terms of the sale agreement of June 30, 1978, mentioned above;

(b) Sellers do not have any liabilities, absolute or contingent, which have not been fully disclosed to Buyers;

(c) There are no actions, suits or proceedings pending, or to the knowledge of the Sellers, threatened against or affecting Sellers or the property subject to this Agreement;

(d) Sellers will furnish Buyers with the schedule setting forth a list, in brief description, of all policies of fire, liability, life and other forms of insurance held by Sellers in connection with the operation of said business. Valid policies for such insurance will be outstanding and duly enforced on closing date.

6. REPRESENTATIONS OF BUYERS. Buyers represent, warrant and agree that they approve the transaction contemplated herein and have duly authorized the execution and the delivery of this Agreement by Buyers.

7. CONDITIONS TO OBLIGATIONS OF BUYERS. The obligations of Buyers under this Agreement are, at the option of the Buyers, subject to the conditions that, on or before the Closing Date:

(a) All the terms, covenants and conditions of this Agreement to be complied with and performed by Sellers at or before the Closing Date have been complied with and performed;

(b) The business and operations of Sellers shall not have been adversely affected in any material way as the result of any fire, accident or other casualty.

8. CONDITIONS OF OBLIGATIONS OF SELLERS. The obligations of the Sellers under this Agreement are, at the option of the Sellers, such that Sellers may be released from this Agreement and any earnest money deposited thereunder returned to the Buyers in the event that the approval of the Washington State Liquor Control Board of the transfer of the Class H license to Buyers has not been granted by the Washington State Liquor Control Board.

9. INSTRUMENTS OF TRANSFER. Sellers agree that the transfer of all assets and business under this Agreement shall be made in the proper legal form for recording, bills of sale, assignments and other instruments of transfer as shall be appropriate to carry out the intent of this Agreement and shall be sufficient to vest in Buyers all of the title of Sellers' assets and business, subject to the promissory note and security Agreements contained in Paragraphs 3 and 4.

10. **INDEMNIFICATION.** Sellers agree to and shall indemnify Buyers, its successors and assigns, against any and all damages, resulting from any breach of any representations, warranty, or agreement set forth in this Agreement for a period of one (1) year after closing. Sellers further agree to and shall indemnify Buyers against any and all debts, liabilities, choses in action, or claims of any nature, absolute or contingent, including, but not limited to, any and all liabilities for federal income or excise taxes, or state or municipal taxes of any nature, provided, however, that said indemnity shall not apply to the extent that any of the above items are covered by insurance. This indemnity shall survive the closing date. Buyers, their successors and assigns, shall notify Sellers of any such liability, asserted liability, breach of warranty, untruth or inaccuracy of representation, or any claim thereof, with reasonable promptness, and Sellers or their legal representative shall have, at their election, the right to compromise and defend any such matter involving asserted liability of Sellers through counsel of their own choosing, at the expense of the Sellers. Such notice and opportunity to compromise or defend, if applicable, shall be condition precedent to any liability of Sellers made under this indemnity. In the event that the Sellers undertake to compromise or defend any such liability, they shall notify the Buyers, or their successors or assigns, in writing promptly of their intention to do so and Buyers, their successors or assigns, agree to cooperate with Sellers and its counsel in compromising or defending any such liabilities.

11. **SURVIVAL OF REPRESENTATIONS.** Sellers and Buyers agree that the representations and warranties contained in this Agreement shall survive the closing date.

12. **COVENANT NOT TO COMPETE.** KENNETH K. WOODS and SALLIE T. WOODS, his wife, agree that from and after the date of this Agreement, they will not, unless acting as an officer or employee of these Buyers, or with the prior consent of Buyers, directly or indirectly, own, manage, operate, join, control or participate in or be connected with as an officer, employee, partner, or otherwise, with any restaurant or cocktail lounge for a period of ten (10) years from the date hereof in an area within a radius of twenty (20) miles of Stevenson, Washington, nor shall they in any manner, directly or indirectly, engage or otherwise become interested in any phase of the restaurant or cocktail lounge in competition with Buyers within said twenty (20) mile radius of Stevenson, Washington and within said period of ten (10) years, and acknowledge that the remedy of law for breach of the foregoing will be inadequate and the Buyers shall, in addition to all other remedies available at law or in equity, be entitled to injunctive relief. The allocation of Good Will is based in part upon this covenant.

13. **EXPENSE.** Sellers and Buyers shall each pay their own expenses in connection with this Agreement. Nothing herein shall limit the liability of one party to the other for their default in complying with this Agreement.

14. **MISCELLANEOUS.**

(a) Each party hereto represents and warrants to the other that there are no claims or rights for brokerage commissions or finders fees in connection with the transactions contemplated by this Agreement insofar as such claim or rights shall be based on arrangements made by or on behalf of that party, except that both parties recognize the obligation of the Buyers to pay a Three-thousand dollar (\$3,000.00) commission to INDEPENDENT AGENTS REALTY, INC;

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that neither party shall assign any of its rights or privileges hereunder without the prior written consent of the other, except that Buyers may assign all or part of their rights, privileges and obligations hereunder to a wholly owned subsidiary of Buyers. The Sellers may assign their financial interest herein without consent of Buyers;

(c) Any notice, request, instruction or other document to be given hereunder to either of the parties by the other shall be in writing and delivered personally or sent by mail, postage prepaid, as follows: If to the Sellers, addressed to KENNETH K. and SALLIE T. WOODS, c/o John Thomas Day, P. O. Box 401, Stevenson, Washington, and if to the Buyers, to JOHN A. and MARGARET B. MARLETT, husband and wife, 5404 N.E. 121st Avenue, Space 35, Vancouver, Washington 98662. Either party may change the address to which notices are to be sent to it by giving written notice of such change of address to the other party;

(d) This instrument contains the entire Agreement between the parties hereto with respect to the purchase and sale and other transactions contemplated herein;

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

15. INSURANCE. During the term of this Agreement, the Buyers shall obtain and maintain the fire insurance on the equipment listed in Exhibit "A" in the amount of \$60,000.00. The Buyers shall name the Sellers as loss payee on all policies. In the event the Buyers do not replace the damaged or destroyed equipment, the insurance proceeds shall be applied to the unpaid balance of this contract.

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

SELLERS:

BUYERS:

Kenneth K. Woods
KENNETH K. WOODS

John A. Marlett
JOHN A. MARLETT

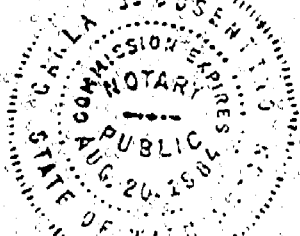
Sallie T. Woods
SALLIE T. WOODS

Margaret B. Marlett
MARGARET B. MARLETT

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me KENNETH K. WOODS and SALLIE T. WOODS, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22 day of May, 1981.



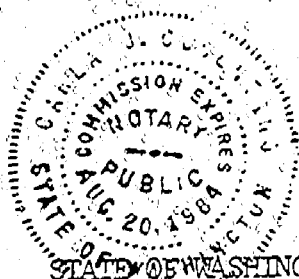
Nala O. Rosentau
Notary Public in and for the State
of Washington residing at Stevenson

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me JOHN A. MARLETT and MARGARET B. MARLETT, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed

the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22 day of May, 1981.



STATE OF WASHINGTON)
) ss.
County of Skamania)

Carla J. Rosentens
Notary Public in and for the State
of Washington, residing at Steverson

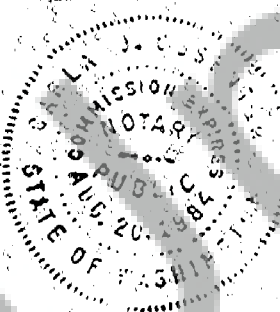
EMERY O. OWENS and CHERI J. OWENS, husband and wife, being first duly sworn on oath, state:

The foregoing Agreement is acceptable to us, but our approval does not relieve KENNETH E. WOODS and SALLIE T. WOODS from any obligations under that Agreement of June 30, 1978.

Emery O. Owens
EMERY O. OWENS

Cheri J. Owens
CHERI J. OWENS

SUBSCRIBED and SWORN to before me this 22 day of May, 1981.



Carla J. Rosentens
Notary Public in and for the State
of Washington, residing at Steverson

SKAMANIA INN
INVENTORY

BOOK 6 PAGE 482

BAR - DOWNSTAIRS

- 5 Round tables
- 18 Chairs
- 13 Bar stools
- 20 Ash trays
- 200 Assorted glasses
- 1 Ice machine
- 1 Dish washer
- 1 Cash register
- 1 Television - color
- 1 Electronic pong machine
- 1 Blender
- 2 Metal garbage cans
- 1 Bar
- 1 Back bar with coolers
- 3 Mirrors
- 1 Fire extinguisher
- 1 Clock
- 7 Plate glass shelves
- 1 Hot plate
- 2 Swinging saloon doors
- 1 Combination ice bin, sink drain board - stainless steel
- 1 Fruit tray
- 1 Beer catch
- 1 Rubber catch mat
- 1 Fruit knife
- 1 Cutting board
- 1 Serving tray
- 1 Funnel
- 8 Light fixtures
- 1 Air conditioner

RESTAURANT

- 8 Booth tables
- 6 Double booth seats
- 1 Single booth seat
- 1 Extra long booth seat
- 3 Wrought iron dividers
- 7 Tables
- 22 Chairs
- 8 Stools
- 1 Counter
- 9 Light fixtures
- 1 Deep freezer
- 1 Shake machine
- 5 Scenic pictures
- 1 Pie case
- 1 Milk machine
- 1 Hot chocolate machine
- 1 Coffee machine
- 1 Double hot plate

Exhibit "A"

- 1 Soup warmer
- 1 Water and storage station w/ ice bin
- 1 Storage and work station
- 1 Wine keg
- 3 Dozen water glasses
- 1 Dozen candles
- 1 High chair
- 1 Infant seat
- 2 Plastic garbage cans
- 1 Cash register
- 2 Dozen coffee cups
- 9 Tea pots
- 3 Dozen assorted plates
- 4 Bus trays
- 4 Dishwasher rack
- 4 Dozen assorted soup bowls
- 20 Napkin holders
- 3 Dozen salt and pepper shakers
- 2 Dozen ash trays
- 2 Wood shelves
- 1 Dozen ice cream dishes
- 2 Dozen assorted glasses
- 1 Ice bucket
- 1 Counter - cooler (combination)
- 1/2 Dozen milk shake containers
- 5 metal menu racks
- 2 Dozen menus
- 8 Glass coffee pots
- 1 Dozen cracker baskets
- 20 Sugar shakers
- 1 Air conditioner
- 3 Water pitchers
- 1 Dozen ketchup and mustard bottles (plastic)
- 1 Dozen cream pitchers
- 2 sliding folding doors
- 3 Set's cafe curtains
- 300 knives
- 300 Spoons
- 300 Forks
- 300 Soup spoons
- 2 Mirrors (restrooms)

KITCHEN EQUIPMENT

- 3 Freezers (upright)
- 1 Refrigerator
- 1 Double-door refrigerator
- 1 Microwave oven
- 1 Slicer
- 1 Meat grinder
- 1 Steam table
- 1 Double sided deep fryer (2-baskets)
- 1 Grill w/ 2 ovens (equipped with all pipes, etc)
- 1 Charcoal broiler
- 1 Dish washer w/ 3 compartment sink
- 1 Three shelf, stainless steel bus cart

- 1 Heat light (for food)
- 1 Air conditioner
- 75 Assorted dishes
- 70 Steak plates
- 10 Salad dressing holders w/ cups
- 1 Electric can opener
- 1 Regular counter can opener
- 1 Double sided toaster
- 1 Wall mounted french fry cutter
- 1 Wet and Dry vacuum cleaner with attachments
- 1 Electric buffer
- 1 Rug shampooer
- ASSORTED knives, pans, stainless steel bowls, steam table pans, etc.

UPSTAIRS LOUNGE (bar)

- 1 Dishwasher
- 1 Double hot plate
- 1 Bar
- 1 Back bar w/ coolers
- 1 Ice machine
- 1 Cash register
- 4 Plastic garbage cans
- 1 8-track tape player
- 1 Complete sound system w/ 2 speakers
- 1 Good service elevator (electric)
- 1 50-cup perculator
- 1 Mr. Coffee coffee maker
- 1 Counter and storage unit
- 1 Storage unit
- 1 Mirror comprised of small mirror tiles
- 1 Combination 2 sinks, 2 ice bins and 2 drainers (stainless steel)
- 2 Running lights (red and green)
- 1 Mirrored globe
- 2 Spotlights
- 11 Plate glass shelves
- 3 Miscellaneous shelves (bar)
- 2 Rubber catch mats
- 1 Beer catch
- 4 Folding doors
- 3 Mirrors (restrooms)
- 1 Office desk
- 1 Adding machine (manuel)
- 6 Banquet tables
- 2 Light fixtures w/ 6 spotlights
- 1 Storage closet (office)
- 2 Storage areas
- 3 Serving trays
- 1 Light switch box
- 12 Dozen water glasses
- 4 Dozen coffee cups
- 6 Dozen assorted plates
- 1 Dozen candles
- 4 Water pitchers

3 Insulated coffee pots
2 Blender
100 Chairs
33 Tables
1 Table stand
350 Assorted glasses
4 Dozen ash trays
2 Dishwasher racks

STATE OF WASHINGTON)
COUNTY OF SKAMANIA) SS-

I HEREBY CERTIFY THAT THE FOREGOING

INSTRUMENT OF WRITING IS

John H. Ray
OF Skamania, Wa

AT 4:00 P.M. July 21, 1911

WAS

OF Agate, Iowa 497-485

RECORDED BY Doc. Messenger

B. Bullock