

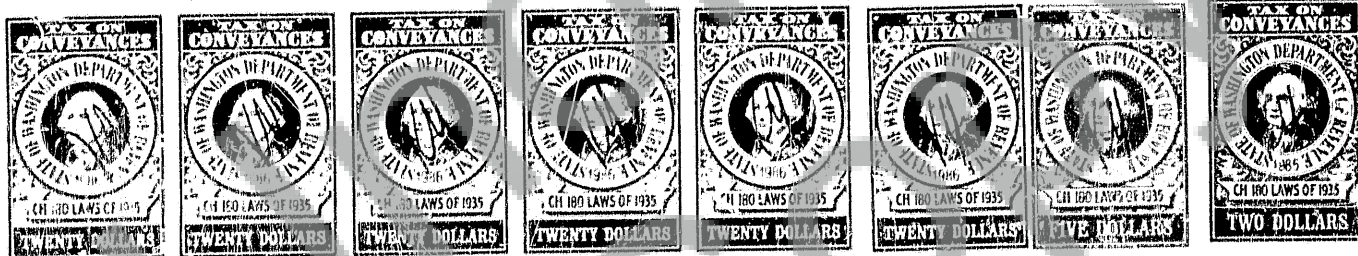


THIS CONTRACT, made and entered into this 4th day of September, 1985,
between JACK W. ISRAEL, a single man,
hereinafter called the "seller," and SEVEN STAR DEVELOPMENT, INC., a Washington corporation,
hereinafter called the "purchaser,"

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:
A tract of land located in the North Half of the Northeast Quarter of the Southeast Quarter (N 1/2 NE 1/4 SE 1/4) of Section 21, Township 3 North, Range 10 E. W. M., described as follows:
Beginning at a point on the Section line South 299.49 feet from the quarter corner on the East line of the said Section 21; thence South along the Section line 210 feet; thence West at a right angle 630 feet; thence North parallel to the Section line 210 feet; thence Easterly 630 feet to the point of beginning;
Said tract being designated as Lot 1 of Virginia Mahieu's Short Plat recorded under Auditor's File No. 85507 at page 28 of Book 2 of Short Plats, records of Skamania County, Washington;
TOGETHER WITH an easement for a private access road shown and designated on said Short Plat as Israel Road.

The terms and conditions of this contract are as follows: The purchase price is SIXTY-THREE THOUSAND THREE HUNDRED NINETY-NINE and 17/100- ---\$63,399.17) Dollars, of which ----- (\$-----) Dollars have been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows:
Purchaser acknowledges a Mortgage with First Independent Bank which has a current balance of \$51,172.41 as of September 4, 1985, with an interest rate of 10 1/2% per annum and further agrees to assume and pay same according to its terms and conditions. The balance of the Contract, \$12,226.76, both principal and interest, shall all be due on or before four (4) years from the closing date of this contract. The Purchaser further agrees to pay interest on the diminishing balance of the \$12,226.76, at the rate of twelve (12%) per cent per annum from the 4th day of September, 1985.

Seller represents that the above-described property is clear of all liens and encumbrances, and the taxes on the property are current and the loan payment currently an encumbrance on the property is current.



All payments to be made hereunder shall be made at Seller's address, Box 128, Nahalem, OR 97131-0128, or at such other place as the seller may direct in writing.

As referred to in this contract, "date of closing" shall be September 4, 1985.

(1) The purchaser assumes and agrees to pay before delinquency all taxes and assessments that may arise 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.
- Liens 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.

(6) 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, deed of trust 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.

(7) 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 following:

Those easements of record.

The Statutory Warranty Fulfillment Deed to be held in escrow by Joseph L. Udall, Attorney at Law, 70 N. E. Estes Avenue, P. O. Box 417, White Salmon, WA 98672, with instructions to deliver the same to the Purchaser when the full purchase price shall have been fully paid.

(8) Unless a different date is provided for herein, the purchaser shall be entitled to possession of said real estate or date of closing and to retain possession so long as purchaser is not in default hereunder. The purchaser covenants to keep the buildings and other 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 is entitled to possession.

(9) In case the purchaser fails to make any payment herein provided or to maintain insurance, as herein required, the seller may make such payment or effect such insurance, and any amounts so paid by the seller, together with interest at the rate of 10% per annum thereon from date of payment until repaid, shall be repayable to purchaser on seller's demand, all without prejudice to any other right the seller might have by reason of such default.

(10) Time is 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 elect to declare all the purchaser's rights hereunder terminated, and upon his doing so, all payments made by the purchaser hereunder and all improvements placed upon the real estate shall be forfeited to the seller as liquidated damages, and the seller shall have right to re-enter and take possession of the real estate, and no waiver by the seller of any default on the part of the purchaser shall be construed as a waiver of any subsequent default.

Service upon purchaser of all demands, notices or other papers with respect to forfeiture and termination of purchaser's rights may be made by United States Mail, postage pre-paid, return receipt requested, directed to the purchaser at his address last known to the seller.

(11) Upon seller's election to bring suit to enforce any covenant of this contract, including suit to collect any payment required hereunder, the purchaser agrees to pay a reasonable sum as attorney's fees and all costs and expenses in connection with such suit, which sums shall be included in any judgment or decree entered in such suit.

If the seller shall bring suit to procure an adjudication of the termination of the purchaser's rights hereunder, and judgment is so entered, the purchaser agrees to pay a reasonable sum as attorney's fees and all costs and expenses in connection with such suit, and also the reasonable cost of searching records to determine the condition of title at the date such suit is commenced, which sums shall be included in any judgment or decree entered in such suit.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first written above.

Jack W. Israel (SEAL)
JACK W. ISRAEL

SEVEN STAR DEVELOPMENT, INC. (SEAL)

By: [Signature] (SEAL)

By: _____ (SEAL)

STATE OF WASHINGTON,

County of Klickitat

On this day personally appeared before me JACK W. ISRAEL

to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 4th day of September, 1985.

WHEN RECORDED, RETURN TO

JOSEPH L. UDALL, Attorney at Law,
P. O. Box 417
White Salmon, WA 98672

10926
REAL ESTATE EXCISE TAX
10926 1986
PAID 678.25 + 31.95 penalty
[Signature]
SKAMANIA COUNTY TREASURER

THIS SPACE RESERVED FOR RECORDER'S USE



SAFECO TITLE INSURANCE COMPANY

Filed for Record at Request of

NAME JOSEPH L. UDALL, Attorney at Law,

ADDRESS P. O. Box 417

CITY AND STATE White Salmon, WA 98672

FILED FOR 10926
SKAMANIA CO. WA
BY CLIX COUNTY TITLE
AUG 22 12:42 PM '85
AUDITOR
GARY M. OLSON