

**CONTRACT OF SALE
AND SECURITY AGREEMENT**

THIS AGREEMENT, made and entered into on the 31st day of January, 1987, by and between, WAYNE L. AMAN and BERNICE M. AMAN, husband and wife, hereinafter referred to as the "Sellers", and THOMAS A. ALWAY and SHELLY L. ALWAY, husband and wife, hereinafter referred to as the "Purchasers", WITNESSETH:

**I.
Sale and Purchase of
Real Property and Business**

The Sellers agree to sell to the Purchasers and the Purchasers agree to purchase from the Sellers, the business known as **WAYNE'S REXALL PHARMACY** located in Stevenson, Skamania County, Washington. Included in the sale is the real property upon which said business is located, the building, furniture and fixtures, trade fixtures, goodwill, inventory and supplies, all of which are more particularly described on the attached Schedule "A", which is incorporated herein by reference and, the Sellers' covenant not to compete, and all franchises and other rights now possessed by the Sellers in the operation of said business.

**II.
Terms and Conditions**

2.1 Consideration: The consideration to be paid by the Purchasers to the Sellers is as follows:

- a) \$30,000.00 for the real property;
- b) \$5,000.00 for the furniture and fixtures;
- c) \$1,000.00 for supplies;
- d) \$53,000.00 for inventory; and
- e) \$30,000.00 for the business, goodwill, covenant not to compete, franchises and other rights.

2.2 Method of Payment: The consideration outlined above, totalling ONE HUNDRED NINETEEN THOUSAND and no/100 DOLLARS (\$119,000.00) shall be payable in the following manner:

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RECEIVED
FEB 3 1987
PAID
\$321.00
SKAMANIA COUNTY TREASURER

11196
REAL ESTATE EXCISE TAX

FEB 3 1987

PAID \$321.00

SKAMANIA COUNTY TREASURER

Transaction in compliance with County sub-division ordinances.
Skamania County Assessor - By: *Bm*

FILE
SKAN
BY

FEB 3

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- a) The sum of \$500.00 cash, paid as earnest money on January 9, 1987, shall be credited against the purchase price as downpayment and Purchasers shall pay an additional \$4,500.00 down at closing.
- b) The balance of the purchase price, to-wit: \$114,000.00 shall be paid in monthly installments of \$1,506.52, the first of said installments to be due and payable on the 1st day of March, 1987, with like payments on the 1st day of each and every month thereafter until both principal and interest have been paid in full. From each of such installments shall first be deducted accrued interest with the balance thereof being applied to the reduction of principal.
- c) The unpaid principal balance shall at all times bear interest at the rate of ten percent (10%) per annum.

2.3 Closing and Possession: The closing date will be January 31, 1987, as will be the date of possession.

2.4 Prepayment: From and after January, 1987, the Purchasers shall be free to prepay all or any portion of the purchase price.

2.5 Prorated Costs: Parties agree to prorate the prepaid costs of insurance, protection services, license fees, unused oil, and all other prepaid charges and any unsued portions of said prepaid charges on date of closing shall be repaid to the Sellers by the Purchasers within sixty (60) days from date of closing.

2.6 Accounts Receivable: The Purchasers agree to collect the accounts receivable, which are outstanding as of the date of closing, to the credit of the Sellers, and to forward the same to said Sellers less ten percent (10%) to be retained by the Purchasers to defray their costs in collecting the same. The Purchasers agree to use reasonable effort to cause said accounts

receivable to be timely collected and forwarded as outlined herein.

2.7 Removal of Personal Items by Sellers: The Sellers agree to remove all personal items from the subject premises within _____ days from the date of closing.

2.8 Conveyance of Business Property: Sellers warrant that the business property shall be conveyed and transferred to Purchasers free and clear of liens or encumbrances, including all taxes or wholesaler's accounts, except as to such encumbrances as shall be provided in this contract of sale. In the event Purchasers shall be required to make any payments on any account or obligation of Sellers in order to protect their interest in said business property, full credit for any such payment, or payments, made by the Purchasers for Sellers' account shall be accorded Purchasers upon the monthly installment(s) next coming due to Sellers as herein provided.

2.9 Security Interest: The Sellers shall have a security interest in all personal property sold hereunder and Purchasers agree to execute any and all documents which the Sellers may require to protect that security interest therein, said documents to include, but not be limited to, financing statements such as are necessary to perfect the Sellers' security interest in the supplies, inventory, and furniture and fixtures.

2.10 Title to Real Property: Title to the real property sold hereunder shall be conveyed to Purchasers by Warranty Deed upon payment of the purchase price in full.

2.11 Proration of Taxes and Assessments: Personal property taxes, real property taxes, and assessments shall be prorated as of the date of possession.

2.12 Bill of Sale: Upon payment of the entire indebtedness of the Purchasers, and the performance by the Pur-

chasers of all the terms, conditions, and provisions hereof, the Sellers shall execute and deliver to Purchasers, upon request, at the Purchasers' place of business, a good and sufficient Bill of Sale, with full covenants of warranty, transferring the personal property which is the subject of this agreement, to Purchasers, free and clear of all liens and encumbrances, except liens and encumbrances created, suffered, or permitted by or through the Purchasers.

2.13 Hold Harmless: Sellers covenant and agree to indemnify and hold Purchasers harmless from any and all loss, injury or damage, libel or defamation actions, cause or causes of action, which may arise from the conduct of Sellers in the operation of the business being transferred prior to the date of possession. Purchasers covenant with Sellers that they will indemnify and hold Sellers harmless from any and all liabilities which may arise from the conduct of the business hereby transferred subsequent to the date of possession.

2.14 Covenant Not to Compete: Sellers agree not to compete with the Purchasers in the operation of a drug store within a radius of 40 miles of the town of Stevenson, Washington, for a period of ten (10) years from the date of this agreement.

2.15 Default: In the event Purchasers shall fail to perform any of the terms or provisions of this agreement, time of payment and strict performance being of the essence hereof, Sellers shall, at their option, subject to the requirements of notice as herein provided, have the following rights, which shall, to the full extent permitted by law, be cumulative and not alternative:

- a) Sellers shall have the right to forfeit this real estate contract pursuant to and in accordance with Chapter 237, Washington Laws of 1985;
- b) Sellers may exercise any and all remedies available to a secured party in the event of a

default under the Uniform Commercial Code as enacted in the State of Washington with regard to all personal property; and

- c) The Sellers may re-enter the premises and re-take the business and the business assets and sell the same at private or public sale and, may themselves, be a bidder at such sale provided the proceeds of the sale of said business shall be applied first to distinguish the debt of Purchasers; that any remaining balance, after payment of said debt plus all costs incurred by the Sellers, including attorney's fees, title report, advertising, and all other costs of repossession and sale shall be for the account of the defaulting Purchasers. Sellers shall be entitled to a deficiency judgment, if any there be after said sale, against the Purchasers to the extent allowed under Washington laws.

2.16 Sellers' Representations and Warranties: Sellers

hereby represent and warrant that:

- a) Sellers have good and marketable title to the equipment and all other properties being transferred hereunder, and that at closing, said properties shall be free and clear of all liens and encumbrances, except the lien of current property taxes not yet payable.
- b) Sellers' operation of the business has complied with all laws, rules and regulations of the city, state, and federal governments. Sellers have not received any notice of any violation of any applicable federal, state or local statute, law or regulation affecting the subject matter of this sale, or the operation of the business or its management.
- c) There are no claims, suits or other proceedings pending or threatened against or affecting the operations of the business, the equipment or any other properties transferred hereunder.
- d) Sellers have not entered into any contracts, arrangements or agreements, including any contract to sell or mortgage all or any part, in relation to the business properties to be transferred hereunder.
- e) Sellers have paid in full to the date of closing all withholding, Social Security, and unemployment insurance taxes to the appropriate governmental agency, as required of it.
- f) Sellers have filed all federal, state and local tax returns due for all taxes including, but not limited to, the aforesaid taxes for all periods ending December 31, 1986, and have paid or made adequate provision for the pay-

ments of all taxes and all assessments which have or may become due up to the date of the execution hereof.

No additional taxes are payable with respect to such returns. Sellers shall be responsible for any and all tax liabilities, including penalties and interest thereon, if applicable, related to the assets or the operation of the business prior to the date of closing. Said returns have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved and are true, complete and correct in all material respects throughout the periods indicated and present a true, complete and correct statement of the businesses financial condition, assets, liabilities and results of operations.

- g) Since the date of the aforesaid tax returns, there has been no material change in the financial condition of the business nor any other items related thereto, except as have occurred in the ordinary course of business.

2.17 Purchaser's Representations and Covenants: Purchasers hereby represent and covenant that:

- a) Purchasers agree to operate the business hereby conveyed in an efficient and business-like manner, to pay all obligations of the business promptly, to maintain at the approximate dollar level existing at closing, the inventory and supplies, and to otherwise do all and everything necessary in the operation of the business hereby sold.

2.18 Insurance: Purchasers agree to keep the personal property unceasingly insured against loss or damage by fire, theft, or casualty, for the benefit of the parties of this contract, with loss payable to the parties as their interest shall appear.

2.19 Emergency: If the property herein described is destroyed or irreparably damaged by fire, flood, cyclone, tornado, explosion, or by an act of God, between the time of the signing of this agreement and the possession date, causing suspension of the business involved or making it impossible for Sellers to deliver property to Purchasers, as provided in this agreement, then, and in such event, this agreement shall be cancelled and considered null and void, and all money and other

consideration paid and delivered by Purchasers to Sellers under the terms of this agreement, shall be immediately returned to Purchasers and each of the parties hereto shall be legally released from all obligation to the other party or parties.

2.20 Notice: Any notice required or desired to be given with respect to this Agreement shall be in writing and shall be deemed delivered when deposited in the United States mail, registered or certified, addressed to the party intended to receive the notice at that party's address as set forth below, or to such other address as that party may have specified by prior notice to the other:

SELLERS : Wayne L. Aman and Bernice M. Aman, husband and wife
Stevenson, WA 98648

PURCHASERS: Thomas A. Alway and Shelly L. Alway, husband and wife
Stevenson, WA 98648

2.21 Binding Effect: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, personal representatives, legal representatives, successors and assigns. As used herein, the term "Successor" shall include any person, firm, corporation, or other business entity which at any time, whether by merger, purchase, or otherwise, acquires all or substantially all of the assets or business of either party.

2.22 Acceleration: This contract is personal to Purchasers and Purchasers shall not assign, sell or transfer their interest herein. In the event this contract is assigned, sold or transferred the entire unpaid balance of the contract shall be due and payable.

2.23 Non-Waiver: Failure or delay of either party at any time to require performance of any provision of this Agreement shall not limit its right to enforce any such

provision, nor shall any waiver by either party of any breach of any provision be a waiver of any succeeding breach of that provision or a waiver of that provision in itself or any other provision.

2.24 Severability: In the event that any parts or provisions of this Agreement are found or declared to be null, void, or invalid by any court, the remaining parts and provisions of this Agreement shall not be affected thereby and shall be binding with the same effect as if those null, void, or invalid parts or provisions were not a part hereof.

2.25 Construction: In construing this Agreement, it is understood that the headings shall not be considered part of this Agreement, but are for reference only.

2.26 Attorney's Fees/Venue: In case suit or action is brought to enforce any of the terms or conditions of this Agreement, the prevailing party shall be entitled to all costs of any such suit or action and reasonable attorney's fees to be set by the court, including such fees on appeal therefrom.

The parties agree that venue for any action(s) relating to disputed areas of this Agreement, or for the revision of this Agreement, will lie in Skamania County, Washington.

2.27 Integration: This Agreement contains the entire understanding of the parties hereto and supersedes all prior negotiations either written or oral.

2.28 Further Actions: Each party hereto shall execute and deliver any and all documents and instruments necessary, appropriate, or convenient to carry out the purposes of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in duplicate as of the date and year

first above written.

SELLERS:

(Wayne L. Aman
(WAYNE L. AMAN
(Bernice M. Aman
(BERNICE M. AMAN

PURCHASERS:

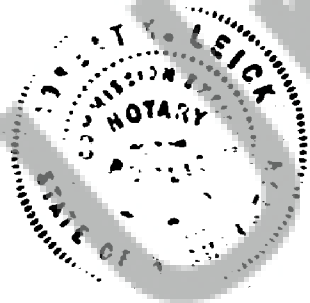
(Thomas A. Alway
(THOMAS A. ALWAY
(Shelly L. Alway
(SHELLY L. ALWAY

STATE OF WASHINGTON)
County of Skamania) ss.

On this day personally appeared before me WAYNE L. AMAN and BERNICE AMAN, husband and wife, and THOMAS A. ALWAY and SHELLY L. ALWAY, 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 30th day of January, 1987.

Robert L. Leick
Notary Public in and for the State of Washington, residing at Stevenson



SCHEDULE "A"

(Schedule of Real Property, Furniture & Fixtures, Trade Fixtures, and Inventory & Supplies which are the subject of that certain Contract of Sale and Security Agreement entered into by and between WAYNE L. AMAN and BERNICE M. AMAN, husband and wife, sellers, and THOMAS A. ALWAY and SHELLY L. ALWAY, husband and wife, purchasers, dated January 31, 1987.)

REAL PROPERTY:

Lots Twenty-Seven (27) and Twenty-Eight (28), Block Seven (7), Plat of Stevenson, according to the duly recorded plat thereof, situated in Skamania County, Washington, together with all improvements thereon.

FURNITURE & FIXTURES, TRADE FIXTURES, INVENTORY AND SUPPLIES:

- 1 - Safe
- 1 - 2-Drawer Filing Cabinet
- 1 - 4-Drawer Filing Cabinet
- 1 - Prescription Balance and all required prescription room equipment
- 1 - 10" Fan
- 1 - Black & White 13" Television
- 1 - Radio
- 3 - Air Conditioners
- 15 - Display Racks
- 5 - Show cases (3'x6') (1'x8') (1'x5')
- 1 - Check-Out Counter
- 1 - TEC Cash Register
- 2 - National Cash Registers
- 2 - Electric Typewriters
- 2 - Adding Machines
- 1 - Office Desk & Chair

All inventory and supplies now on hand which are necessary in order to operate the business which is the subject of this sale, said inventory and supplies to be maintained by purchasers at the approximate dollar level existing on date of closing.