

1369

REAL ESTATE CONTRACT

THIS CONTRACT, made this 25th day of June,
1980, between North Pacific Lumber Co, an Oregon corporation,
whose address is 1505 S. E. Gideon Street, Post Office Box
3915, Portland, Oregon 97208, hereinafter called the Seller,
and Caffall Bros. Forest Products, Inc., an Oregon
corporation, whose
address is 5405 Lagoon Avenue, Portland, Oregon 97217, here-
inafter called the Buyer.

WITNESSETH:

That in consideration of the mutual covenants and
agreements herein contained, the Seller agrees to sell unto
the Buyer and the Buyer agrees to purchase from the Seller
all of the following described lands and premises situated
in Skamania County, State of Washington, to-wit:

The East Half of the Northeast Quarter (E-1/2 NE-1/4);
the Southwest Quarter of the Northeast Quarter (SW-1/4
NE-1/4); and the Northeast Quarter of the Southeast
Quarter (NE-1/4 SE-1/4) of Section 12, Township 3
North, Range 7-1/2 E.W.M.;

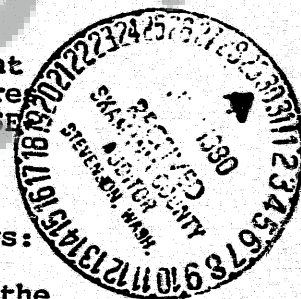
Government Lot 1; the north 28.73 acres of Government
Lot 2; and the north 8.2 acres of the west 10.94 acre
of the Southeast Quarter of the Northwest Quarter (SE
1/4 NW-1/4) of Section 7, Township 3 North, Range 8
E.W.M.;

A strip of land 50 feet in width described as follows:
Beginning at the northwest corner of the Northeast
Quarter of the Northwest Quarter (NE-1/4 NW-1/4) of the
said Section 7; thence south 50 feet; thence east to
intersection with the tract of land conveyed to the
State of Washington for Secondary Highway No. 8-C by
deed dated October 29, 1956, and recorded at page 485
of Book 42 of Deeds, Records of Skamania County, Washington;
thence north along the westerly line of said tract to
the north line of the said Section 7; thence west to
the point of beginning.

7573
TRANSACTION EXCISE TAX

JUN 30 1980
Amount Paid

Skamania County Treasurer
By



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Skamania County Auditor

The purchase price for said real property is the sum of One Million and 00/100 Dollars (\$1,000,000.00) on account of which Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) is paid on the execution hereof (the receipt of which is hereby acknowledged by the Seller). The remaining balance of said purchase price (\$750,000.00) shall be paid to the order of the Seller at the times and in amounts as follows, to-wit:

The sum of Forty Thousand and 00/100 Dollars (\$40,000.00) together with accrued interest on the remaining balance at the rate of 9-1/2% per annum on or before September 1, 1980. No further sums shall be paid to apply on the principal balance prior to January 2, 1981. On January 2, 1981, Buyer shall pay the sum of not less than Eighty-Five Thousand and 00/100 Dollars (\$85,000.00) and in addition shall pay all accrued and unpaid interest on the remaining balance at the rate of 9-1/2% per annum.

The remaining principal balance of Six Hundred Twenty-Five Thousand and 00/100 (\$625,000.00) shall be paid in quarterly installments of Sixty-Two Thousand Five Hundred and 00/100 Dollars (\$62,500.00) each plus accrued interest on the remaining balance at the rate of 9-1/2% per annum. The first such quarterly payment shall be made on or before April 1, 1981, and each succeeding payment shall be made on the first day of each succeeding calendar quarter thereafter until the entire principal balance together with interest has been paid in full.

At any time after December 31, 1980, Buyer shall be entitled to pay all or any portion of the unpaid principal balance with interest to the date of payment without penalty.

Interest shall commence to run on the date of this contract and all deferred balance shall bear interest at the rate of 9-1/2% per annum. Interest shall be paid in addition to the payments above required.

Taxes on said premises shall be prorated between the parties as of the date of this contract.

The Buyer shall be entitled to possession of said lands on the date of consummation of sale, and may retain such possession so long as it is not in default under the terms of this contract. Buyer shall not cut or remove any timber from the above-described real property until the unpaid principal balance due on this contract of sale shall have been reduced to Three Hundred Seventy-Five Thousand and 00/100 Dollars (\$375,000.00). When the principal balance due on this contract has been reduced to Three Hundred Seventy-Five Thousand and 00/100 Dollars (\$375,000.00), Buyer may cut and remove not to exceed thirty-five percent (35%) of timber, eight inches (8") in diameter, breast high and larger. No further timber may be cut or removed from said real property until the entire purchase price is paid in full provided, however, that if Buyer desires to cut and remove timber in excess of, or earlier than allowed by the foregoing restrictions, Buyer may at any time after December 31, 1980, give 30 days prior written notice to Seller and, within said 30 days, deliver to Seller an irrevocable letter of credit drawn upon a major bank acceptable to Seller guaranteeing payment to Seller of all remaining unpaid

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installments of principal and interest, which payments shall be made to Seller upon drafts drawn at sight on the dates and in amounts above specified. It is understood, that said Letter of Credit shall guarantee all payments as they become due regardless of the amount of timber removed by buyer provided, however, that buyer may pay the entire remaining balance at any time after December 31, 1980, and thereby remove any restriction against cutting and removal of timber.

All logging done by Buyer shall be done in strict compliance with all laws, of the United States, the State of Washington and any county or municipal laws or ordinances and any and all rules or regulations made pursuant thereto by any governmental authority including but not limited to the Washington Forest Practice Act and all regulations made pursuant thereto. Buyer shall pay on or before the due date thereof all severance taxes and any and all other governmental charges arising directly or indirectly from the cutting and removal of said timber. If Buyer shall fail to make said payments, Seller may do so but shall not be required to, and any payment so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid without waiver of any rights arising to Seller for Buyer's breach of contract.

The Buyer agrees that it will not suffer or permit any waste or strip of said premises; that it will keep said premises free from mechanic's and all other liens and save the Seller harmless therefrom and reimburse Seller for all costs and attorney's fees incurred by it in defending against any such liens; that it will

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pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due. Now if the Buyer shall fail to pay any such liens, costs, water rents, taxes or charges, the Seller may do so, but shall not be required to, and any payment so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the Seller for Buyer's breach of contract.

The Seller agrees that at its expense and within thirty days from the date hereof, it will furnish unto Buyer a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the Seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements recorded and unrecorded, if any and

Terms, covenants and conditions contained in application for designation as Timber and Forest Lands, entered into pursuant to R.C.W. 84.33 (including potential liability for future applicable taxes, penalties and interest upon removal of said designation); notice of approval of said designation being recorded under Skamania County, Recording Numbers 80089 and 79782.

A Right of Way for ditches and canals constructed by the authority of the United States of America, as disclosed by instrument recorded in Volume A of Patents, pages 441-442, records of Skamania County, Washington. Affects that portion in Section 7, Township 3 North, Range 8 East of the Willamette Meridian.

A Right of Way for ditches and canals constructed by the authority of the United States of America, as disclosed by instrument recorded in Volume B of Patents, page 2, records

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of Skamania County, Washington. Affects that portion in Section 12, Township 3, Range 7-1/2 East of the Willamette Meridian.

Easement affecting a portion of said premises and for the purposes hereinafter stated, as set forth by instrument recorded on June 19, 1911, in Volume N of Deeds, pages 201-202. In favor of Home Valley Irrigation and Power Company, for a perpetual right-of-way sixty (60) feet in width, for an irrigation ditch and power flume. Affects a portion of fifty (50) foot strip in Northeast Quarter of Northwest Quarter (NE 1/4 NW 1/4) of Section 7, Township 3 North, Range 8 East of the Willamette Meridian. Situate in the County of Skamania, State of Washington.

Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, it will deliver a good and sufficient deed conveying said premises in fee simple unto the Buyer, its successors and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under Seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by the Buyer and further excepting all liens and encumbrances created by the Buyer or his assigns and further excepting easements and rights of way, recorded and un-recorded, and

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It is understood and agreed between said parties that time is of the essence of this contract, and in case the Buyer shall fail to make the payments above required, or any of them, punctually within ten days of the time limited therefor, or fail to keep any agreement herein contained, then the Seller at its option shall have the following rights:

(a) Seller may elect to bring an action on any overdue installment or on any payment or payments made by seller and repayable by purchaser. The promise to pay intermediate installments is independent of the promise to pay the entire balance due.

(b) In the event purchaser shall fail to comply with any condition hereof or to make any payment required, the seller may elect to declare all of the purchaser's rights hereunder terminated. Upon his doing so, all payments made by the purchaser and all improvements placed upon the real estate shall be forfeited to the seller as liquidated damages, and the seller shall have the right to re-enter and take possession of the property. A thirty day notice of intent to declare a forfeiture shall be made by Seller in writing. Within the thirty day period the purchaser shall have the right to remove the grounds for forfeiture specified in the notice. Purchaser shall not be reinstated, however, until the purchaser has paid to the seller all expenses that seller has incurred in the declaration and service of such notice, including attorney's fees incurred by seller.

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(c) Attorney's Fees.

(1) If this contract or any obligation contained in it is referred to an attorney for collection or realization, purchaser agrees to pay seller's attorney's fees, including fees incurred with or without legal suit, expenses of searching records to determine the condition of title, and all other related legal expense.

(2) In the event litigation arises out of this contract, the losing party agrees to pay the prevailing party's attorney's fee, together with all costs and expenses incurred in connection with such action, including the cost of searching records to determine the condition of title.

(d) Notice Provisions. Service of all demands or notices pursuant to this contract may be made by certified mail postage prepaid, directed to the purchaser or seller at his address stated above. The time specified in any notice shall commence to run from the date of the postmark.

(e) Acceleration. In the event purchaser shall fail to comply with any condition hereof or to make any payment required, the seller may elect to declare all of the sums obligated to be paid by the purchaser herein to be immediately due and payable. Prior to acceleration, a thirty (30) day notice of intent to accelerate shall be made by seller in writing. Within the thirty (30) day period, the purchaser shall have the right to remove the grounds for acceleration specified in the notice. Acceleration shall be declared, however, unless the purchaser has paid to the seller all expenses that seller has incurred in the declaration of intention to accelerate and service of such notice, including attorney's fees incurred by the seller. Upon acceleration being declared, all sums due under this contract, including all costs and attorney's fees, shall immediately be payable in full, and purchaser shall have no right to bring the delinquencies current and reinstate the contract.

In the event of such default Seller shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the property exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by Seller shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the property, the receiver may:

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a. Use, operate, manage, control and conduct business on the property and make expenditures for all maintenance and improvements as in its judgment are proper;

b. Collect all rents, revenue, income, issues and profits from the property and apply such sums to the expenses of use, operation and management;

c. At Seller's option, to complete any logging operation in progress on the property, and in that connection pay bills, borrow funds, employ loggers as Seller deems appropriate.

If the revenues produced by the property are insufficient to pay expenses, the receiver may borrow, from Seller or otherwise, such sums as it deems necessary for the purposes stated in this paragraph, and repayment of such sums shall be secured by this contract. The amounts borrowed or advanced shall bear interest at a per annum equal to the First National Bank or Oregon's minimum lending rate plus 1% per annum from the date of expenditure until repaid and shall be payable by Purchaser on demand. Provided however that the maximum rate of interest shall not in any event exceed the maximum rate of interest permitted under the laws of the State of Washington or the State of Oregon.

The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

The Buyer further agrees that failure by the Seller at any time to require performance by the Buyer of any provision hereof shall in no way affect its right hereunder to enforce

the same, nor shall any waiver by said Seller of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$1,000,000.

Buyer acknowledges that it has conducted its own investigation of the real property described above, and of the quantity, quality and value of said property and said timber, and is relying upon its own investigation and is not relying upon any representations of Seller or its agents, officers, representatives, or the real estate broker employed by it or any cooperating broker.

Buyer shall not assign this contract or any interest hereunder or in the property herein described, unless Seller first consents to such assignment in writing, which consent shall not be unreasonably withheld. Any attempted assignment in violation of this provision shall be void and of no effect with respect to Seller. This provision shall not, however, affect the right of Buyer to cut and/or remove trees and sell same as otherwise permitted in accordance with this agreement.

IN WITNESS WHEREOF, each of the parties hereto have caused their respective corporate names to be signed and its corporate seal affixed hereto by its officers duly authorized

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thereunto by order of its Board of Directors.

BUYER:
CAFFALL BROS. FOREST PRODUCTS,
INC., a corporation

SELLER:
NORTH PACIFIC LUMBER CO.,
an Oregon corporation

By Walter E. Burt
President AREA MANAGER

By James H. Smith
President

By Robert Dale Dyer
Asst. Secretary

By Frank J. Miller
Secretary

STATE OF OREGON)
) ss.
County of Multnomah)

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The foregoing instrument was acknowledged before me
this 16th day of June, 1980, by Douglas
David, President of North Pacific Lumber Co., an Oregon
corporation, on behalf of the corporation.

James B. Smith
Notary Public for Oregon
My Commission Expires: 2/13/82

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me
this 18 day of June, 1980, by F. Brock Miller,
the Secretary of North Pacific Lumber Co., an Oregon cor-
poration, on behalf of the corporation.

James B. Smith
Notary Public for Oregon
My Commission Expires: 2/13/82

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
25th day of June, 1980, by Walter K. Bunt, Jr.
the President of Caffall Bros. Forest Products, Inc., a corpora-
tion, on behalf of the corporation.

Susan K. Krael
Notary Public for Oregon
My Commission Expires: 8-7-82

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
25th day of June, 1980, by Robert Dale Dues
the Secretary of Caffall Bros. Forest Products, Inc. a corpora-
tion, on behalf of the corporation.

Susan K. Krael
Notary Public for Oregon
My Commission Expires: 8-7-82