

LEASE WITH OPTION TO PURCHASE

LEASE WITH OPTION TO PURCHASE, dated this 17th day of May, 1989, made by and between ROBERT CALLAHAN and CONNIE CALLAHAN, husband and wife, and JAMES CALLAHAN, a single man, (hereinafter "Lessor") and ROY A. WILLING and JANET WILLING, husband and wife, (hereinafter "Lessee").

WITNESSETH

1. Premises. Lessor hereby leases to Lessee, upon the terms and conditions herein set forth, that certain real property situated in Skamania County, Washington, legally described as follows:

A parcel of land located in the Northwest Quarter of Section 21, Township 3 North, Range 8 East of the Willamette Meridian, Skamania County, Washington, described as:

Commencing at the Northwest corner of Lot 3 of the S. GARWOOD SHORT PLAT as recorded in Book 3 of Short Plats at Page 47, Skamania County records and running thence South along the West line of said Lot 3 133.75 feet to the Southwest corner of said Lot 3; thence West 134 feet to a point; thence North parallel with the West line of said Lot 3 a distance of 133.75 feet to the North line of Lot 2 of said Short Plat; thence East along the North line of said Lot 2 134 feet to the point of beginning.

2. Inspection. Lessee is leasing the Premises "as is" and makes no representations or warranties except as to title as set forth herein. Without limiting the generality of the foregoing, Lessee acknowledges that they have made their own independent investigation respecting the Premises and will be relying entirely thereon and on the advice of any consultant they may retain. Lessee may not rely upon any representation of any party whether or not such party purports to act on behalf of Lessor, unless the representation is expressly set forth herein or in a subsequent document executed by Lessor. All representations, warranties, understandings, and agreements between Lessee and Lessor are merged herein and shall not survive closing.

3. Use of Premises. The parties understand that Lessee desires to construct a residence on the premises. In the event such residence is constructed, the Premises shall be used and occupied by Lessee exclusively as a private, single-family residence, and neither the Premises nor any part thereof shall be used by Lessee, at any time during the term of this lease for the purpose of carrying on any business, profession or trade, or for any purpose other than as a private, single-family residence, without the prior written consent of Lessor. Lessee shall not allow use of the premises for any illegal purpose and shall comply with all laws, ordinances, rules, orders and regulations or requirements of appropriate governmental authorities affecting sanitation, safety, occupancy, maintenance and preservation of the Premises.

12738

REAL ESTATE EXCISE TAX

MAY 22 1989

AND [Signature]

[Signature] Deputy

-1-

Registered	
Indexed, Dir	
Indirect	
Filmed	
Noted	

Glenda J. Kimmel, Skamania County Assessor
By: [Signature] Parcel # 3-8-21-2-702 (Atn)

FILED FOR RECORD

SKAMANIA COUNTY, WASH.

BY: [Signature]

MAY 19 4 45 PM '89

[Signature]

GARY L. OLSON

4. Term. This lease shall commence on May 17, 1989, and shall continue for six (6) months in accordance with and subject to the terms and conditions set out in this Lease with Option to Purchase.

5. Rental. The parties hereto agree that the charge for the term of the Lease will be \$1,000.00 payable on May 17, 1989.

6. Short Plat. The parties acknowledge that Lessor is presently in the process of short platting the Premises, and Lessor agrees to make a good faith effort to complete said short plat within ninety (90) days of the date hereof. However, in the event said short plat is not approved within six (6) months of the date hereof, this agreement shall be null and void.

7. Option to Purchase. Contingent upon completion of the short plat referred to in Paragraph 6 hereof, Lessor shall, upon receipt of written notice from Lessee stating that Lessee elects to purchase the Premises pursuant to the provisions hereof, convey the Premises to Lessee, providing Lessee shall have duly and punctually fulfilled all of their obligations under this lease and subject to the following conditions:

(a) The purchase price for the premises shall be Thirteen Thousand and No/100 Dollars (\$13,000.00), against which shall be credited the \$1,000.00 received by Lessor from Lessee as rental payment hereunder. The balance remaining unpaid at the time Lessee elects to purchase the Premises in the amount of Twelve Thousand and No/100 Dollars (\$12,000.00) shall be paid by Lessee to Lessor on the date of closing, which date shall be determined between the parties at the time Lessee elects to purchase the Premises.

(b) Lessee shall pay to Lessor Ten Dollars (\$10.00) cash for the option to purchase the Premises. Execution by Lessor of this Lease with Option to Purchase shall constitute acknowledgement of Lessor's receipt of the sum of \$10.00 cash in full payment for the option granted herein.

(c) If Lessee shall fail for any reason to exercise the right and privilege to purchase the Premises in the manner herein provided, Lessor shall retain the value of all improvements made to the Premises by Lessee as reasonable liquidated damages, and Lessee shall have no right to receive back any part thereof.

(d) Lessor shall furnish to Lessee at the time the option to purchase is exercised, an owners' policy of title insurance in standard form or a commitment therefor issued by a Washington Title Insurance Company insuring the Lessee/Purchaser to the full amount of the purchase price against loss or damage by reason of defect in sellers' title to said real estate as of the date of closing, and containing no exceptions other than the following:

- (1) Printed general exceptions appearing in said policy form;
- (2) Liens or encumbrances which by the terms of this contract the purchasers are to assume or as to which the conveyance hereunder is to be made subject; and
- (3) Easements of record.

(e) Conveyance of title to the Premises shall be by good and sufficient warranty deed.

8. Utilities and Other Services by Lessee. Lessee shall, at Lessee's sole expense, provide all utilities and other services to the Premises.

9. Maintenance by Lessee. Lessee shall maintain in good condition the structural, exterior and interior components of any building constructed on the Premises. Lessee shall also maintain in good condition and repair all windows, plumbing and the electrical system. Lessor shall not be obligated to repair or replace any fixtures or equipment installed by Lessee, and Lessor shall not be obligated to make any repair or replacements of any kind whatsoever during the term of this Lease.

Lessee shall keep the Premises in a neat, clean and sanitary condition, and shall keep the Premises and any building constructed thereon and all items therein installed by Lessee in at least as good condition as received, except only for reasonable wear and tear and damage caused other than by any act or omission by Lessee, their employees, agents, invitees or licensees.

10. Lessor's Access to Premises. Lessor may inspect the Premises at all reasonable times.

11. Liability Insurance. Lessee shall, at Lessee's sole expense, immediately upon occupancy of the premises, maintain public liability and property damage insurance insuring against any and all claims for injury to or death of persons and loss of or damage to property occurring upon, in or about the Premises. Such insurance shall have liability limits of not less than \$100,000.00 in respect of injury or death to any one person, and not less than \$300,000.00 in respect of any one occurrence or accident. All such insurance shall name Lessor and Lessee as co-insureds, with severability of interests endorsement.

In the event fire or other casualty causes damage to the Premises during the Lease term, Lessor shall not be required to restore the damaged building for the remainder of Lease term.

12. Assignment and Subletting. Neither this lease nor any right hereunder may be assigned, transferred, encumbered or sublet in whole or in part by Lessee, by operation of law or otherwise, without Lessor's prior written consent.

13. Indemnity by Lessee. Lessee agrees that Lessor shall not be liable for any claims for death of or injury to persons or damages to or destruction of property sustained by Lessee or by any other person in the Premises, including without limiting the generality of the foregoing, any claims caused by or arising from the condition or maintenance of any part of the Premises or the Building. Lessee hereby waives all claims therefor and agrees to indemnify Lessor against any such loss, damage or liability or any expense incurred by Lessor in connection therewith.

14. Default; Remedies. The occurrence of any of the following events shall be deemed a breach of this lease, namely: if Lessee shall make an assignment for the benefit of creditors or shall file a voluntary petition under any bankruptcy act or under

any other law for the relief of debtors; or if an involuntary petition is filed against Lessee under any such law and is not dismissed within sixty days after filing; or if a receiver be appointed for the property of Lessee and is not discharged or removed within sixty days; or if any department of any government or any officer thereof shall take possession of the business or property of Lessee; or if the Lessee is adjudicated a bankrupt. Upon any such occurrence Lessor, at their option, may terminate this lease by notice to Lessee and upon such termination Lessee shall quit and surrender the Premises to Lessor.

If Lessee shall default in performance of any of Lessee's obligations under this lease or shall violate any term or provision of this lease, or if the Premises shall be left vacant or unoccupied for a period of thirty days, Lessor may, upon giving Lessee any notice required by law, terminate this lease and upon such termination Lessee shall quit and surrender the Premises to Lessor.

If the demised premises, or any part thereof, shall be deserted or become vacant during the term of this lease, or if any default is made in the performance of any of the covenants herein contained, Lessor or their representatives may re-enter the premises by summary or other proceedings and remove all persons therefrom, without being liable to prosecution therefor. Lessor may on re-entry rent the premises, reserving the right to rent them for a longer period of time than that fixed in the original lease, without releasing the original tenant from liability, applying any sums collected, first to the expense of resuming or obtaining possession, second to restoring the premises to a rentable condition, and finally to the payment of the charges due and to become due to Lessor, any surplus to be paid to Lessee, who shall remain liable for any deficiency.

15. Property Abandoned on Premises. Any property left in or upon the Premises after the termination of this lease shall be deemed to have been abandoned by Lessee and become the property of Lessor to dispose of as Lessor deems expedient without accounting to Lessee therefor.

16. Notices. All notices, demands and requests to be given by either party to the other shall be in writing. All notice, demands and requests by Lessor to Lessee shall be sent by United States registered or certified mail, postage prepaid, addressed to Lessee at Beacon Rock Trailer Court, Skamania, Washington 98648, or at such other place as Lessee may from time to time designate by notice to Lessor. All notices, demands, and requests by Lessee to the Lessor shall be sent by United States registered or certified mail, postage prepaid, addressed to Lessor at Barnes Road, Carson, Washington 98610, or at such other place as Lessor may from time to time designate by notice to Lessee. Notice, demands, and requests served upon Lessor or Lessee as provided in this Section in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder at the time such notice, demand, or request shall be so mailed in the post office in Stevenson, Washington.

17. Miscellaneous.

(a) Non-Waiver. No failure of Lessor to insist upon the strict performance of any provision of this lease shall be

construed as depriving Lessor of the right to insist on strict performance of such provision or any other provision in the future. No waiver by Lessor of any provision of this lease shall be deemed to have been made unless expressed in writing and signed by Lessor. No acceptance of any value added to the Building by Lessor from Lessee after any default by Lessee shall constitute a waiver of any such default or any other default. Consent by Lessor in any one instance shall not dispense with necessity of consent by Lessor in any other instance.

(b) Attorney's Fees. If an action be commenced to enforce any of the provisions of this lease, the prevailing party shall, in addition to its other remedies, be entitled to recover its reasonable attorneys' fees.

(c) Entire Agreement. This document contains the entire and integrated agreement of the parties and may not be modified except in writing signed and acknowledged by both parties.

(d) Remedies Cumulative. The specified remedies to which Lessor may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may lawfully be entitled in case of any breach or threatened breach by Lessee of any provision of this lease.

(e) Time. Time is of the essence of this lease.

(f) Conflict of Provisions. In case of conflict, the more specific provision of this lease shall control.

(g) Binding Effect. This agreement shall be binding upon the parties hereto and upon their respective executors, administrators, legal representatives, successors and assigns.

EXECUTED as of the date first above written.

LESSOR:

Robert Callahan
ROBERT CALLAHAN

Connie Callahan
CONNIE CALLAHAN

James Callahan
JAMES CALLAHAN

LESSEE:

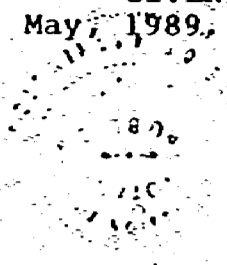
Roy A. Willing
ROY A. WILLING

Janet Willing
JANET WILLING

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me ROBERT CALLAHAN, 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 17th day of May, 1989.



Gay Ford
Notary Public in and for
the State of Washington,
residing at Carson, Wa.
My commission
expires: 8-15-89

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me CONNIE CALLAHAN, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 17th day of May, 1989.

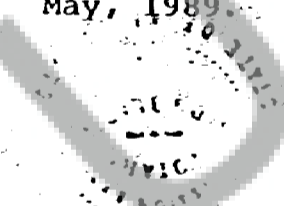


Gay Ford
Notary Public in and for
the State of Washington,
residing at Carson, Wa.
My commission
expires: 8-15-89

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me JAMES CALLAHAN, 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 17th day of May, 1989.



Gay Ford
Notary Public in and for
the State of Washington,
residing at Carson, Wa.
My commission
expires: 8-15-89

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me ROY A. WILLING, 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 15th day of May, 1989.

[Signature]
Notary Public in and for
the State of Washington,
residing at Stevenson, Wa.
My commission
expires: 4-28-90

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me JANET WILLING, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 16th day of May, 1989.

[Signature]
Notary Public in and for
the State of Washington,
residing at Carson, Wa.

My commission
expires: 8-15-89