OPTION AGREEMENT

THIS AGREEMENT made and entered into this 1st day of [illegible], 1972, by and between LYLE W. TERNAHAN and ALMA M. TERNAHAN, husband and wife, hereinafter referred to as the optionors, and LOCAL AFFILIATED NEIGHBORHOOD DEVELOPERS, INC., a Washington corporation, hereinafter referred to as the optionee.

W I T N E S S E T H:

The subject matter of this option agreement is the following described real property located in Skamania County, State of Washington:

> The south 330 feet of the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) and the Southeast Quarter (SE 1/4) of Section 20, Township 3 North, Range 10 E. W. M., EXCEPT the north 330 feet of the SW 1/4 of the SE1/4 of the said Section 20; AND EXCEPT that portion thereof lying southerly of the centerlines of County Road No. 3130 designated as the Pollock-Knapp Road, and County Road No. 3011 designated as the Cooks-Underwood Road;
>
> SUBJECT TO easements of record;
>
> Said tract consists approximately of 100 acres in area and includes appurtenant water rights, if any, and all mineral rights.

The option consists of two separate options granted by the optionors to the optionee on the terms and conditions hereinafter set forth.

OPTION NO. 1

The optionors for and in consideration of the sum of Four Hundred and no/100 ($400.00) Dollars in hand paid hereby give and grant to the optionee the sole, exclusive and irrevocable option to purchase for a period of 120 days the following described real property in Skamania County, State of Washington:

> The easterly 20 acres of the tract of land first above described, the westerly boundary thereof to be a line parallel to the east line of Section 20, Township 3 North, Range 10 E. W. M.

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The purchase price shall be the sum of approximately Twenty-six Thousand and no/100 ($26,000.00) Dollars to be determined after survey at the rate of One Thousand and no/100 ($1,000.00) Dollars per acre. The cost of said survey shall be entirely for the account of the optionee. The purchase price shall be adjusted to the exact acreage shown by said survey. The first option may be renewed for successive periods of 90 days each on payment of the additional sum of Five Hundred and no/100 ($500.00) Dollars for two subsequent 90 day periods, to and including an option period expiring December 31, 1972. If the option be so exercised by the giving of a notice in writing to the optionors during the option period, or during the option period as extended, the option money shall be applied toward the sale price and the optionee shall have the privilege of purchasing the 26 acre parcel on a contract as follows:

(a) The contract shall provide for a down payment of Thirteen Thousand and no/100 ($13,000.00) Dollars to be paid on or prior to December 31, 1972; and

(b) The contract shall provide that the remaining balance of the purchase price amounting to Thirteen Thousand and no/100 ($13,000.00) Dollars together with interest at the rate of seven per-cent (7%) per annum shall be due and payable on or prior to September 1, 1973.

The optionee shall also have the privilege of obtaining a deed in partial fulfillment of the contract for 13 acres (covered by the down payment) to be selected so as not unnecessarily to interfere with the development of and platting of the remaining property. The optionors agree to join with the optionee in the filing of any plat affecting the 26 acre tract aforesaid.

OPTION NO. [illegible]

For and in consideration of the sum of One Hundred and no/100 ($100.00) Dollars in hand paid and the further sum of One Thousand and no/100 ($1,000.00) Dollars to be paid on or before December

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31, 1973, the optionors give and grant to the optionee the sole exclusive and irrevocable option to purchase on contract at the rate of One Thousand and no/100 ($1,000.00) Dollars per acre the remainder of the tract of land first above described, said remaining tract consisting of 80 acres, more or less. The optionee shall have no duty under this agreement to pay the $1,000.00 aforesaid to the optionors, but if it is not so paid on or prior to December 31, 1973, all rights of the optionee under this agreement shall automatically terminate and the optionee shall have no further right to purchase the 80 acre tract aforesaid. Said tract shall be surveyed by the optionee at its expense for the purpose of determining the exact purchase price. Option No. 2 shall be contingent upon the optionee first having performed in full the contract described in Option No. 1 above. If the option be so exercised by the giving of a notice in writing to the optionors during the option period, the option money shall be applied toward the sale price and the optionee shall have the privilege of purchasing the 80 acre tract as follows:

(a) The contract shall provide for a minimum down payment of Ten Thousand and no/100 ($10,000.00) Dollars, not to exceed Twenty-three Thousand and no/100 ($23,000.00) Dollars to be paid no sooner than January 1, 1974, and on or prior to September 1, 1974; and

(b) The contract shall provide that one-half of the remaining balance of the purchase price together with interest at the rate of seven per-cent (7%) per annum shall be due and payable no sooner than January 1, 1975, and on or prior to December 31, 1975; and

(c) The contract shall provide that the remaining balance of the purchase price together with interest at the rate of seven per-cent (7%) per annum shall be due and payable on or prior to December 31, 1976.

The optionee shall have the privilege of obtaining deeds in partial fulfillment of the contract executed pursuant to Option No. 2 at the rate of One Thousand and no/100 ($1,000.00) Dollars per acre up to and including the amount paid on the purchase price;

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Provided, however, that the tracts so selected shall be adjacent to and parallel with the 26 acre tract described in Option No. 1 above.

If Option No. 1 shall not be exercised by the optionee at the time and in the manner specified, the option money shall be forfeited, the option agreement will cease [illegible] terminate and the optionee shall have no further rights in the premises. If Option No. 1 shall be exercised by the optionee at the time and in the manner specified, the optionors agree to convey said 26 acre tract by warranty deed free and clear [illegible] encumbrances except taxes, subject only to easements of rec[illegible] the one per-cent excise tax, state conveyance tax stamps and title insurance shall be for the account of the optionors.

If Option No. 2 shall not be exercised by the optionee at the time and in the manner specified, the option money shall [illegible] forfeited, the option agreement will cease and terminate, [illegible] the optionee shall have no further rights in the premises. If [illegible] shall be exercised by the optionee at the time and in the manner specified, the optionors agree to convey said approximately [illegible] acre tract [illegible] by warranty deed free and clear of all encumbrances, except taxes, and subject to easements of record. The one per-cent excise tax, state conveyance tax stamps, and title insurance shall [illegible] the account of the optionors.

General taxes shall be prorated between the parties as of the date on which the option or options shall be exercised. It is agreed that prior to the exercise of either Option No. 1 or Option No. 2 the optionee [illegible] shall have the right to survey said property [illegible] it to prospective purchasers, but the optionors shall retain the [illegible] right of possession.

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The optionors reserve the right to remove and sell the existing barn, provided, however, it shall be removed from said premises not later than sixty (60) days after the exercise of Option No. 2.

The optionors prior to the exercising of the aforesaid options agree to keep the real property first above described in its natural state. It is further agreed that the existing white house, which is in a bad state of repair, shall be burned under the supervision of the White Salmon Fire Department.

IN WITNESS WHEREOF the parties hereto have executed this option agreement in duplicate the day and year first above written.

OPTIONORS: [illegible] (SEAL)

[illegible] (SEAL)

OPTIONEE: [illegible] DEVELOPERS, INC.

By: [illegible]
Walter [illegible], President

By: [illegible]
Willis C. Green, Secretary

Option Agreement [illegible]

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STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me LYLE W. TERAHAN and ELMA M. TERAHAN, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 2nd day of March, 1972.

Notary Public in and for the State of Washington, residing at Stevenson therein.

STATE OF WASHINGTON)
) ss.
County of Klickitat)

On this [illegible] day of March, 1972, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared [illegible] and [illegible] to me known to be the President and Secretary, respectively, of LOCAL AFFILIATE [illegible] DEVELOPERS, INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of Washington, residing at [illegible]

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