

REAL ESTATE CONTRACT

THIS CONTRACT made and entered into this 28 day of August, 1981, between MICHAEL DILLEY and SHARON DILLEY, husband and wife, hereinafter called the "sellers" and WILLIAM SMITH, a single person, hereinafter called the "purchaser",

W I T N E S S E T H :

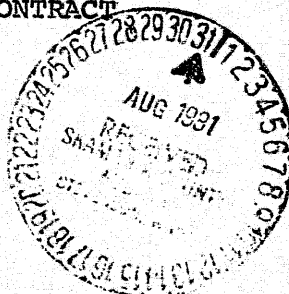
That the sellers agree to sell to the purchaser and the purchaser agrees to purchase from the sellers the following described real estate, with the appurtenances, in Skamania County, Washington, to-wit:

Lots 5 and 6 of Washougal Summer Home Tracts, according to the official plat thereof on file and of record in Book A of plats at page 78 in the office of the Auditor of Skamania County, Washington, in Section 31, Township 2 North, Range 5 East of the Willamette Meridian.

The terms and conditions of this contract are as follows: The purchase price is Fifty Thousand and no/100 (\$50,000.00) Dollars, of which One Thousand and no/100 (\$1,000.00) Dollars have been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows: Fifteen Thousand and no/100 (\$15,000.00) Dollars, or more at purchaser's option, on or before the 31st day of August, 1981, and Three Hundred Forty and no/100 (\$340.00) Dollars, or more at purchaser's option, on or before the 1st day of October, 1981, and Three Hundred Forty and no/100 (\$340.00) Dollars or more at purchasers option on or before the first day of each succeeding calendar month until the balance of said purchase price shall have been fully paid, provided however, the entire unpaid balance of said purchase shall be paid in full on or before September 1, 1983. The purchaser further agrees to pay interest on the diminishing balance of said purchase price at the rate of twelve per cent (12%) per annum from the 1st day of September, 1981, which interest shall be deducted from each installment payment and the balance of each payment applied in reduction of principal. Further, in the event that purchaser shall sell, convey, transfer or give away lot 5 of said real estate to another or enter into a contract for such a purpose, purchaser shall immediately, upon entering into such a contract or sale or conveyance or upon such sale or conveyance whichever shall occur earlier, pay to sellers one-half (1/2) of the then current assessed value of said Lot 5 and said payment shall be applied to the reduction in principal but said monthly payment shall remain at Three Hundred Forty and no/100 (\$340.00) Dollars per month. All payments made hereunder shall be made at such place as the seller may direct in writing.

As referred to in this contract, "date of closing" shall be the 31st day of August, 1981.

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No.
TRANSACTION EXCISE TAX

AUG 31 1981
Amount Paid \$500.00

Skamania County Treasurer
By W. Smith Phillips, C. P.

(1) The purchaser assumes and agrees to pay before delinquency all taxes and assessments that may as between grantor and grantee hereafter become a lien on said real estate; and if by the terms of this contract the purchaser has assumed payment of any mortgage, contract or other encumbrance, or has assumed payment of or agreed to purchase subject to, any taxes or assessments now a lien on said real estate, the purchaser agrees to pay the same before delinquency.

Purchaser agrees to pay one-twelfth (1/12th) of the amount of the previous year's assessed property taxes into a reserve account each month, which account shall be at such place as the sellers may direct in writing. The proceeds in said tax reserve account shall be used for the payment of the property taxes as they fall due, purchaser agrees to provide any additional funds necessary to pay in full the assessed property taxes as they fall due.

(2) The purchaser agrees, until the purchase price is fully paid, to keep the buildings now and hereafter placed on said real estate insured to the actual cash value thereof against loss or damage by both fire, windstorm and flood in a company acceptable to the seller and for the seller's benefit, as his interest may appear, and to pay all premiums therefor and to deliver all policies and renewals thereof to the seller.

(3) The purchaser agrees that full inspection of said real estate has been made and that neither the seller nor his assigns shall be held to any covenant respecting the condition of any improvements thereon nor shall the purchaser or seller or the assigns of either be held to any covenant or agreement for alterations, improvements or repairs unless the covenants or agreement relied on is contained herein or is in writing and attached to and made a part of this contract. The house on said real estate is being sold in an as is condition.

(4) The purchaser assumes all hazards of damage to or destruction of any improvements now on said real estate or hereafter placed thereon, and of the taking of said real estate or any part thereof for public use; and agrees that no such damage, destruction or taking shall constitute a failure of consideration. In case any part of said real estate is taken for public use, the portion of the condemnation award remaining after payment of reasonable expenses of procuring the same shall be paid to the seller and applied as payment on the purchase price herein unless the seller elects to allow the purchaser to apply all or a portion of such condemnation award to the rebuilding or restoration of any improvements damaged by such taking. In case of damage or destruction from a peril insured against, the proceeds of such insurance remaining after payment devoted to the restoration or rebuilding of such improvements within a reasonable time, unless purchaser elects that said proceeds shall be paid to the seller for application on the purchase price herein.

(5) The purchaser agrees to obtain at his own expense a purchaser's policy of title insurance in standard form to be issued by Skamania County Title Company.

(6) The sellers agree, upon receiving full payment of the purchase price and interest in the manner above specified, to execute and deliver to purchaser a Statutory Warranty Fulfillment Deed to said real estate, excepting any part thereof hereafter taken for public use, free of encumbrances except any that may attach after date of closing through any person other than the Sellers, and subject to the following:

Easements, covenants, conditions and restrictions of record.

(7) Unless a different date is provided for herein, the purchaser shall be entitled to possession of said real estate on date of closing and to retain possession so long as purchaser is not in default hereunder. The purchaser covenants to keep the buildings and other improvements on said real estate in good repair and not to permit waste and not to use, or permit the use of, the real estate for any illegal purpose. The purchaser covenants to pay all service, installation or construction charges for water, sewer, electricity, garbage or other utility services furnished to said real estate after the date purchaser is entitled to possession.

(8) In case the purchaser fails to make any payment herein provided or to maintain insurance, as herein required, the seller may make such payment or effect such insurance, and any amounts so paid by the seller, together with interest at the rate of twelve percent (12%) per annum thereon from date of payment until repaid, shall be repayable by purchaser on seller's demand, all without prejudice to any other right the seller might have by reason of such default.

(9) Pro-rations. Advalorem real property taxes, street lighting taxes and drainage district taxes affecting the real property shall be pro-rated between the parties on a tax year basis as of the closing date and the parties charged and credited for their proportionate shares.

(10) Purchaser shall pay when due and before they become delinquent all public charges, municipal liens, assessments and any other charges levied against the real property which may become a lien upon the real property or any improvement thereon. Purchaser shall keep the real property free from mechanic's and other liens and will hold Sellers harmless from and reimburse Sellers for all costs and attorney's fees incurred in defending against any such liens.

(11) Purchaser shall comply with all laws, ordinances, regulations, and private restrictions affecting the real property. Sellers shall have the right to inspect the real property at all reasonable times. Purchaser shall not make or cause to be made any structural improvements or alterations to the real property without first obtaining the written consent of sellers. Sellers' consent to such

alterations or improvements shall not be unreasonably withheld. Purchaser shall not commit nor suffer any waste of the real property or any improvements thereon or to be placed thereon, and shall maintain the real property and all such improvements in good condition and repair except for reasonable wear and tear.

(12) The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the parties hereto, provided, however, that nothing contained in this section shall alter the restrictions relating to the sale or transfer.

(13) Time is of the essence of this contract, and it is agreed that in case the Purchaser shall fail to comply with or perform any condition or agreement hereof or to make any payment required, and for failure to cure the default within thirty (30) days of the mailing by Sellers of the written notice of said default, the Sellers may elect to declare all of the purchaser's rights hereunder terminated and upon their doing so, all payments made by purchaser hereunder and all improvements placed upon the real estate shall be forfeited to the Sellers as liquidated damages, and the seller shall have the right to re-enter and take possession of the real estate; and no waiver by the seller of any default on the part of the purchaser shall be construed as a waiver of any subsequent default. In the alternative, upon a default by the purchaser in performing any condition or agreement hereof, or to make any payment required, and for failure to cure the default within thirty (30) days of the mailing by sellers of written notice to purchaser of said default, the sellers may, at their option, declare the entire balance of the purchase price and all accrued interest immediately due and payable and may bring an action for the recovery thereof.

Service upon purchaser of all demands, notices or other papers with respect to forfeiture and termination of purchaser's rights may be made by United States Mail, postage pre-paid, return receipt requested, directed to the purchaser at his address last known to sellers.

In the event that the monthly payment has not been received by sellers by the 10th day of the month in which it is due, purchaser shall be liable for a late charge of \$10.00 and a dollar per day thereafter until paid to a maximum of \$30.00 for each monthly payment.

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

If this contract or any obligation contained in it is referred to an attorney for collection or realization, or for the adjudication of the termination of the purchaser's

rights hereunder, the purchaser agrees to pay a reasonable attorney's fee (including fees incurred with or without legal suit), expenses of title search and all other legal expenses.

(15) In the event that purchaser sells or transfers any or all of his interest in the property to another who assumes this contract, said sale or transfer shall constitute a default hereunder unless:

- (a) The transferor (purchaser herein), shall have fully disclosed, one week prior to any proposed sale or transfer, all of the terms, conditions, parties and all other information concerning the proposed sale or transfer as may be requested by sellers, and sellers shall have as of the effective date of such proposed sale or transfer, given its approval in writing, which approval shall not be unreasonably withheld; and
- (b) The transferor shall have, prior to the effective date of such transfer, paid all costs and expenses incurred by sellers in connection with analyzing or approving such transfer including, but not limited to, costs of credit investigations, administrative overhead and reasonable attorney's fees.

The sellers may at their option effective upon such transfer increase the interest rate by one-half (1/2) of the difference between twelve (12%) percent and the interest rate sought to be charged by the purchaser to the transferee and in no event shall such newly created interest rate be less than twelve (12%) percent and such higher interest rate shall remain in effect until the principal is paid in full.

For purposes of this paragraph a "sale or transfer" shall include in addition to the common and ordinary meaning of the term and without limiting their generality, transfers to or from nominees or agents, transfers made to a subsidiary or affiliated entity, transfers made to a restructured limited partnership, transfers by any partnership to the individual partners or vice versa, transfers by any corporation to its stockholders or vice versa, any corporate merger or consolidation, and any lease.

(16) Purchaser shall not be entitled to cut or log any fir trees without the prior written consent of sellers until such time as this real estate contract is paid in full.

IN WITNESS WHEREOF, the parties have signed and

sealed this contract the day and year first above written.

"SELLERS"

"PURCHASER"

Michael Dilley
MICHAEL DILLEY

William D. Smith
WILLIAM SMITH

Sharon Dilley
SHARON DILLEY

STATE OF WASHINGTON)
: SS
County of Clark)

On this day personally appeared before me MICHAEL DILLEY and SHARON DILLEY, 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 day of August, 1981.

Brian R. Neustein
NOTARY PUBLIC in and for the State of Washington residing at Vancouver.

STATE OF WASHINGTON)
: SS
County of Clark)

On this day personally appeared before me WILLIAM SMITH, 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 day of August, 1981.

Brian R. Neustein
NOTARY PUBLIC in and for the State of Washington residing at Vancouver.

98010

Registered 6
Indexed, Direct
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GALLUP & DUGGAN
1105 Broadway, Suite 214
Vancouver, WA 98660-3298

STATE OF WASHINGTON
COUNTY OF CLATSOP
I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF WRITING WAS BY
Brian R. Neustein 98660
OF 1105 Broadway, Suite 214
AT 1:30 M 8-31 1980

W. 80
OF Need 256

RECORDED
Dee Messenger
E. Macfarland