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BY ROBERT K. LEBACK
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BOOK 113 PAGE 359

REAL ESTATE CONTRACT

THIS AGREEMENT, made and entered into this 8th day of March, 1989, by and between RUSSELL L. OWENS, hereinafter referred to as the "Seller", and MERVIN GRUBAUGH and DEANA GRUBAUGH, husband and wife, hereinafter referred to as the "Purchasers", WITNESSETH:

That the Seller agrees to sell and the Purchasers agree to purchase the following described real estate, with the appurtenances thereon, situated in the County of Skamania, State of Washington, to-wit:

Beginning at a point 967.27 feet North and 205.75 feet East of the Southwest corner of the Southeast Quarter of the Southeast Quarter of Section 26, Township 2 North, Range 6 East of the Willamette Meridian; said point being the true point of beginning; thence South 70 deg. 46 min. 00 sec. West 133 feet, more or less, along the northerly right of way of the county road known and designated as Little Street; thence North 06 deg. 23 min. 00 sec. West 400 feet, more or less; thence North 69 deg. 30 min. 00 sec. East 148 feet, more or less; thence South 19 deg. 20 min. 00 sec. East 183 feet, more or less; thence South 70 deg. 46 min. 00 sec. West 100 feet, more or less, parallel with said county road; thence South 17 deg. 20 min. East 240 feet to the true point of beginning;

Upon the following terms and conditions:

1. Purchase Price:

The total purchase price is FORTY-FIVE THOUSAND AND NO/100 DOLLARS (\$45,000.00), of which the sum of SIX THOUSAND, FIVE HUNDRED AND NO/100 DOLLARS (\$6,500.00) has been paid by Purchasers, the receipt whereof is hereby acknowledged by Seller, and the balance of THIRTY-EIGHT THOUSAND, FIVE HUNDRED AND NO/100 DOLLARS (\$38,500.00) is to be paid in the amounts and at the times stated as follows:

In monthly installments of \$350.00 each, beginning with the 1st day of April, 1989, and continuing monthly thereafter until the whole balance of the purchase price, both principal and interest, shall have been fully paid. The unpaid balance of the purchase price shall at all times bear interest at

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Glenda J. Kimball, Skamania County Assessor
By: J. L. Parcell # 4-6-24-4-1586

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10% per annum, and from each payment shall first be deducted interest to date and the balance shall be applied on principal. Permission is especially granted to Purchasers to make larger payments at any time, or to pay the contract in full, without penalty.

2. Possession: Purchasers are entitled to immediate physical possession of the subject premises.

3. Inspection of Premises and Miscellaneous Provisions: Purchasers agree that a full inspection of the subject property has been made and that neither the Seller nor his assigns shall be liable under any covenants respecting the condition of the premises or for any agreement for alterations, improvements or repairs unless the covenant or agreement relied upon is in writing and is attached to and made a part hereof; that the Purchaser is purchasing the subject property as is, without warranty by Seller with regard to the availability of building permits and/or future zoning or other building restrictions. It is further agreed that the legal description of the property, as above described, is accepted by Purchasers and that if, for some reason a survey of the property is ever deemed to be necessary, that Purchasers shall bear the expense of same.

4. Taxes and Assessments: In addition to the payments hereinabove provided for, the Purchasers shall pay before delinquency all real and personal property taxes, all general and special assessments, and all other charges of whatsoever kind or nature levied or assessed by any lawful authority upon or against the property or the use thereof.

5. Indemnification and Insurance: The Purchasers shall and hereby covenant and agree to indemnify and hold the Seller harmless for any losses, damages, costs, claims and liabilities, including attorney's fees, caused by any negligent, reckless or intentional act of or negligent or reckless failure to act by the Purchasers on, about or with respect to the property, and for any breach of this contract by the Purchasers, and this covenant of indemnification shall survive the delivery of the Seller's deed to the Purchasers.

The Purchasers now have, and shall continue, at their own costs and expense, to keep the property insured against loss or damage by fire, windstorm, and all other casualties covered by "all risk" endorsements available in the State of Washington and with such additional coverages or endorsements as the Seller may reasonably require from time to time, for the benefit of the Seller or Purchasers as their interests may appear, and to deliver to Seller the insurance policies, renewals and premium receipts, or copies thereof. Said insurance shall be in an amount not less than \$50,000.00 and continued to be carried with Pemco Insurance Co., or may be placed with any other insurance company authorized to do business in the State of Washington.

In the event of loss or damage to the property which is required to be insured hereunder, the insurance proceeds shall, at the option of the Purchasers, be used to repair, rebuild, or replace all improvements and personal property which

may have been destroyed or damaged to the extent necessary to restore and replace them to substantially the same condition which existed immediately prior to the casualty, subject to such modifications as may then be required by law or to which the Seller agrees in writing. In the event the Purchasers desire to construct improvements which are materially different from those so damaged or destroyed, they shall first obtain the written consent of Seller. All repairs and replacements shall be commenced within sixty (60) days following the date the Purchasers elect to reconstruct and shall be continuously pursued with due diligence. Any casualty insurance proceeds which are not used to pay for repairs or replacements permitted by the terms of this paragraph shall be paid to Seller and applied against the principal balance last due hereunder.

If (1) the Purchasers do not elect to repair the damage, or (2) the Seller's consent to different improvements is not waived or given, or (3) construction is not commenced when required or not continuously pursued (subject to delays beyond the reasonable control of the Purchasers), the Seller may require that all casualty insurance proceeds be immediately paid to the Seller. The Purchasers shall make the elections provided for in this paragraph within sixty (60) days following the date of the casualty, and the Seller shall respond in writing to a written request to construct materially different improvements within twenty (20) days after said request. Any failure of the Purchaser to timely make any such election shall enable the Seller to apply the insurance proceeds against the principal last due under this contract, and any failure of the Seller to timely respond to any such request shall be deemed an approval thereof.

Damage to or destruction of the property, or any portion thereof, shall not constitute a failure of consideration or provide a basis for the rescission of this contract, nor shall such circumstances relieve the Purchasers of their obligations to pay the remaining installment amounts when due.

6. Purchasers' Failure to Pay Taxes/Assessment/Insurance: In the event Purchasers shall fail to make any payments hereinbefore provided for taxes, assessments, and insurance, the Seller may pay the same, and any amount so paid by the Seller shall be deemed a part of the purchase price and shall become payable forthwith, with interest at the rate of 10% per annum until paid, without prejudice to any other rights of Seller by reason of such failure.

7. Utilities: Purchasers shall pay for the cost of all electric, power, gas, sewer, water, telephone, cable television, refuse disposal service, and any and all other utilities furnished to or used or consumed in, on, or about the property by the Purchasers, and Purchasers shall contract for the same solely in their own name.

8. Risk of Loss: The Purchasers shall bear the risk of loss for the complete or partial destruction or condemnation of the property after the date of this contract, but any loss, damage or destruction of all or part of the property shall not relieve the Purchasers from their obligation to observe and perform all of the terms, covenants and conditions of this contract. Each of the parties hereto releases the other from all liability for damage caused by any act or neglect of the other party, to any property which is the result of fire or other

casualty covered by insurance carried at the time of such casualty; provided, however, the releases herein contained shall not apply to loss or damage resulting from the willful or premeditated acts of either of the parties hereto; and provided further, nothing in this paragraph shall be interpreted or have the effect of relieving or modifying any obligation of any insurance company, and to the extent any such obligation is so relieved or impaired this provision shall be ineffective.

9. Maintenance and Inspection: The Purchasers shall keep and maintain the property in good repair, and shall not commit or suffer to be committed any waste or other willful damage to or destruction of the property or any portion thereof. The Seller shall have the right, at all reasonable times and hours, to inspect the property to ascertain whether the Purchasers are complying with all of the terms, covenants and conditions of this contract.

10. Alterations and Liens: Except as otherwise permitted in this contract for construction following an insured casualty or condemnation, or except for any maintenance or repairs required by this contract, the Purchasers shall not, without the prior written consent of the Seller, make or permit any alterations, additions, or improvements to or of the property or to any portion thereof, nor permit any demolition or removal of any such improvements. The Seller may not unreasonably withhold his consent if the action proposed will not materially affect the value of the property or violate any applicable laws or ordinances or the terms of this contract. Purchasers shall not cause, authorize or permit any mechanics' or materialmen's liens to be placed on the property. Purchasers shall indemnify and defend the Seller against all liens levied against the property or any part thereof caused by or through the Purchasers. The Purchasers shall have the right to contest said liens so long as a foreclosure thereof is prevented, and if such contest is pursued in good faith the filing of the lien and withholding payment of the lien amount so disputed shall not constitute a default under this contract. No lien shall encumber any interest of the Seller in the property. In the event the Purchasers shall alter, repair or improve the real property, or erect or construct any new or additional buildings or improvements on the real property or any part thereof (whether acting with or without Seller's consent), all such alterations, repairs, improvements, replacements and additions, including any new buildings and improvements, shall immediately be and become the property of the Seller and subject to all of the terms, covenants and conditions of this contract.

11. Compliance With Laws and Restrictions: The Purchasers shall faithfully observe, perform and comply with all laws, ordinances, rules and regulations of every governmental authority affecting the property; and all easements, reservations, restrictions, covenants and conditions of record affecting or pertaining to the property. The Purchasers shall not use or permit any person to use the property for or in connection with any unlawful purpose or in any manner which causes a nuisance.

12. Condemnation: If the property, or any part thereof, is condemned or taken by power of eminent domain by any public or quasi-public authority, the Seller or the Purchaser, or both, may appear and defend or prosecute in any such proceeding.

All compensation or awards received from the condemning authority by either the Seller or the Purchasers shall be applied first to the payment of the expenses of litigation, next to the acquisition and installation costs of any replacements or restorations of condemned property requested by the Purchasers in writing not later than fifteen (15) days following the date possession is required to be surrendered by the condemning authority, next to the reduction of the unpaid balance of this contract, next to any other sums then due to the Seller (including accrued and unpaid interest and reimburseable advances and expenses), and the surplus, if any, shall be paid to the Purchasers. No total or partial taking of the property by condemnation shall constitute a failure of consideration or provide a basis for the rescission of this contract.

13. Assignment/Transfer of Purchasers' Interest: The Purchasers shall not assign or transfer their interests hereunder without first obtaining the written consent of the Seller.

14. Deed of Conveyance: The Seller agrees, on full payment of the purchase price and interest in the manner hereinbefore specified, to execute and deliver to Purchasers a warranty deed to the property, excepting any part which may hereafter be condemned, free and clear of encumbrances, except those mentioned herein and any that may accrue hereafter through any person other than the Seller.

15. Purchasers' Default: The Purchasers shall be in default under this contract if they (a) fail to observe or perform any term, covenant or condition herein set forth or (b) fail or neglect to make any payment of principal or interest or any other amount required to be discharged by the Purchasers precisely when obligated to do so, or (c) become or are declared insolvent or make an assignment for the benefits of creditors, or file any debtors' petition or any petition is filed against them under any bankruptcy, wage earner's, reorganization or similar act, or (d) permit the property or any part thereof or their interest therein to be attached or in any manner restrained or impounded by process of any court, or (e) abandon the property for more than thirty (30) consecutive days (unless the property is otherwise occupied), or (f) convey the property or a portion thereof without any prior written consent required herein of the Seller.

16. Seller's Remedies: In the event the Purchasers are in default under this contract the Seller may, at his 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 such 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) Acceleration. Upon giving the Purchasers not less than fifteen (15) days' written notice of his intent to do so (within which time any monetary default

may be cured without regard to the acceleration), and if the default is in the nature of a failure to timely pay any principal, interest, insurance premium, tax, or other sum of money required to be paid herein or any failure to obtain any consent of the Seller herein required for a conveyance of the Purchasers' title to the property, or if the Purchasers commit waste on the property, the Seller may declare the entire unpaid balance of the purchase price and all interest then due thereon and the prepayment premium to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the provisions of this contract, and together with interest on all of said sums at the default rate from the due date or date of each such advance to and including the date of collection;

(c) Forfeiture and Repossession. The Seller may cancel and render void all rights, titles and interests of the Purchasers and their successors in this contract and in the property (including all of Purchasers' then existing rights, interests 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 ninety (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 Purchasers and may take possession of the property ten (10) days following the date this contract is forfeited and summarily eject the Purchasers and any person or persons having possession of the said property by, through or under the Purchasers 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 Purchasers who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than ten (10) days after such forfeiture, the Purchasers, 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 Purchasers 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 the Seller's reasonable attorney's fees;

(d) Specific Performance. The Seller may institute suit to specifically enforce any of the Purchasers' covenants hereunder, and the same may include redress by mandatory or prohibitive injunction; and

(e) Property Rental. In the event this contract is forfeited as herein provided, or in any other manner permitted by law, or by mutual agreement of the Purchasers and the Seller, and the Purchasers shall thereafter remain in possession of the property beyond any period otherwise permitted by law, the Purchasers agree

that they will occupy the property as tenants at will, and the Purchasers shall be obligated to pay, and hereby promise to pay, during the period of such tenancy at will, a fair market rental in the amount then agreed to by the parties or, in the absence of such agreement or until such agreement is reached, an amount equal to two (2) times the installment amount as and when provided for in this contract, and the Seller shall have, in addition to all other remedies for the collection of rentals and the recovery of possession that are available to landlords under the laws of the State of Washington, the right to institute and maintain an action for summary possession of the property as provided by law.

17. Purchasers' Remedies: In the event the Seller should default in any of his obligations under this contract and such default continues for fifteen (15) days after the Purchasers give the Seller written notice specifying the nature thereof and the acts required to cure the same, the Purchasers shall have the right to specifically enforce this contract, institute suit for their damages caused by such default, or pursue any other remedy which may be available to the Purchasers at law or in equity.

18. Remedial Advances: If either party to this contract shall fail to timely pay and discharge any payments or sums for which they have agreed to be responsible herein and said failure constitutes a default under this contract, or shall by any other act or neglect violate the terms and any conditions of this contract, the other party hereto may pay, effect or discharge such sums as are necessary to cure such default. Upon affording the party required to make such payment not less than fifteen (15) days' prior written notice (except in any instance in which the Purchasers fail to obtain or maintain any insurance required herein or when immediate payment is required to avoid immediate hazards to persons or property or any foreclosure of or a similar action against or affecting any portion of the property, in which cases such notice may be given concurrently with or immediately following such payment). The party making such payment may recover from the defaulting party, upon demand, or through offsetting the same against existing or future debts, the full cost and expense of so doing, including their reasonable attorney's fees and together with interest on said expenditures and fees at the default rate from the date of expenditure to and including the date of collection or the due date of any sum against which such offset is effected.

19. Cumulative Remedies/Waivers: The remedies stated herein are cumulative and not mutually exclusive and the Seller or the Purchasers may pursue any other or further remedies to enforce their respective rights under this contract; provided, however, except as provided in this contract with respect to the Purchasers' transfer of the property, the Seller shall not have the right to accelerate the remaining balance of the purchase price in the event the Seller elects to forfeit the Purchasers' interest in the property and such forfeiture is being enforced or is completed. In any action or proceeding to recover any sum or to enforce any remedy provided for herein, no defense of adequacy of security or that resort must first be taken against any particular security or any other person shall be asserted, and the Purchasers hereby expressly waive any legal or equitable rights that the Purchasers may have with respect to marshaling of

assets. The Seller shall not be required to tender his deed as a condition precedent to the enforcement of any remedy hereunder. In the event any check is tendered which is not honored upon first presentation because of any stop payment directive or insufficient funds, the payee's rights shall be reinstated as if such check had not been delivered. No waiver of any rights of either party under this contract shall be effective unless specifically evidenced in a written agreement executed by the waiving party. Any forbearance, including, without limitation, a party's acceptance of any payment after the due date or any extension thereof, shall not be considered a waiver of such party's right to pursue any remedy hereunder for subsequent defaults of the same or a different nature or for breach of any other term, covenant or condition hereof.

20. Costs and Attorney's Fees: If either party shall be in default under this contract, the nondefaulting party shall have the right, at the defaulting party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce his/their rights under this contract. The defaulting party hereby promises to pay all costs and expenses so incurred by the nondefaulting party, including, without limitation, court costs, collection agency charges, notice expenses, title search expenses, and reasonable attorney's fees (with or without 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 to enforce the provisions of this contract, the prevailing party in such action shall be entitled to reimbursement by the losing party for his/their court costs and reasonable attorney's 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 offset against any sum owed to the party so liable in order of maturity, and shall bear interest at the default rate from the date of demand to and including the date of collection or the due date of any sum against which the same is offset.

21. Notices: Any notices required or permitted by law or under this contract shall be in writing and shall be sent by first class certified mail, return receipt requested, with postage prepaid, to the parties' addresses set forth in the specific terms of this contract. Either party may change such address for notice and, if payments are not made to an escrow or collection account, the Seller may change the address for payments, by designating the same to the other party hereto in the manner hereinabove set forth and by causing a copy of such change to be properly recorded. All notices which are so addressed and paid for shall be deemed effective two (2) business days following the deposit thereof in the U.S. Mail, irrespective of actual receipt of such notice by the addressee.

22. 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 proper tender of each of the sums required by the terms hereof to be paid.

23. Paragraph Headings: The underscored word or words appearing at the commencement of paragraphs and subparagraphs of this contract are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging or

restricting the language or meaning of those paragraphs or subparagraphs.

24. Invalidity. In the event any portion of this contract should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof.

25. Successors: Subject to the restrictions contained herein, the rights and obligations of the Seller and the Purchasers 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.

26. 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, supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither the Seller nor the Purchasers 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 by written instrument executed by the Purchasers and the Seller subsequent to the date hereof.

IN WITNESS WHEREOF, the parties hereto have signed this instrument in duplicate the day and year first above written

Seller:

(Russell L. Owens)
(RUSSELL L. OWENS)

Purchasers:

(Mervin L. Grubaugh)
(MERVIN GRUBAUGH)
(Deanna Grubaugh)
(DEANNA GRUBAUGH)

STATE OF WASHINGTON)
) ss.
County of Skamania)

I certify that I know or have satisfactory evidence that RUSSELL L. OWENS and MERVIN GRUBAUGH and DEANNA GRUBAUGH, signed this instrument and acknowledged it to be each of their free and voluntary acts for the uses and purposes mentioned herein.

DATED: March 8th, 1987

Robert A. Smith
Notary Public in and for the State of
Washington, residing at Stevenson
My commission expires 2/4/90

