

SECURITY AGREEMENT AND AGREEMENT OF SALE

THIS AGREEMENT, made this 30th day of August, 1973, by and between FRED L. CLOE, JR. and PEGGY CLOE, husband and wife, hereinafter called the "sellers", and RAY L. COCHRAN and JOHN W. COCHRAN, jointly and severally, hereinafter called the "purchasers",

WITNESSETH:

1. DESCRIPTION OF PROPERTY SOLD: In consideration of the purchase price and the mutual covenants contained herein, the sellers agree to sell to the purchasers and the purchasers agree to purchase from the sellers, the following described personal property, to-wit:

All of the furniture, fixtures and equipment used in the business known as "Columbia Loggers Supply" located in Stevenson, Skamania County, Washington, as of August 30th, 1973, and more particularly described on the attached Schedule A which is hereby specifically referred to and hereby incorporated by reference.

2. PURCHASE PRICE AND PAYMENTS: The purchase price for said property is Twelve Thousand Five Hundred Dollars (\$12,500.00) payable as follows: the sum of Two Hundred Fifty-Three and 46/100 Dollars (\$253.46) shall be paid on or before the 20th day of February, 1974, and like payments shall be made on the 20th day of each and every month thereafter until the full purchase price has been paid. All payments shall include interest on the unpaid balance from time to time at the rate of eight per cent (8%) per annum computed from the 20th day of February, 1974.

3. POSSESSION: Possession of the property contracted to be sold was delivered to purchasers on August 30th, 1973, and the purchasers shall continue in possession as purchasers from and after the execution of this instrument. Purchasers shall continue in possession and enjoyment of said property so long as they faithfully perform their obligations under this agreement.

4. TRANSFER TAXES: Any sales, use or compensating taxes accruing by virtue of this sale shall be paid by the party legally obligated to do so under the Laws of the State of Washington, and both parties covenant to accomplish the payment of said taxes if any are due.

5. PREPAID RENT, TAXES, LICENSES, ETC.: All prepaid taxes and fire insurance deposits or other credits shall be pro-rated between the purchasers and sellers as of the date of closing. *J.C.*
R.C.C.
D.C.

6. BUYERS COVENANTS: Buyers/Purchasers covenant and agree as follows:

(a) To make the payments above-mentioned in the manner and on the dates named,

(b) To keep all personal property constantly insured against loss by fire to the full insurable value thereof with loss payable to sellers and purchasers as their respective interests may appear, and upon demand to deliver said policies to sellers.

(c) To assume all hazards of damage to, or destruction of, any of said personal property and of the taking and damaging thereof for public use and agree to pay the consideration agreed upon and named herein regardless of any loss, destruction or damage to any of said property by fire or from any other cause.

(d) To make or permit no unlawful or offensive or improper use of the property or any part thereof.

(e) To keep the said property at all times in as good condition as the same now is, fire or other insurable casualties excepted.

(f) To permit the sellers or their agents to enter into or upon the said property at any reasonable time to inspect the same.

(g) To pay regularly and seasonably and before the same shall become delinquent, all taxes, assessments, liens and encumbrances of whatsoever nature and kind, which may hereafter be lawfully imposed upon said property or which may have been assumed by the purchasers in this contract.

(h) Not to permit nor suffer any part of said property to become subject to any assessment, lien, charge or encumbrance whatsoever having or taking precedence over the rights of the rights of the sellers in and to said property.

(i) Not to sell or remove any of said fixtures or equipment unless the items sold or removed are replaced with similar items of equal or greater value, which replacement items shall be subject to this contract and in which replacement items, the purchasers hereby give to sellers a security interest under the Uniform Commercial Code of the State of Washington.

7. ASSIGNMENT: It is agreed that no assignment, or contract for assignment of this contract and/or no contract by purchasers to sell the subject hereof shall be valid unless the same shall be consented to by the sellers in writing. Sellers shall not withhold said consent if the prospective sale would not jeopardize sellers' security interest herein.

8. EVENTS OF DEFAULT: The occurrence of any of the following shall, at the option of the sellers, and without notice or demand on purchasers, constitute an event of default hereunder:

(a) Failure of purchasers to make full payment of any installment hereunder punctually on its due date;

(b) Failure of purchasers to observe or perform any of purchasers' obligations hereunder;

(c) Purchasers becoming insolvent or being adjudicated a bankrupt or making an assignment for the benefit of creditors;

(d) Institution by or against the purchasers of any bankruptcy, insolvency, reorganization, arrangement, debt adjustment or liquidation proceedings.

9. REMEDIES: Whenever an event of default shall exist, sellers may, at their option, at any time thereafter, and without demand or notice, declare the unpaid purchase price and any other charges secured hereby immediately due and payable, and sellers may exercise, in addition to the rights and remedies granted hereby, all rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law, and without limiting

the generalities of the foregoing:

(a) Purchasers agree to put sellers in possession of the property on demand and at the request of sellers to deliver the property to sellers at a place designated by sellers which is reasonably convenient to both parties; and

(b) Sellers are authorized to enter any premises where the property is situated or may be found, and take possession of the property, together with all additions, equipment and accessories thereto, without notice or demand and without legal proceedings. Purchasers waive all claims for damages due to, or arising from, or connected with any such taking; and

(c) If any notification of intended disposition of the property is required, such notification shall be deemed reasonably and properly given if mailed at least five (5) days before such disposition, postage prepaid, addressed to purchasers at purchasers' address hereinabove set forth; and

(d) Any notice or other communication by sellers to purchasers shall be effective when deposited in the mail or delivered to a telegraph, wireless or radio company addressed to purchasers at the address of which sellers customarily communicate with purchasers; and

(e) Purchasers agree to pay on demand the amount of all expenses reasonably incurred by sellers in protecting or realizing on the property. In the event that this Security agreement or any obligations secured by it is referred to an attorney for protecting or defending the priority of sellers' interest or for collection or realization procedures, purchasers agree to pay a reasonable attorney's fee incurred without suit, and expenses of title search, and all court costs of public officials. The sums to be paid in this sub-paragraph shall be secured hereby; and

(f) All sellers' rights and remedies shall be cumulative and may be exercised singularly, concurrently or successively.

10. CONVEYANCE: When the purchasers shall have paid the purchase price in full, then sellers will execute and deliver to purchasers a Bill of Sale with the usual warranties of title conveying to purchasers all of said property herein contracted to be sold, subject only to liens or encumbrances mentioned herein or created or suffered by purchasers. In this connection it is recognized by the parties hereto that the items listed on Schedule B which is attached hereto, specifically referred to and hereby incorporated by reference, if any, are items which the sellers were purchasing on executory contracts of sale. Purchasers hereby assume said contracts, if any, as set out on said Schedule B, and agree to pay the same.

Sellers and Purchasers recognize that the property contracted to be sold may be subject to the claims of creditors of the prior operation of said retail hardware store business. Sellers covenant and agree to pay the claims of all such creditors as necessary to protect the interest of purchasers in the property subject to this contract. Sellers covenant to indemnify purchasers from the claims of such creditors. Should sellers fail to pay any such creditor and further should purchasers be compelled to pay any such creditor in order to protect their interest in the property being purchased, then purchasers shall receive credit for any such payments so made on this contract and on the payment or payments next coming due hereunder.

11. LEASE: The parties hereto have simultaneously herewith executed a lease agreement covering the premises described as follows:

Lot 16 of Block Six (6) of RIVERVIEW ADDITION to the Town of Stevenson according to the official plat thereof on file and of record in the office of the auditor of Skamania County, Washington; and

Beginning at the northeasterly corner of Lot 16 aforesaid; thence N 55° 30' E 40 ft.; thence N 34° 30' W 118 ft. to the southerly right of way line of Second St.; thence in a northeasterly direction following the southerly right of way line of Second St. to intersection with the

center of the channel of Kanaka Creek, thence in a southerly direction following the center of the channel of Kanaka Creek to the northerly right of way line acquired by the SP&N Railway Co.; thence in a southwesterly direction following the northerly line of said railroad right of way to a point S 34° 30' E from the point of beginning; thence N 34° 30' W to the point of beginning;

EXCEPTING therefrom, those portions of the above described property described on Schedule "A" which is attached to said Lease and hereby incorporated by reference. Said excluded parcels consisting of Parcel A, an unimproved tract of ground on the southerly portion of the above described property, and Parcel B, being a tract of ground on the northeasterly portion of the above described tract with an existing concrete slab. Both parcels being more particularly described on said Schedule "A".

It is the intent of the parties that the terms of said lease agreement be incorporated into this document by reference and that any breach of any covenant by any party to said lease agreement shall be construed by the court as a breach of this agreement and vice versa, and that the remedies provided to the parties hereto for the breach of this agreement or the lease agreement shall be available to the parties as additional remedies at the election of the aggrieved party, it being recognized that any retaking of the security covered by this agreement would necessarily require the sellers to retake the premises in which the fixtures, furniture and equipment is located.

12. REPRESENTATION: Purchasers have inspected the property sold herein and have found the same to be as represented, and they agree that no promises, representations, statements or warranties, expressed or implied, shall be binding on the sellers unless expressly contained herein. Purchasers expressly state that they have placed no reliance whatever upon any representations other than those contained herein.

13. BULK SALES LAW: ~~Sellers~~ and ~~purchasers~~ agree to comply with the bulk sales law of the State of Washington.

14. PARTIES BOUND: This contract shall bind the heirs, executors, administrators and assigns of the respective parties hereto.

15. WAIVER: No assent, expressed or implied, by sellers to any breach of purchasers' covenants or agreements shall be deemed to be a waiver of any succeeding breach of the same or other covenants.

IN WITNESS WHEREOF, the parties hereto have set their hands this 30th day of August, 1973.

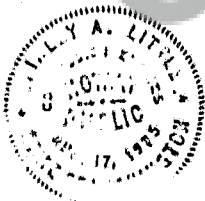
Fred L. Cloe
Peggy Cloe
 SELLERS
Ray L. Cochran
John W. Cochran
 PURCHASERS

STATE OF WASHINGTON)
 County of Skamania) ss.

On this day personally appeared before me FRED L. CLOE, JR. and PEGGY CLOE, husband and wife, and RAY L. COCHRAN and JOHN W. COCHRAN, jointly and severally, 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 30th day of August, 1973.

Shirley A. Little
 Notary Public in and for the State of Washington, residing at Stevenson.



SCHEDULE "A"

Furniture, fixtures and equipment described as follows which is the subject property of that Security Agreement and Agreement of Sale dated August 30, 1973, by and between Fred L. Cloe Jr. and Peggy Cloe, as sellers, and Roy L. Cochran and John W. Cochran, as purchasers:

47 Sections Reeves SureSell Gondola
16 Sections Reeves SureSell End Units
257 Shelves
514 Brackets
40 Wire Baskets
2 Section Nail Bin
1 Rotary Nail Bin
3 Wood Counters
1 Glass Display Case
1 Sears Adding Machine, Model #603 58110
1 Calculator
1 Paint Shaker
1 Paint Mixer
1 4-Drawer File Cabinet
1 Desk & Chair
43 Sections Wall Board
57 Wall Standards
1 NCR Cash Register, Ser. #6059238
1 Curtis Key Machine
1 Gun & Ammo Case
1 Knife Display
2 E-Z Paint Displays
1 Bolt Rack

1 Blue Lustre Carpet Shampooer