

OPTION AGREEMENT

THIS AGREEMENT made and entered into this 15th day of July, 1972, by and between LYLE N. TERNANAN and ALIZA TERNANAN, husband and wife, hereinafter referred to as the optionors, and LOCAL AFFILIATED NEIGHBORHOOD DEVELOPMENT INC., a Washington corporation, hereinafter referred to as the optionee.

WITNESSED:

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

The south 350 feet of the Southeast Quarter of the Northeast Quarter (NW 1/4 NE 1/4) and the Southeast Quarter (SE 1/4) of Section 20, Township 3 North, Range 10 E. W. M., except the north 350 feet of the NW 1/4 of the SE 1/4 of the said Section 20; AND EXCEPT that portion thereof lying southerly of the centerlines of County Road No. 3130 designated as the Collock-Knap Road, and County Road No. 3111 designated as the Banks-Haderwood Road.

SUBJECT TO easements of record.

The tract consists approximately of 16 acres in area and includes abutting water rights, oil, gas, 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 given 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 westerly 26 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.

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 13 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 unreasonably 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. 1

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

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, 1975, 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 funds 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;

provided, however, that the tracts so selected shall be adjacent to and parallel with the 20 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 to 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 20 acre tract by warranty deed free and clear of all encumbrances except taxes, subject only to easements of way, the one per cent transfer tax, state conveyance tax stamp and title insurance paid by the account of the optionee.

If Option No. 2 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 and terminate, and the optionee shall have no further rights in the premises. If Option No. 2 shall be exercised by the optionee at the time and in the manner specified, the optionors agree to convey said approximately 20 acre tract by warranty deed free and clear of all encumbrances, except taxes, and subject only to easements of way, the one per cent transfer tax, state conveyance tax stamp and title insurance paid by the account of the optionee.

Legal titles shall be furnished between the optionors and the optionee in which the option or options shall be exercised. If it is determined, prior to the exercise of either Option No. 1 or Option No. 2, that the optionee and its agents shall have the right to exercise both options, then the optionee may proceed with either or both options.

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.

WITNESS: *[Signature]* Dated: *[Signature]*, 19*[Signature]*

OPTIONOR: LOCAL MINE LAND DEVELOPMENT, P.C.

By: *[Signature]* Walter J. May, President

At: *[Signature]* William C. Green, Secretary

STATE OF WASHINGTON
County of Skamania

On this day personally appeared before me LYLE W. TEPNIAK and ELIZA M. TEPNIAK, 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.

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

SIGNED, SEALED, AND SWORN TO IN THE PRESENCE OF
COUNTY CLERK AT PORTLAND, OREGON,

ON THE 2nd DAY OF MARCH, 1972, BEFORE ME, THE UNDERSIGNED,
NOTARY PUBLIC IN AND FOR THE STATE OF OREGON, DULY
COMMISSIONED AND SWORN, HERINOLLY APPEARED, LYLE W. TEPNIAK AND
ELIZA M. TEPNIAK, KNOWN TO BE THE PRESIDENT AND SECRETARY,
RESPECTIVELY, OF DOCUMENT AFFILIATES AND ASSOCIATED 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 OR BOTH 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 affix'd the day
and year first above written.

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NOTARY PUBLIC IN AND FOR THE STATE OF
WASHINGTON, RESIDING AT PORTLAND, OREGON