

REAL ESTATE CONTRACT

THIS CONTRACT, made and entered into this 8 day of March, 1985, between THOMAS E. RUST and SUNCHLAR RUST, husband and wife, hereinafter called the "seller", and GEORGE MONTGOMERY and LINDA MONTGOMERY, husband and wife, 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:

Commencing at a point 825 feet East of the Southwest corner of the Southeast Quarter of Section 25, Township 4 North, Range 7 1/2 East of the Willamette Meridian; thence North 1,320 feet; thence East 165 feet; thence South 1,320 feet; thence West 165 feet to the point of beginning;

Except that portion of land which lies South of the center line of Skamania County right-of-way commonly known as Cedar Creek Road;

Subject to a right-of-way over the real property described in said estate contract for a continuation of the described access road to property lying Easterly thereof as reserved by Nellie E. Davison in Deed dated April 14, 1930, and recorded at Page 368 of Book "W" of Deeds, Skamania County, Washington.



The terms and conditions of this contract are as follows:

Price and Payment Terms

1. The purchase price is TEN THOUSAND & 00/100 Dollars, (\$10,000.00) of which TWO THOUSAND FIVE HUNDRED & 00/100 Dollars has been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows:

(a) TWO HUNDRED FIFTY DOLLARS, or more at purchaser's option, on or before April 15 and TWO HUNDRED FIFTY DOLLARS or more at purchaser's option, on or before the 15th day of each succeeding calendar month thereafter until the balance of said purchase price shall have been fully paid.

(b) The purchaser further agrees to pay interest on the diminishing balance of said purchase price at the rate of TWELVE per cent (12%) per annum from the 8 day of March, 1985, which interest shall be deducted from each installment payment and the balance of each payment applied in reduction of principal.

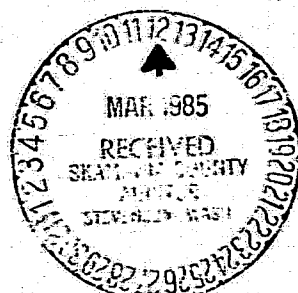
2. All payments to be made hereunder shall be made at 18100 S.W. Bryuant Road, Lake Oswego, OR 97034, or at such other place as the seller may direct in writing.

3. As referred to in this contract, "date of closing" shall be March 8, 1985.

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compliance with County subdivision ordinances.

X Mr. S.



4. Purchaser may at his option pay the entire balance of the purchase price remaining due, or any part of such balance, at any time before maturity, without notice to seller and without penalty.

5. The purchaser assumes and agrees to pay before delinquency all taxes and assessments, including but not limited to any governmental improvement assessments or charges that may as between grantor and grantee hereafter become a lien on said real estate. Upon request by seller, purchaser will show proof of said payments.

Inspection

6. The purchaser agrees that full inspection of said real estate has been made and that neither the seller nor their 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.

7. Purchaser is acquiring the property "as is" and seller makes no representations or warranties except as to title as set forth herein. Without limiting the generality of the foregoing, purchaser acknowledges that he has made his own independent investigation respecting the property and will be relying entirely thereon and on the advice of any consultant he may retain. Purchaser may not rely upon any representation of any party whether or not such party purports to act on behalf of seller, unless the representation is expressly set forth therein or in a subsequent document executed by seller. All representations, warranties, understandings, and agreements between purchaser and seller is merged herein and shall not survive closing.

Taking

8. The purchaser assumes all risk hereafter placed on said real estate or of the taking of said real estate or any part thereof for public use; and agrees that any such taking shall not 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 agree in writing 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.

Timber

9. Purchaser shall not be entitled to cut or remove any merchantable timber from the property unless the following conditions are first satisfied:

a. Purchaser shall give not less than fifteen (15) days prior written notice to seller that cutting is contemplated, which notice shall include an accurate legal description of the area which is to be cut, the amount of board feet, and market value of the timber proposed to be cut or removed;

b. Purchaser shall not be entitled to cut any timber, if, in seller's sole opinion, such cutting would unreasonably diminish seller's security under this contract; and

c. Purchaser shall not be entitled to cut any timber without the written consent of seller. Any denial by seller to cut timber shall also be in writing and state specifically the reasons therefore.

d. If any timber is cut or removed, all proceeds of sale shall be paid directly to seller and applied towards the purchase price hereunder. The application of such proceeds shall not, however, excuse purchaser from the payment of any installments or other payments required hereunder.

e. Non-merchantable timber may be cut or removed for the purposes of thinning and firewood.

Title Insurance

10. The seller has delivered, or agrees to deliver within fifteen (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:

- a. Printed general exceptions appearing in said policy form;
- b. Liens or encumbrances which by the terms of this contract the purchaser are to assume, or as to which the conveyance hereunder is to be made subject; and
- c. Any existing contract or contracts under which seller are purchasing said real estate, and any mortgage or other obligation, which seller by this contract agree to pay, none of which for the purpose of this paragraph 8. shall be deemed defects in seller' title.

11. If seller's title to said real estate is subject to an existing contract or contracts under which seller is purchasing said real estate, or any mortgage or other obligation which seller is to pay, seller agrees to make such payments in accordance with the terms thereof, and upon default the purchaser shall have the right to make any payments necessary to remove the default, and any payments so made shall be applied to the payments next falling due the seller under this contract.

Deed

12. The seller agrees, upon receiving full payment of the purchase price and interest in the manner above specified, to execute and deliver to purchaser a statutory warranty fulfillment deed to said real estate, excepting any part thereof hereafter taken for public use, free of encumbrances except any that may attach after date of closing through any person other than the seller, and subject to the standard policy exceptions.

Possession

13. Unless a different date is provided for herein, the purchaser shall be entitled to possession of said real estate on date of closing and to retain possession so long as purchaser is not in default hereunder. The purchaser covenants to keep any improvements on said real estate in good repair and not to permit waste and not to use, or permit the use of, the real estate for any illegal purpose. The purchaser covenants to pay all service, installation or construction charges for water, sewer, electricity, garbage or other utility services furnished to said real estate after the date purchaser are entitled to possession.

Assignment

14. The rights hereby granted are personal to the purchaser's and seller's reliance upon purchaser's ability and integrity is a part of the consideration for this contract. Neither this contract nor any interest therein, nor the possession of the property, may be assigned or transferred by purchaser, nor shall purchaser make or enter into any contract for the sale of the property or any interest therein, without the prior written consent of seller.

Default

15. In case the purchaser fails to make any payment herein provided, the seller may make such payment, and any amounts so paid by seller, together with interest at the rate of 12% per annum thereon from date of payment until repaid, shall be repayable by purchaser on seller's demand, all without prejudice to any other right the seller might have by reason of such default.

16. Time and the covenants of purchaser are of the essence of this contract, and it is agreed that in case the purchaser shall fail to comply with or perform any condition or agreement hereof or to make any payment required hereunder promptly at the time and in the manner herein required, the seller may at their option exercise any of the following alternative remedies upon giving purchaser thirty (30) days' written notice specifying the default and the remedy to be exercised should purchaser fail to secure all defaults at the expiration of the 30-day period:

a. Suit for delinquencies. Seller may institute suit for any installments or other sums then due and payable under this agreement together with any sums advanced by seller for and the amount of any delinquencies for items such as water assessments, taxes, insurance, payments and underlying obligations and lienable items, together with interest thereon at the rate of 12% per annum from the date each such payment was advanced or due, as the case may be.

b. Acceleration. Seller may declare the entire unpaid balance of the purchase price to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the seller for and the amount of any delinquencies for items such as water assessments, taxes, insurance, payments on underlying obligations, lienable items and other expenses incurred to protect sellers' interest in the property, together with interest thereon at the rate of 12% per annum from the date of each such advance. Payment by

purchaser of any judgment obtained by seller pursuant to this paragraph shall be a condition precedent to the delivery of a deed to said property by seller or by the escrow agent, if any.

c. Forfeiture. Seller may elect to declare a forfeiture of and cancellation of this contract, and upon such election being made all rights of purchaser hereunder shall cease and terminate, and seller shall be entitled to take possession of the property, and all payments made by purchaser hereunder shall be retained by seller in liquidation of all damages sustained by said default. In addition, should seller commence a quiet title action in connection with such forfeiture or defend any claim in opposition to such forfeiture, seller shall be entitled to recover from purchaser all further costs and attorneys' fees incurred therein and in any appeal. At the end of said 30-day period, seller may enter into the property and take possession thereof and purchaser shall immediately surrender possession. If a forfeiture is declared, all payments which, but for the forfeiture, would have become due during the specified 30-day period and all costs and expenses including but not limited to costs of title search and a reasonable attorney's fee, incurred by seller in connection with the default, must be paid in addition to the sums set forth in the notice of forfeiture as a condition to reinstatement of the contract. Should purchaser pay seller an amount less than all sums required to reinstate the contract, seller's acceptance of such sums shall not be deemed a waiver of any defaults or a reinstatement of the contract, and any such sums shall be retained by seller as liquidated damages should purchaser remain in default in any respect on the expiration of the 30-day period.

17. The waiver of seller to elect to pursue any of the above remedies at any time upon a breach of any of the terms of this contract by the purchaser shall be deemed only an indulgence by the seller with regard to that particular breach and shall not be construed, in any manner whatsoever, to be a waiver of any right of seller to pursue any of the above remedies for the same or a different breach at a subsequent time; election of the seller to utilize any particular remedy to enforce a breach of this contract shall not preclude seller from electing to use an alternate remedy to enforce a subsequent breach. Any delay or failure of seller to take action upon default shall not be construed as a waiver of said default. If seller is required to institute legal action to enforce any of the remedies indicated, purchaser agree to pay seller's costs and reasonable attorneys' fees incurred in such proceeding and any appeal thereof.

Notice

18. Any notice, declaration, demand, consent or communication to be given by any party to this contract to any other party shall be in writing and transmitted to the other party by either personally delivering the notice or by certified or registered mail, return receipt requested, addressed as follows:

To Purchaser:

George Montgomery
Linda Montgomery
Cedar Creek Road
Carson, WA 98610

2. Such property is adjacent to a certain parcel described as:

Commencing at a point 825 feet East of the Southwest corner of the Southeast Quarter of Section 25, Township 4 North, Range 7 $\frac{1}{2}$ East of the Willamette Meridian; thence North 1,320 feet; thence East 165 feet; thence South 1,320 feet; thence West 165 feet to the point of beginning;

Except that portion of land which lies South of the center line of Skamania County right-of-way commonly known as Cedar Creek Road;

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said parcel being owned by Thomas E. Rust and Sunchlar Rust, husband and wife, by statutory warranty deed dated September 26, 1983, and recorded in Skamania County at Book of Deeds 82, Page 760 on October 6, 1983.

3. It is our desire to purchase from Thomas E. Rust and Sunchlar Rust a portion of their above-described real estate lying adjacent to the property owned by us and described above. The property proposed to be purchased is approximately 3 acres, the exact acreage being unknown. It is our intention as purchasers to incorporate the use of the purchased parcel with the property we presently own, should a binding agreement for the purchase and sale of the subject parcel be reached.

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4. We expressly represent that such parcel will never be offered for sale as a single parcel unless it complies in all respects with the laws of the State of Washington and all ordinances of the County of Skamania.

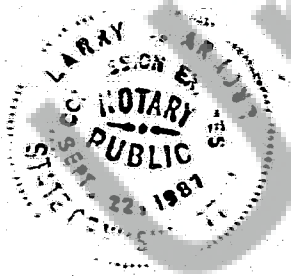
Dated this 19th day of February, 1985.

George Montgomery
GEORGE MONTGOMERY

Linda Montgomery
LINDA MONTGOMERY

SUBSCRIBED and SWORN to before me this 19th day of FEBRUARY, 1985.

Larry E. Armon
Notary Public in and for the State of Washington, residing at N. Bonnewille Stevenson.



STATE OF WASHINGTON)
COUNTY OF SKAMANIA)
I HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS FILED BY _____
JAN C. KILLIPSKI
OF STEVENSON, WA.
ON 24 FEBRUARY 1985
AT 11:30 AM
BY Shelton NOTARY
Armon DEPUTY