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REAL ESTATE CONTRACT AND SECURITY AGREEMENT

THIS REAL ESTATE CONTRACT AND SECURITY AGREEMENT executed this date between CAROLYN L. MALFAIT, an unmarried woman, hereinafter referred to as "Seller" and JOSEPH E. DZURCANIN and MARIA T. DZURCANIN, husband and wife, hereinafter referred to as "Purchaser",

W I T N E S S E T H:

That for and in consideration of the covenants and agreements hereinafter provided, the Seller hereby agrees to sell and convey to Purchaser, and Purchaser agrees to buy from the Seller, the following described real property and mobile home thereon as described below, hereinafter referred to as the "premises or the "property", upon the terms and conditions provided in this contract.

DESCRIPTION OF PROPERTY: Situated in Skamania County, State of Washington:

All of Lot 18 and the East 30 feet of Lot 17 of MALFAIT RIVER FRONT TRACTS in Section 31, Township 2 North, Range 5 E. W. M., according to the official plat thereof on file and of record at page 123 of Book "A" of Plats, Records of Skamania County, Washington.

SUBJECT TO water rights, if any, granted to or held by the State of Washington.

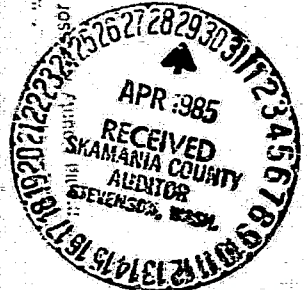
TOGETHER WITH the 1975 model Homette 60'x 12' mobile home, I.D. or Serial No. 03910216-1 now situated on and permanently installed upon the aforesaid real property.

AND AS CONDITIONS HEREOF THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. CONSIDERATION AND PAYMENT: The total sale and purchase price for the aforesaid real estate and mobile home is the total sum of FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00), of which Purchaser has paid to Seller the sum of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00) upon the execution of this contract, the receipt whereof Seller hereby acknowledges. The balance of the purchase price in the amount of \$40,000.00 shall be due and payable by Purchaser to Seller in monthly installments of THREE HUNDRED SEVENTY FIVE AND NO/100 DOLLARS (\$375.00), or more at Purchaser's option, commencing on the first day of October, 1984, and continuing on the first day of each month thereafter until October 1, 1994, when the entire balance of the purchase price and interest shall be paid in full. The declining principal balances of the purchase price shall bear interest from October 1, 1984, at the rate of ELEVEN PERCENT (11%) per annum, and the monthly installments aforesaid shall be first applied to the interest accruing from month to month, and the balance shall be credited to the principal.

2. ASSIGNMENT: The interest of Purchaser in the within contract shall not be subject to assignment or other transfer, nor will Purchaser sell, contract to sell, encumber or otherwise transfer or alienate his interest in this contract or the property described herein, except with the prior written consent of Seller, and which consent Seller agrees not to unreasonably withhold. 10279

County sub-division ordinances. By: [Signature]



MILLER & LAHMANN ATTORNEYS AT LAW 335 N E 5TH AVE CAMAS WASHINGTON 98607 AREA CODE 206 - TELEPHONE 634 3502

[Handwritten signature]

NO. 10279
AMERICAN SAVING & INVESTMENT CO.
APR 27 1985
1,399.96
[Handwritten notes and stamps]

3. TAXES, INSURANCE AND ASSESSMENTS: Seller warrants that the real and personal property taxes and all assessments against the aforesaid real property and mobile home are paid to date, and such taxes payable in 1984 shall be prorated between the parties as of October 1, 1984. Purchaser covenants to seasonably pay all such real and personal property taxes and any other Governmental or Municipal assessments thereafter levied on the property and mobile home during the performance of this contract. Purchaser covenants during the performance of this contract, at his sole expense, to keep said mobile home and any other insurable buildings on the property continually insured against fire and extended coverage through a policy or policies issued by a company or companies authorized to transact such insurance business in the State of Washington to the full insurable value of the same, with proceeds of such insurance payable to the parties herein as their interests shall appear. Such policies of insurance or other proof of such insurance shall be delivered to Seller, and such policies shall contain an endorsement or other provisions to the effect that in event of cancellation of such insurance, notice of such cancellation shall be furnished to Seller by certified mail not less than ten (10) days prior to cancellation. In event of an insurable loss and the payment of insurance proceeds to Seller, then any sums so paid shall be credited upon the unpaid balance of this contract, except that in event of a partial loss the proceeds of the insurance may, with Seller's approval, be applied to the expenses of repair occasioned by any such partial loss.

4. INSPECTION AND RISK OF LOSS: Purchaser agrees that he has fully inspected the real property and mobile home herein bargained to be sold and is relying on no representations or warranties except as expressed in this contract. Purchaser assumes the risk of loss or damage to said property by fire or otherwise, and agrees that the destruction of said property, in whole or in part, or that the taking of said property or any part thereof for public use, shall not constitute a failure of consideration on the part of the Seller.

5. POSSESSION, USE AND TITLE: Purchaser shall be entitled to the possession of the property as of October 1, 1984, and thereafter while this contract is not in default, except that Seller reserves the privilege of inspecting the property at all reasonable times concerning the performance of this contract. Purchaser covenants to use the premises in a lawful manner, to commit or suffer no waste thereof, to maintain the premises, including the mobile home, in a good state of repair and maintenance, and to refrain from performing any material alterations to the property or mobile home except with Seller's prior written consent, and Purchaser specifically covenants that said mobile home shall be deemed a fixture attached to the above described real property and no part of the same shall be removed during the performance of this contract. Purchaser covenants to seasonably pay all charges incurred in connection with the above described property and mobile home for repairs, utilities, improvements or otherwise, to the end that no liens for the same may attach thereon. If Purchaser shall fail or neglect to make any such payments, shall fail to pay the taxes, assessments or insurance premiums, or shall neglect any other charge which in the opinion of the Seller may attach as a lien to the premises or mobile home, or if Purchaser shall fail to properly repair or maintain the premises or mobile home, then Seller may, at her election, make any such payments or perform any such repairs or maintenance, and any sums paid by Seller thereby shall be repayable by Purchaser on demand.

Or Seller may, at her election, add the amount thereof to the unpaid balance of the contract.

Legal title to the aforesaid real property and mobile home, shall be and remain vested in Seller until the final payment and performance of this contract, except that the Washington State certificate of title as to the mobile home will be registered in the name of Purchaser with Seller as the legal owner or lienholder thereon. Upon final payment and performance of this contract Seller covenants to execute and deliver to Purchaser a Warranty Deed conveying the legal title to the property as hereinabove described and otherwise free of liens or encumbrances as of the date of this contract, and at which time Seller will release her security interest in said certificate of title to the mobile home. Seller will not warrant against any liens or encumbrances that may be incurred or suffered by Purchaser subsequent to the date of this contract.

6. PERFORMANCE AND DEFAULT: Time and exact performance in all things shall be of the essence of this contract. In event of default by Purchaser in the payment of the several sums herein provided, or in event of the failure or neglect of Purchaser to perform the several terms and conditions of this contract, and said default having continued for a period of fifteen (15) days, then Seller may declare Purchaser's interest hereunder forfeited and may repossess the property, retaining any sums theretofore paid as liquidated damages for such failure to perform and for the use and occupancy of the premises. Seller may in the alternative bring action on any intermediate overdue installments or upon any payments made by Seller and repayable by Purchaser, and the institution of any such action shall not constitute an election of remedy as to any subsequent default. The waiver by Seller of any breach of this contract shall not be construed as a waiver of said covenant or of any future breach of any term of this contract.

In event a legal or equitable action is commenced to enforce any rights under this contract or for the forfeiture of the same, then the prevailing party shall be entitled to a reasonable sum as attorney fees in said suit. It is agreed that any notice required by law concerning the enforcement or forfeiture of this contract may be made by registered or certified United States mail, addressed to Purchaser's last known mailing address, or to such specific address as Purchaser may hereafter designate to Seller in writing.

Until the final payment of the purchase price as hereinabove provided, Seller shall have and retain a security interest in the above described mobile home as provided by the Uniform Commercial Code of the State of Washington to secure the payment and performance of the within contract. In event of default in the payment or other performance of this contract, the entire balance of the purchase price shall become due and payable at the option of Seller. Seller shall then be entitled to the immediate possession of said mobile home upon demand, and Seller may then proceed to foreclose the interest of Purchaser and any parties claiming through or under him as provided by the said Uniform Commercial Code. It is agreed that fifteen (15) days shall be a reasonable period of notification of the sale or other disposition of said collateral, and any such notice may be directed to Purchaser by U.S. mail addressed to the mailing address of the mobile home and property described herein.

