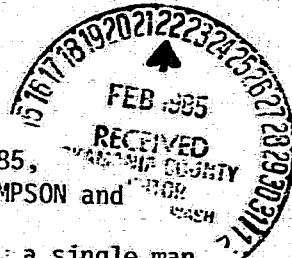


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THIS CONTRACT, made and entered into this 4th day of February, 1985, between LES CRANEY and FLORENCE CRANEY, husband and wife; and DAVID THOMPSON and TERRI THOMPSON, husband and wife, hereinafter called the "seller," and BILL D. LYONS, a single man, and DEAN F. CARR, a single man, hereinafter called the "purchaser,"

WITNESSETH: That the seller agrees to sell to the purchaser and the purchaser agrees to purchase from the seller the following described real estate, with the appurtenances, in Skamania County, State of Washington: The Southeast Quarter of the Southwest Quarter of Section 22, Township 3 North, Range 8 East of the Willamette Meridian, Skamania County, Washington. TOGETHER WITH a permanent easement on and over an existing logging road 40 feet in width running across and along the South side of the Southwest Quarter of the Southeast Quarter of the aforesaid Section 22, for the purpose of egress and ingress to and from the tract herein conveyed, to the County Road known as the Kelly-Henke Road. SUBJECT TO those easement, terms, conditions, agreements, and reservations as recorded in Recording No. 23785, Volume 2, page 215 and as recorded under Auditor's File Numbers 48531, 49811, 51397, 83634, 69209, 87394, 85557, 86425 and those reservations contained in deed recorded under Recording No. 52577, Volume 44, page 68.

The terms and conditions of this contract are as follows: The purchase price is NINETY-FIVE THOUSAND-FORTY THOUSAND----- (\$ 95,000.00 ) Dollars, of which

(\$ 40,000.00 ) Dollars have been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows: In four (4) quarterly installments of TWO THOUSAND FIVE HUNDRED (\$2,500.00) Dollars due on or before May 15, 1985, August 15, 1985, November 15, 1985, and March 15, 1986; then purchasers further herein agree to make annual payments of TEN THOUSAND (\$10,000.00) Dollars on or before the 1st day of October, 1986, and FIVE THOUSAND (\$5,000.00) Dollars on or before the 1st day of October of each succeeding calendar year until the balance of both principal and interest shall be paid in full. The unpaid balance of the purchase price shall at all times bear interest at ten (10%) per cent per annum, payable on the installment due dates. Interest shall be paid in addition to principal installments and shall commence on the 25th day of January, 1985. It is herein agreed that the balance of said contract can be paid in full at any time without penalty.

It is hereby agreed that upon payment of the down payment and closing, purchasers will be allowed to remove timber for sale of same. Seller agrees to reduce his underlying contract to FORTY THOUSAND (\$40,000.00) Dollars, or less to permit said logging.

After annual payment has been made on or before October 1, 1987, Sellers to grant partial deed releases to five (5) acre tracts at \$1,000.00 per acre. All costs to secure said release to be paid by Purchasers. Any acreage released shall not landlock physically or legally any of the remaining acreage.

PURCHASERS ACKNOWLEDGE Contract from FARIS to CRANEY & THOMPSON, #93191.

The parties hereto agree that any assignment or nominee of Purchaser of the Contract shall be subject to the approval of the Sellers which shall not be unreasonably withheld.

All payments to be made hereunder shall be made at Sellers' address: 20625 Michigan Hill RD. S. W. or at such other place as the seller may direct in writing. Rochester, WA 98579

As referred to in this contract, "date of closing" shall be January 25, 1985.

(1) The purchaser assumes and agrees to pay before delinquency all taxes and assessments that may as between grantor and grantee hereafter become a lien on said real estate; and if by the terms of this contract the purchaser has assumed payment of any mortgage, deed of trust, contract or other encumbrance, or has assumed payment of or agreed to purchase subject to any taxes or assessments now a lien on said real estate, the purchaser agrees to pay the same before delinquency.

(2) The purchaser agrees, until the purchase price is fully paid, to keep the buildings now and hereafter placed on said real estate insured to the actual cash value thereof against loss or damage by both fire and windstorm in a company acceptable to the seller and for the seller's benefit, as his interest may appear, and to pay all premiums therefor and to deliver all policies and renewals thereof to the seller.

(3) The purchaser agrees that full inspection of said real estate has been made and that neither the seller nor his assigns shall be held to any covenant respecting the condition of any improvements thereon nor shall the purchaser or seller or the assigns of either be held to any covenant or agreement for alterations, improvements or repairs unless the covenant or agreement relied on is contained herein or is in writing and attached to and made a part of this contract.

(4) The purchaser assumes all hazards of damage to or destruction of any improvements now on said real estate or hereafter placed thereon, and of the taking of said real estate or any part thereof for public use; and agrees that no such damage, destruction or taking shall constitute a failure of consideration. In case any part of said real estate is taken for public use, the portion of the condemnation award remaining after payment of reasonable expenses of procuring the same shall be paid to the seller and applied as payment on the purchase price herein unless the seller elects to allow the purchaser to apply all or a portion of such condemnation award to the rebuilding or restoration of any improvements damaged by such taking. In case of damage or destruction from a peril insured against, the proceeds of such insurance remaining after payment of the reasonable expense of procuring the same shall be devoted to the restoration or rebuilding of such improvements within a reasonable time, unless purchaser elects that said proceeds shall be paid to the seller for application on the purchase price herein.

(5) The seller has delivered, or agrees to deliver within 15 days of the date of closing, a purchaser's policy of title insurance in standard form, or a commitment therefor, issued by SAFECO Title Insurance Company, insuring the purchaser to the full amount of said purchase price against loss or damage by reason of defect in seller's title to said real estate as of the date of closing and containing no exceptions other than the following:

- Printed general exceptions appearing in said policy form;
- Lien or encumbrances which by the terms of this contract the purchaser is to assume, or as to which the conveyance hereunder is to be made subject; and
- Any existing contract or contracts under which seller is purchasing said real estate, and any mortgage or other obligation, which seller by this contract agrees to pay, none of which for the purpose of this paragraph (5) shall be deemed defects in seller's title.

