

PURCHASE AND SECURITY AGREEMENT

PURCHASE AND SECURITY AGREEMENT dated August 31, 1978, between SAMUEL P. WHITE and CARRIE A. WHITE, husband and wife, doing business as Dari-Freeze Drive In and Restaurant ("Seller or Secured Party") and TOWN AND COUNTRY RESTAURANT AND COFFEE SHOP, INC., ("Buyer").

Seller desires to sell and Buyer desires to purchase substantially all the assets, properties and business of Seller, for a cash purchase price, on the terms and conditions hereinafter set forth.

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

1. PURCHASE AND SALE. On the terms and subject to the conditions set forth in this Agreement, Seller hereby agrees to sell and deliver to Buyer, and Buyer agrees to purchase from Seller, all the assets, properties and business of Seller of every kind and description, all as set forth below in Schedule 1.

Lot 1 & 2, Block 6, RIVERVIEW ADDITION TO THE TOWN OF STEVENSON, according to the official plat thereof on file and of record in the office of the Auditor of Skamania County, Washington.

ALSO a tract of land located in Section 36, Township 3 North, Range 7 E.W.M., and in Section 36, Township 3 North, Range 7 1/2 E.W.M., adjacent to Lot 1 of the said Block 6, more particularly described as follows:

Beginning at the northeast corner of the said Lot 1; thence North 55°30' East 40 feet; thence South 34°30' East 118 feet; thence South 55°30' West 40 feet to the Southeast corner of Lot 1 of the said Block 6; thence North 34°30' West 118 feet to the point of beginning.

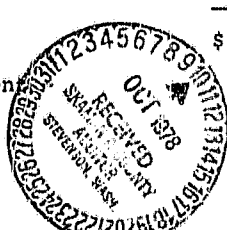
TOGETHER WITH all of the restaurant equipment and appliances constituting the business fixtures of the business heretofore conducted on said premises by the seller under the firm name of "Dari-Freeze Drive In and Restaurant".

2. PURCHASE PRICE. The aggregate purchase price to be paid by Buyer for the assets, properties and business of Seller shall be \$122,500.00 and allocable as follows:

Real Property	\$ 85,000.00
Good Will	10,000.00
Fixtures and Equipment	26,000.00
Inventory	1,500.00
Supplies	

\$ 122,500.00

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3. PAYMENT. The purchase price shall be payable by Buyer to Seller as follows: (i) \$25,000.00 on the Closing Date, (ii) \$10,000.00 plus interest at the rate of nine percent per annum from the Closing Date on September 1, 1979 and balance to be in monthly payments of \$ 818.22 with payments commencing on the 1st day of October, 1978 and on the 1st day of each and every month thereafter until October 1, 1979 at which time the monthly payment shall be \$733.35 due the 1st of each month thereafter until the balance of the purchase price is paid in full. Said monthly payments shall include interest at the rate of 9% per annum to be computed upon the unpaid balance of the purchase price.

4. ASSUMPTION OF LIABILITIES. On the terms and subject to the conditions set forth in this Agreement, from and after the Closing Date, Buyer shall assume and hereby agrees to pay, perform and discharge all the obligations and liabilities of Seller, fixed and contingent (as the same shall exist), as at the Closing Date, except (i) any obligations or liabilities of Seller under this Agreement and (ii) any obligations of Seller arising or incurred after the Closing Date, except as expressly provided in this Agreement.

5. CLOSING. The purchase and sale provided for in this Agreement shall be consummated at the office of Bernard J. Heavey, Jr., at 10:00 a.m. on August 31, 1978, or at such other time, date or place as the parties shall mutually agree upon (the "Closing Date").

6. REPRESENTATIONS OF SELLER. Seller represents, warrants and agrees as follows:

(a) Seller has not made any representations to Buyer or furnished Buyer with copies of the following financial statement or statements of financial position of Seller or statement of income and expense of Seller for the year then ended.

(b) At August 31, 1978, Seller did not have any liabilities, absolute or contingent, which are not fully shown or provided to Buyer.

(c) Seller has furnished Buyer with a schedule setting forth a brief description of real property now owned by Seller. Seller has good and marketable title in fee simple to all real estate owned by it as set forth in title insurance policy purchased by the Seller for the benefit of the Buyer.

(d) Seller has furnished Buyer with a schedule setting forth a list and brief description of all policies of fire, liability, life and other forms of insurance held by Seller. Valid policies for such insurance will be outstanding and duly in force on the Closing Date.

(e) There are no actions, suits or proceedings pending, or to the knowledge of Seller, threatened against or affecting Seller (other than actions, suits or proceedings where liabilities of Seller are adequately covered by insurance.)

(f) Seller has the unqualified right to the use of the name Dari Freeze in Skamania County, Washington, and has full power to assign such right to Buyer.

7. REPRESENTATIONS OF BUYER. Buyer represents, warrants and agrees as follows:

(a) Buyer has approved the transactions contemplated herein and has duly authorized the execution and delivery of this Agreement to Buyer and acknowledges that Seller has made no representations as to profit or loss and Buyer accepts the real property and equipment in an "as is" condition.

(b) Buyer will pay before delinquency all taxes or other governmental charges levied against the property and will pay any tax which may be levied on any obligation secured hereby.

(c) Buyer will keep the property in good repair. Seller may inspect the property at reasonable times and intervals and may for this purpose enter the premises upon which the property is located.

(d) Buyer will keep the property continuously insured by an insurer approved by Seller against fire, theft and other hazards designated at any time by Seller, in an amount equal to the full insurable value thereof or to all sums secured hereby, with such form of loss payable clause as designated by and in favor of Secured Party, and will deliver the policies and receipts showing payment of premiums to the Secured Party. In the event of loss, Secured Party shall have full power to collect any and all insurance upon the property and to apply the same at its option to any obligation secured hereby, whether or not matured, or to the restoration or repair of the property. Secured Party shall have no liability whatsoever for any loss that may occur by reason of the omission or lack of coverage of any such insurance.

8. CONDITIONS TO OBLIGATIONS OF BUYER. The obligations of Buyer under this Agreement are, at the option of Buyer, 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 Seller at or before the Closing Date shall have been duly complied with and performed.

(b) Seller shall have caused to be delivered to Buyer preliminary title reports of a recognized title insurance company in form and substance satisfactory to Buyer and its counsel, showing the good and marketable title in fee simple of Seller in its real properties, free and clear of all liens, mortgages, pledges, encumbrances and charges of every kind except as disclosed by said title policies.

9. CONDITIONS TO OBLIGATIONS OF SELLER. The obligations of Seller under this Agreement are, at the option of Seller, subject to the conditions that, on or before the Closing Date all actions, proceedings, instruments and documents required to carry out this Agreement or incidental hereto and all other related legal matters shall have been approved by Bernard J. Heavey, Jr., counsel for Seller, which approval will not be unreasonably withheld.

10. INSTRUMENTS OF TRANSFER. Upon payment of the full purchase price, Seller agrees that the transfer of all assets, properties and interests under this Agreement shall be made by deeds in proper form, and all bills of sale, assignments or other instruments shall be appropriate to carry out the intent of this Agreement and as shall be sufficient to vest in Buyer all the title and interest to its respective assets and properties.

11. Security Agreement -

11. INDEMNIFICATION. Seller agrees to and shall indemnify Buyer against any and all debts, liabilities, choses in action, or claims of any nature, absolute or contingent, together with all expenses and legal fees resulting from any such breach, untruth or inaccuracy, or which may be incurred to compromise, or defend such 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 listed items are covered by insurance. This indemnity shall survive the Closing Date. Buyer, its successors and assigns, shall notify Seller of any such liability, asserted liability, breach of warranty, untruth or inaccuracy of representation, or any claim thereof, with reasonable promptness, and Seller or its legal representatives shall have, at their election, the right to compromise or defend any such matter involving asserted liability of Seller through counsel of their own choosing, at the expense of Seller. Such notice and opportunity to compromise or defend, if applicable, shall be a condition precedent to any liability of Seller under this indemnity. In the event that Seller undertakes to compromise or defend any such liability, they shall notify Buyer, or its successors or assigns, in writing promptly of their intention to do so and Buyer, its successors or assigns, agrees to cooperate with Seller and its counsel in compromising or defending any such liabilities.

12. COVENANT NOT TO COMPETE. SAMUEL P. WHITE and CARRIE A. WHITE, husband and wife, agree that from and after the date of this Agreement they will not, unless acting as an officer or employee of the Buyer, or with the prior consent of the Buyer, directly or indirectly, own, manage, operate, join, control or participate in, or be connected with as an officer, employee, partner or otherwise, any restaurant for a period of five (5) years from the date hereof in an area within a radius of twenty-five (25) miles of Stevenson, Washington, nor shall they in any manner, directly or indirectly, acquire or otherwise become interested in any phase of the restaurant in competition with Buyer within said 25 mile radius of Stevenson, Washington and within said period of 5 years and acknowledge that the remedy of law for breach of the foregoing will be inadequate and the Buyer 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. EXPENSES. Seller and Buyer shall each pay its own expenses in connection with this Agreement. Nothing herein shall limit the liability of one party to the other for its default in complying with this Agreement.

14. SECURITY AGREEMENT. This Security Agreement is given to secure the payment and performance of all indebtedness and obligations of Buyer to Seller (Secured Party) presently existing and hereafter arising, direct or indirect, and interest thereon. Regardless of the adequacy of any security which the Secured Party may at any time hold hereunder. The Buyer (hereinafter called "Debtor") hereby grants to the Seller (hereinafter called "Secured Party"), a security interest in the following described property; together with all increases therein, all added and substantial parts and equipment, tools, parts, accessories, supplies and improvements therefor, together with all proceeds of all such property as set forth in Schedule

1, attached hereto and incorporated by reference as though set forth in full. All of said property herein is located in Stevenson, Skamania County, Washington.

(a) Removal or Sale. Without the prior written consent of Secured Party, Debtor will not remove the property from the State of Washington, and Debtor will not sell nor lease the property or any interest therein.

(b) Expenses Incurred by Secured Party. Secured Party is not required to, but may at its option, pay any tax, assessment, insurance premium, expense, repair or other charges payable by Debtor and any filing or recording fees, and any amount so paid, with interest thereon at the maximum rate permitted by law from date of payment until repaid shall be secured hereby and shall be repayable by Debtor on demand. The rights granted by this paragraph are not a waiver of any other rights of Secured Party arising from breach of any of the covenants hereof by Debtor.

(c) Waivers. This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions hereof shall be effective unless in writing signed by Secured Party. No waiver nor indulgence by Secured Party as to any required performance by Debtor shall constitute a waiver as to any subsequent required performance or other obligations of Debtor hereunder. Debtor hereby waives any counter claims or defense hereunder against any assignee for value.

(d) Default. Time is of the essence in this Security Agreement, and in any of the following events, hereinafter called "Events of Default," to-wit:

- (1) Any failure to pay when due the full amount of any payment of principal, interest, taxes, insurance premiums or other charges which are or may be secured hereby; or
- (2) Any failure to perform as required by any covenant or agreement herein; or
- (3) The falsity of any representation by Debtor herein or in any credit application or financial statement given by Debtor to Secured Party as a basis for any extension of credit secured hereby; or
- (4) If the property should be seized or levied upon under any legal or governmental process against Debtor or against the property; or
- (5) If Debtor becomes insolvent or is the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under the federal bankruptcy laws; or makes an assignment for the benefit of creditors; or if Debtor is named in or the property is subjected to a suit for the appointment of a receiver; or
- (6) Loss, substantial damage to, or destruction of any portion of the property; or
- (7) Entry of any judgment against Debtor, or

- (8) Dissolution or liquidation of Debtor, or
- (9) The Secured Party deems itself insecure.

Then and in any of such events of default, the entire amount of indebtedness secured hereby shall then or at any time thereafter, at the option of Secured Party, become immediately due and payable without notice or demand, and Secured Party shall have an immediate right to pursue the remedies set forth in this Security Agreement.

(e) Remedies. In the event of a default hereunder, Secured Party shall have all remedies provided by law; and without limiting the generality of the foregoing, shall be entitled as follows:

- (1) Debtor agrees to put Secured Party in possession of the property on demand; and
- (2) Secured Party is authorized to enter any premises where the property is situated and take possession of said property without notice or demand and without legal proceedings; and
- (3) At the request of Secured Party, Debtor will assemble the property and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; and
- (4) Debtor agrees that a period of five (5) days from the time notice is sent, by first class mail or otherwise, shall be a reasonable period of notification of a sale or other disposition of the property; and
- (5) Debtor agrees that any notice or other communication by Secured Party to Debtor shall be sent to the mailing address of the Debtor stated herein; and
- (6) Debtor agrees to pay on demand the amount of all expenses reasonably incurred by Secured Party in protecting or realizing on the property. In the event that this Security Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of Secured Party's interest or for collection or realization procedures, Debtor agrees to pay a reasonable attorney's fee, including fees incurred in both trial and appellate courts, or fees incurred without suit, and expenses of title search and all court costs and costs of public officials. The sums agreed to be paid in this subparagraph shall be secured hereby; and
- (7) If Secured Party disposes of the property, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

15. MISCELLANEOUS.

(a) Each party hereto represents and warrants to the other that there are no claims or gifts for brokerage commissions or finders' fee 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.

(b) Either party to this Agreement may, by written notice to the other, (i) extend the time for the other party, (ii) waive any inaccuracies in the representations of the other party contained in this Agreement or in any document delivered pursuant to this Agreement, and (iii) waive compliance with any of the covenants of the other party contained in the Agreement and waive performance of any of the obligations of the other party. Seller and Buyer may, by mutual consent, abandon and terminate this Agreement at any time prior to the Closing Date.

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that Buyer shall not assign any of its right or privileges hereunder without the prior written consent of the Seller, except that Buyer may assign all or part of its rights, privileges and obligations hereunder to a wholly owned subsidiary of Buyer.

(d) 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 Seller, addressed to Samuel P. White, Cascade Avenue, Stevenson, Washington, and if to Buyer, addressed to Alice Clark at P.O. Box 1214, White Salmon, Washington. 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.

(e) This instrument contains the entire agreement between the parties hereto with respect to the purchase and sale and other transactions contemplated herein.

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

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

SELLER:

BUYER:

Samuel P. White
SAMUEL P. WHITE

CAROL A. WHITE
CAROL A. WHITE, his wife

TOWN AND COUNTRY RESTAURANT AND
COFFEE SHOP, INC.

BY Alice Clark
Alice Clark, President

BY Walter Wang
Walter Wang, Secretary

STATE OF WASHINGTON)
County of Skamania)

On this day personally appeared before me SAMUEL P. WHITE and CARRIE A. WHITE, husband and wife, known to me to be the individuals described as Seller in the above-entitled instrument and acknowledged that they executed said instrument as their free and voluntary act and deed for the uses and purposes mentioned therein

GIVEN under my hand and official seal the 30th day of August, 1978.

Bernard J. Pearson
NOTARY PUBLIC in and for the State
of Washington, residing at Skamania

STATE OF WASHINGTON)
County of Skamania)

On this 31st day of August, 1978, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ALICE CLARK, to me known to be the President of TOWN AND COUNTRY RESTAURANT AND COFFEE SHOP, INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Bernard J. Pearson
NOTARY PUBLIC in and for the State
of Washington, residing at Skamania

STATE OF WASHINGTON)
County of)

On this day of , 1978, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared WALTER WANG to me known to be the Secretary of TOWN AND COUNTRY RESTAURANT AND COFFEE SHOP, INC., the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Bernard J. Pearson
NOTARY PUBLIC in and for the State
of Washington, residing at Skamania

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No. 6198
TRANSACTION EXCISE TAX
OCT 10 1978
Amount Paid \$12.50
Skamania County Treasurer
By John J. Pearson

SCHEDULE 1

- 1 8 x 4 walk in cooler
- 2 5' Wards horizontal freezers
- 1 5' Sears horizontal freezer
- 3 Air Conditioners installed in wall - 220V
- 1 Swamp cooler on roof
- 1 Wood office desk and chair
- 1 Electric adding machine
- 1 Counter can opener
- 1 Home-style refrigerator-freezer (Westinghouse)
- 1 Home-style 4 burner gas range
- 1 Globe meat slicer (new)
- 1 Univex potato peeler - spinner type
- 1 4 compartment stainless steel sink
- 2 Medium fire extinguishers
- 1 large fire extinguisher
- 1 Potato french fry slicer
- 1 Two hole Frigidair freezer
- 1 6' Universal refrigerator
- 1 6' Universal freezer
- 1 Stero dishwasher w/water heater booster
- 2 2 Pot steam tables (drywell)
- 1 13' Steel hood with exhaust fan (13')
- 1 4' x 2' gas range (grill)
- 2 Star master gas fryers
- 1 Salad bar with hardwood top & refrigeration below
- 1 Litton electronic oven
- 2 5# portion scales
- 1 Fern 4 shelf pie case
- 1 Farmers Brothers coffee maker (belongs to Farmers Brothers)
- 1 12' back counter with formica top
- 1 Taylor soft-serve (ice cream machine-new)
- 1 Hamilton milkshake mixer
- 1 Myers bullit milkshake mixer
- 1 6' four double hole ice cream cabinet
- 1 Clary Cash Register
- 1 National cash register
- 1 Ice machine (cuber)
- 1 Ice Chest in fountain
- 1 Four head pepsi machine & carbonator (belong to Pepsi Co.)
- 1 24' formica counter & seven stools
- 1 4' candy case
- 1 3' pie case
- 1 Two burner coffee plate (belongs to Farmer Brothers)
- 1 Gas wall furnace
- 1 8' x 30" formica top table (seats 8)
- 4 4' x 4' formica tables (seats 4)
- 1 Go-part service
- 2 High chairs
- 2 Booster chairs
- 8 Green upholstered booths and tables (each seats 4)
- 1 Gas fireplace
- 2 Planters and plants
- 1 Hot chocolate machine
- 1 Ice tea machine
- 1 Cigarette machine (belongs to Paul Bryson Candy Company)

All pots, pans, dishes, napkin dispensers, silverware, salt and peppers, etc.

SCHEDULE 1 (continued)

- 1 6' Step ladder
- 1 Electric floor polisher and all floor cleaning equipment
- 1 Gas furnace with ducts and registers
- 1 Juke Box (belongs to John Ross)
- 2 Speakers in the booth area
- 2 Speakers in dining area (Belongs to John Ross)
- All curtains and rods, etc. and pictures
- 1 Washer (in basement not hooked up)
- 1 Dryer (in basement not hooked up)
- 1 Reach-in cooler in the fountain
- 1 Hand truck
- 1 Norris milk dispenser in fountain
- 1 Hot fudge dispenser
- 2 Wells deep fat fryer (electric)