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BOOK III PAGE 916

FILED FOR RECORD
SKAGHANIA CO. WASH
BY MT. ADAMS TITLE

Nov 16 1 57 PM '88
d. Mac, Dep.
AUDITOR
GARY H. OLSEN

REAL ESTATE CONTRACT

This contract made and entered into this 16th day of November, 1988, between JOHN A. RING and DOROTHEA L. RING, husband and wife, hereinafter called the "Seller" and, H.F.N., 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 situated in Skamania County, Washington:

PARCEL I

A tract of land in the East half of the Southwest quarter (E1SW4) of Section 27, Township 3 North, Range 8 East, of the Willamette Meridian, also being a portion of the William M. Murphy D. L. C. No. 37, more particularly described as follows:

Beginning at a point marked by an iron pipe on the East boundary of said Murphy D. L. C. North a distance of 1,239 feet from the intersection of said East boundary with the South line of Section 27; thence North 69°23' West a distance of 232.2 feet; thence South 18°18' West a distance of 188.4 feet; thence North 54°36' West a distance of 132 feet; thence North 47°31' West a distance of 91.7 feet; thence North 60°41' West a distance of 581.4 feet; thence North 29°19' East a distance of 184.40 feet; thence North 59°51'32" West a distance of 144.45 feet; thence North 46°42'49" West a distance of 89.14 feet to the true point of beginning of this description; thence South 42°12'10" West a distance of 25.0 feet; thence North 62°08'57" West a distance of 169.21 feet; thence South 27°59'40" West a distance of 30 feet; thence North 19°11' West a distance of 471.0 feet; thence North 28°41' West a distance of 260.0 feet; thence North 82°55' East a distance of 30 feet to a point in the centerline of Lyons Road; thence in a Southeasterly direction along the centerline of said Lyons Road to a point that is North 42°12'10" East 149.32 feet and North 11°12' East 30 feet from the point of beginning; thence South 11°12' West a distance of 30 feet; thence South 42°12'10" West a distance of 149.32 feet to the true point of beginning;

Also known as Lot 2 of the Bill Lyons (Home Valley) Revised Short Plat,
recorded September 15, 1978, in Book 2 of Short Plats, Page 69, Records
of Skamania County, Washington.

PARCEL 11

Lots 2 and 3 of the Bill Lyons (Home Valley) Short Plat No. 2, as recorded September 11, 1978, in Book 2 of Plats, Page 67, in Auditor's File No. 87186, in the County of Skamania, State of Washington.

SUBJECT TO easements, reservations and restrictions of record.

12374

SALE STATE EXCISE TAX

BAC 2948.00

WILLIAM COUNTY TREASURER

Registered S
 S
 S
 S
 S

Gurteck J. Kimmel, Skamania County Assessor
Ex. *DM* Parcel # 3-8-27-3 - *103*
104
106

TERMS AND CONDITIONS:

The terms and conditions of this contract are as follows:

The purchase price is Two Hundred Twenty Thousand Dollars (\$220,000.00), of which Forty Two Thousand Five Hundred Dollars (\$42,500.00) has been paid, the receipt whereof is hereby acknowledged and the balance of said purchase price shall be paid as follows:

Interest only payments beginning on December 1, 1988, and on the first of each month thereafter until April 1, 1989, when the monthly payments shall be increased to Three Thousand Eighty Six and 10/100 Dollars (\$3,086.10) or more, at purchaser's option, (payments include interest) and a like amount on the 1st day of each succeeding month until November 16, 1995, at which time the entire balance, including accumulated interest, shall be fully paid. Purchaser shall make as additional payments toward principal the sum of Five Thousand Dollars (\$5,000.00) on July 1, 1989, and Ten Thousand Dollars (\$10,000.00) on January 1, 1990.

The purchaser further agrees to pay interest on the diminishing balance of said purchase price at the rate of 11.5 percent per annum from the 16th day of November, 1988, which interest shall be deducted from each installment payment and the balance of each payment applied in reduction of principal.

All payments to be made hereunder shall be paid to the seller, at MP 39 Berge Road, Stevenson, Washington, 98648, or at such other place as seller may direct in writing.

As referred to in this contract, date of closing shall be November 16, 1988.

PENALTY FOR LATE PAYMENT:

Purchasers payment will be late if not received within ten days of the due date. If a payment is late, purchaser will be charged five percent (5%) of the payment.

ASSIGNMENT OF CONTRACT:

The purchaser shall not assign any interest under this contract without the express written consent of the seller, which consent shall not be unreasonably withheld.

TAXES:

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 purchaser shall provide proof of payment of such taxes to the seller annually.

INSURANCE:

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 therefore and to deliver all policies and renewals thereof to the seller.

WARRANTIES:

The purchaser agrees that full inspection of said real estate has been made and neither the seller nor his assigns shall be held to any covenant respecting the conditions 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.

DAMAGE OR DESTRUCTION:

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 the 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.

TITLE INSURANCE:

The seller has delivered or agrees to deliver within 15 days of the date of closing a Purchasers Policy of Title Insurance in standard form or a commitment therefor, issued by a registered 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. Lien or encumbrances which by the terms of this contract purchaser is to assume or as to which the conveyance hereunder is to be made subject; and,

C. 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 shall be deemed defects in seller's title.

EXISTING ENCUMBRANCES:

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.

DELIVERY OF DEED:

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 to any person other than the seller and subject to the following: Easements, covenants and restrictions of record.

POSSESSION:

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 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.

DEFAULT IN INSURANCE PAYMENTS:

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 amount so paid by the seller, together with interest at the rate of 10 percent 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.

DEFAULT IN CONTRACT PAYMENTS:

The purchaser shall be in default under this contract if it:

A. Fails to observe or perform any term, covenant or condition herein set forth or those of any prior encumbrances, or,

B. Fails or neglects to make any payment of principal or interest or any other amount required to be so discharged by the purchaser, precisely when obligated to do so, or,

C. Becomes or is declared insolvent or makes an assignment for the benefit of creditors or files any debtors petition or any petition is filed against it under any bankruptcy, wage earners reorganization or similar act, or,

D. Permits the property, or any part thereof, or its interest therein to be attached or in any manner restrained or impounded by process of any court, or,

E. Conveys the property, or a portion thereof without the prior written consent required herein of the seller.

SELLER'S REMEDIES:

In the event the purchaser is in default under this contract, the seller may, at its election, take the following courses of action;

A. Suit for delinquencies: The seller may institute suit for any installment amounts or other sums due and payable under this contract as of the date of the judgment and any sums which have been advanced by seller as of said date, pursuant to the provisions of this contract, together with interest on all of said amounts at the default rate, from the date each such amount was advanced or due, as the case may be, to and including the date of collection;

B. Forfeiture and Repossession: The seller may cancel and render void all rights, titles and interests of the purchaser and its successors in this contract and in the property (including all of purchaser's then existing rights, interest and estates therein and timber crops and improvements thereon), by giving a Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default therein specified has not been

fully cured within 90 days thereafter and the seller records a Declaration of Forfeiture pursuant to RCW 61.30.040-070. Upon the forfeiture of this contract, the seller may retain all payments made hereunder by the purchaser and may take possession of the property ten days following the date this contract is forfeited and summarily eject the purchaser and any person or persons having possession of the said property by, through or under the purchaser, who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. In the event the purchaser or any person or persons claiming by, through or under the purchaser, who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than ten days after such forfeiture, the purchaser, or such person or persons shall be deemed tenants at will of the seller and the seller shall be entitled to institute an action for summary possession of the property and may recover from the purchaser, or such person or persons in any such proceedings, the fair rental value of the property for the use thereof from and after the date of forfeiture, plus costs, including seller's reasonable attorneys fees.

PURCHASER'S REMEDIES:

In the event the seller should default in any of its obligations under its contract and such default continues for fifteen days after the purchaser gives the seller written notice specifying the nature thereof and the acts required to cure the same, the purchaser shall have the right to specifically enforce this contract, institute suit for its damages caused by such default, or pursue any other remedy which may be available to the purchaser at law or in equity.

NOTICES: Any notices required or permitted by law or under this contract shall be in writing and shall be sent by first class, certified or registered mail, return receipt requested, with postage prepaid, to the parties addresses. Either party may change such address for notice. All notices

which are so addressed and paid for shall be deemed effective two business days following the deposit thereof in the US Mail, irrespective of actual receipt of such notice by the addressee.

COSTS AND ATTORNEYS FEES:

If either party shall be in default under this contract, the non-defaulting party shall have the right, at the defaulting parties' expense, to retain an attorney or collection agency to make any demand, enforce any remedy or otherwise protect and enforce its rights under this contract. The defaulting party hereby promises to pay all costs and expenses so incurred by the non-defaulting party, including, without limitation, arbitration and court costs, collection agency charges, notice expenses, title search expenses and reasonable attorneys fees (with or without arbitration or litigation) and the failure of the defaulting party to promptly pay the same shall, in itself, constitute a further and additional default. In the event either party hereto institutes any action (including arbitration) to enforce the terms and provisions of this contract, the prevailing party in such action shall be entitled to reimbursement by the losing party for its court costs and reasonable attorneys fees, including such costs and fees that are incurred on appeal. All reimbursements required by this paragraph shall be due and payable on demand, may be off-set against any sum owed to the parties so liable in order of maturity and shall bear interest at the default rate or from the date of demand, to and including the date of collection, or the due date of any sum against which the same is off-set.

TIME OF PERFORMANCE:

Time is specifically declared to be of the essence of this contract and of all acts required to be done and performed by the parties hereto, including but not limited to the property tender of each of the sums required by the terms hereof to be paid.

SUCCESSORS:


Subject to the restrictions contained herein, the rights and obligations of the seller and the purchaser shall inure to the benefit of and be binding upon their respective estates, heirs, executors, administrators, successors and assigns, provided, however, no person to whom this contract is pledged or assigned, for security purposes, by either party hereto, shall, in the absence of an express written assumption by such party, be liable for the performance of any covenant herein. Any assignee of any interest in this contract or any holder of any interest in the property shall have the right to cure any default in the manner permitted and between the time periods required of the defaulting party but except as otherwise required by law, no notices, in addition to those provided for in this contract, need be given.

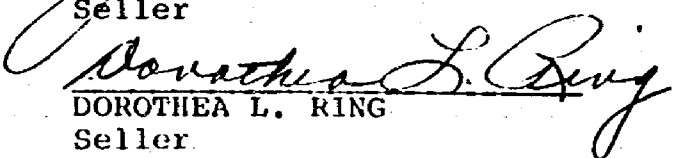
ENTIRE AGREEMENT:

This contract contains the entire agreement of the parties hereto and, except for any agreements or warranties otherwise stated in writing to survive the execution and delivery of this contract, supercedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither the seller nor the purchaser shall be liable to the other for any representations made by any person concerning the property or regarding the terms of this contract, except to the extent that the same are expressed in this instrument.

This contract may be amended only upon written instrument executed by the purchaser and the seller subsequent to the date hereof.

In Witness Whereof the parties hereto have executed this instrument as of the date first above written.


JOHN A. RING
Seller


DOROTHEA L. RING
Seller

