

120362

CONTRACT AND SECURITY AGREEMENT

BOOK 145 PAGE 413

This contract made this 30th day of July, 1994, between Rodman Setness and Janet Setness, husband and wife, hereinafter called the seller or secured party, and Robin Ortega and Leonard Hollenbeck, hereinafter called the buyer or debtor.

WITNESSETH, that in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell and the buyer agrees to purchase from the seller all of the following described premises in Skamania County, State of Washington, to wit:

The cabin and improvements, additions, appurtenances, fixtures, and any and all personal property used therewith and thereon other than nonattached readily moveable furniture situated on the lot particularly described and known as Cabin Site No. 76 of the Northwoods being part of Government Lots 4 and 8, Section 26, Township 7 N, Range 6 E Willamette Meridian, Skamania County, Washington

for the sum of Twenty Thousand and no/100ths Dollars (\$20,000.00) (hereinafter called the purchase price) of which Five Thousand and no/100ths Dollars (\$5,000.00) is a down payment receipt of which is hereby acknowledged by the seller; the buyer agrees to pay the remainder of said purchase price (to-wit: \$15,000.00) to the order of the seller in monthly payments for a period of five (5) years at an interest rate of 8.5% (eight and one half percent) per annum compounded daily pursuant to a promissory note executed contemporaneously herewith.

The buyer shall be entitled to possession of said property following closing on July 30, 1994, and approval of Northwoods Association and Water Front Recreation, Inc., and may retain such possession as long as buyer is not in default under the terms of this contract nor under the terms of the lease entered into between the buyer and Water Front Recreation, Inc., and for as long as any part of the said purchase price remains unpaid. The buyer agrees that at all times buyer will keep the premises and the buildings, now or hereinafter erected thereon, in good condition and repair and will not suffer any waste or strip thereof; that buyer will keep said premises free from all other liens and save the seller harmless therefrom and reimburse seller for all costs and reasonable attorney's fees incurred by seller in defending against any such liens; that buyer will pay all taxes hereafter in respect to said property, as well as all water rents, public charges, association fees of any kind, and government liens which hereafter may be imposed upon said premises, all promptly before the same or any part thereof becomes past due; that at buyer's expense, buyer will insure and keep all buildings now or hereafter erected on said premises

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REAL ESTATE EXCISE TAX

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AUG 23 1994

PAID 256.00

JW

SKAMANIA COUNTY TREASURER

Glenda J. Kimmel, Skamania County Assessor
 By: JLC Parcel # 96-000076
 8/23/94

against loss of damage by fire in an amount not less than \$20,000.00 or fair market value, whichever is greater, with loss payable to the seller and all policies of insurance to be delivered to the seller as soon as insured. Now if the buyer shall fail to pay any such liens, costs, water rents, taxes or charges or to procure and pay for such insurance, the seller may do so 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 of 12% per annum, without waiver, however, of any right arising to the seller for buyer's breach of contract.

And 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 when due therefor, or fail to keep any agreement herein contained, then the seller at seller's option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable and/or (3) to foreclose this contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed perfectly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

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 seller's 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.

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable attorney's fees to be allowed the prevailing party in said suit or action and if any appeal is taken from any judgment or decree of the trial court, the losing party further promises to pay such sum as the appellate court shall adjudge as reasonable as the prevailing party's attorney's fees on such

appeal.

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Cabin and all improvements, additions, appurtenances, fixtures and any and all personal property used therewith and thereon are accepted by buyer/debtor in its present condition, "AS IS". Buyer/debtor has inspected to satisfaction of buyer/debtor. Buyer does not rely on any representation of seller regarding its condition or otherwise.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executor, administrators, personal representatives, successors in interest and assigns as well. All remedies stated above and below are agreed by the parties to be addition to rights under the law or equity or in the promissory note. No remedy of seller is exclusive, nor must seller elect unless required by law.

The below Security Agreement provides remedies and terms in addition to the above and may be exercised at the option of the seller or secured party herein.

SECURITY AGREEMENT

Section 1. Robin Ortega of P.O. Box 250, Cougar, Cowlitz County, Washington, and Leonard Hollenbeck, of 27120 N.E. 105th Avenue, Battleground, Clark County, Washington, jointly and severally, (hereinafter called the debtor), for a valuable consideration, receipt whereof hereby is acknowledged, hereby grants to Rodman Setness and Janet Setness (hereinafter called the secured party), whose address is 7945 N. Dwight Avenue, Portland, Multnomah County, Oregon, a security interest in the following described property together with all accessories, substitutions, additions, replacements, parts and accessions affixed to or used in connection therewith, as well as the products and proceeds thereof (all hereinafter called "the Collateral"):

The cabin, improvements, additions, appurtenances, fixtures, and any and all personal property used therewith and thereon other than nonattached readily moveable furniture brought thereon by debtors, Cabin Site No. 76 of the Northwoods being part of Government Lots 4 and 8, Section 26, Township 7 N, Range 6 E Willamette Meridian, Skamania County, Washington

to secure payment of the debtor's debt to the secured party as evidenced hereby and by debtor's note of even date herewith payable to the secured party in the amount of Twenty Thousand and no/100ths Dollars (\$20,000.00) payable on the terms, at the times and with interest as set forth in said note; also to secure any and all other liabilities, direct and indirect, absolute or contingent, now existing or hereafter arising from the debtor to

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the secured party. (Said note and said liabilities hereinafter collectively are called "the Obligations.") Debtor agrees to pay said note and obligations and if any portion thereof, principal or interest, is not paid when due and such default continues for more than 10 days, debtor agrees to pay, in addition to the foregoing, the reasonable collection costs of the secured party plus reasonable attorney's fees incurred in any suit or action, including any appeal taken therefrom.

Section 2. The debtor hereby warrants and covenants that:

2.1 The Collateral is primarily for debtor's personal, family or household purposes.

2.2 At all times the Collateral will be kept at Cabin Site No. 76 of the Northwoods being part of Government Lots 4 and 8, Section 26, Township 7 N, Range 6 E Willamette Meridian, Skamania County, Washington, and shall not be removed from said location, in whole or in part, until such time as written consent to a change of location is obtained by debtor from the secured party.

2.3 If the Collateral is or is to become attached to real estate, a description of the real estate is:

Cabin Site No. 76 of the Northwoods being part of Government Lots 4 and 8, Section 26, Township 7 N, Range 6 E Willamette Meridian, Skamania County, Washington

in Skamania County, Washington, and if the Collateral is attached to real estate prior to the perfection of the security interest granted hereby, the debtor will, on the demand of the secured party, furnish the latter with disclaimers or subordination agreements in form suitable to the secured party, signed by all persons having an interest in said real estate or any interest in the Collateral which is prior to the secured party's interest.

2.4 If any motor vehicles or titled item are included in the above described Collateral, the secured party's security interest is to be noted on each certificate of title and each of said certificates shall be deposited with and kept by the secured party.

Section 3. Late Charge:

3.1 In addition to any remedies stated herein, buyer/debtor is obligated to pay a late charge of \$50.00 for any payment received seven days after it is due. 25.00 *[Handwritten initials]*

Section 4. The debtor hereby further warrants and covenants that:

4.1 No financing statement covering any of the Collateral described herein, or the products or proceeds thereof, is on file

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in any public office. The debtor is the owner of said Collateral and each and every part thereof free from any prior lien, security interest or encumbrance and will defend the Collateral against the claims and demands of all persons whomsoever.

4.2 The debtor will not sell, exchange, lease or otherwise dispose of the Collateral, or any part thereof, or suffer or permit any lien, levy or attachment thereon or security interest therein or financing statement to be filed with reference thereto, other than that of the secured party.

4.3 Debtor will maintain the Collateral in good condition and repair and preserve the same against waste, loss, damage or depreciation in value other than by reasonable wear. The debtor will not use any of the Collateral in violation of any law or public regulation or the lease with Water Front Recreation, Inc, or its successors in interest. Secured party may examine and inspect the Collateral at any reasonable times, wherever located, and for that purpose hereby is authorized by debtor to enter any place or places where any part of the Collateral may be.

4.4 Debtor will keep the Collateral fully insured against loss or damage by fire, theft (and collision if applicable) and such other hazards as secured party may from time to time require, with such deductible provisions, upon such terms, including loss payable and other endorsements, and in such company or companies as the secured party may approve; debtor immediately will deliver all policies to the secured party, to be retained by the latter in pledge to secure debtor's obligations hereunder, with irrevocable authority to adjust any loss, receive and receipt for any sum payable, surrender any policy, discharge and release any insurer, endorse in debtor's name any loss or refund check or draft and, in general, exercise in the name of the debtor or otherwise, any and all rights of the debtor in respect thereto or in respect to the proceeds thereof.

4.5 Debtor will pay, when due, all taxes, license fees and assessments relative to the Collateral and its use and relative to the note and obligations secured hereby. Should debtor fail in the performance of any of the foregoing, the secured party may pay any security interest having priority hereto, may order and pay for the repair, maintenance and preservation of the Collateral, or any part thereof, may place and pay for any such insurance and may pay any such taxes; the debtor agrees to pay to the secured party on demand all of the latter's disbursements for any of said purposes with interest at twelve percent per annum on all sums so paid from the date of payment until repaid. Repayment of all said sums shall be secured by this Security Agreement.

4.6 The debtor agrees to notify the secured party promptly in writing of any change in debtor's business or residence address and in the location where the Collateral is kept.

4.7 In the event of any assignment by the secured party of this agreement or secured party's rights hereunder, debtor will not assert as a defense, counterclaim, set-off or otherwise against secured party's assignee any claim, known or unknown,

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which debtor now has or claims to have or hereafter acquires against the secured party. However, notwithstanding any such assignment, secured party shall be liable to the debtor as if such assignment had not been made.

4.8 The debtor will join with the secured party in executing, filing and doing whatever may be necessary under applicable law to perfect and continue the secured party's security interest in the Collateral, all at debtor's expense.

4.9 Debtor hereby consents to any extension of time of payment and to any substitution, exchange or release of Collateral and to the addition to or release of any party or person primarily or secondarily liable for the obligations, or part thereof.

Section 5. General Provisions:

5.1 The note which this agreement secures is a separate instrument and may be negotiated, extended or renewed by the secured party without releasing the debtor, the Collateral or any guarantor or co-maker.

5.2 All of the terms herein and the rights, duties and remedies of the parties shall be governed by the laws of Oregon. Any part of this agreement contrary to the law of any state having jurisdiction shall not invalidate other parts of this agreement in that state.

5.3 All of the benefits of this agreement shall inure to the secured party, secured party's successors in interest and assigns and the obligations hereunder shall be binding upon the debtor, debtor's legal representatives, successors and assigns.

5.4 If there be more than one debtor or a guarantor or co-maker of the note or this agreement, the obligation of each and all shall be primary and joint and several.

5.5 The secured party shall not be deemed to have waived any rights under this or any other agreement executed by the debtor unless the waiver is in writing signed by the secured party. Delay in exercising secured party's rights shall not be a waiver nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

5.6 Each notice from one to the other party to this agreement shall be sufficient if served personally or given by U.S. registered or certified mail, or by telegraph, addressed to the other party at the address set forth herein, or as said address may be changed by written notice to the other given pursuant to this paragraph. Reasonable notice, when notice is required, shall be deemed to be five days from date of mailing. (3)

5.7 In construing this Security Agreement, the singular shall include the plural, all grammatical changes shall be made and implied so that this agreement shall apply equally to individuals, corporations and partnerships, all as the circumstances may require. Further, the debtor is the customer and the secured party is the creditor within the meaning of Regulation Z and the Truth-in-Lending Act. For any party hereto

which is a corporation, this instrument has been executed by one of its officers or other person authorized to do so.

5.8 A carbon impression or duplicate copy of any signatures on any copy of this agreement shall be deemed, for all purposes, an original signature.

Section 6. Default:

6.1 Time is of the essence hereof. The debtor shall be in default under this agreement upon the occurrence of any of the following events or conditions:

- (a) Debtor's failure to pay, when due, the principal of or interest on said note or obligations, or any installment thereof;
- (b) Debtor's failure to keep, observe or perform any provision of this agreement or any other agreement between debtor and the secured party;
- (c) The discovery of any misrepresentation, or material falsity of any warranty, representation or statement made or furnished by debtor to the secured party whether or not in connection with this agreement;
- (d) Loss, theft or destruction of or substantial damage to any of the Collateral;
- (e) The secured party deems or has reasonable cause to deem secured party's position insecure;
- (f) Failure or termination of the business of, or commencement of any insolvency or receivership proceedings by or against the debtor, or if the debtor, or any guarantor or co-maker of said note dies or becomes insolvent, and if debtor or any guarantor or co-maker of said note is a partnership, the death of any partner.

Section 7. Remedies of Secured Party:

7.1 Upon debtor's default, secured party shall have each and all of the rights and remedies granted to secured party by the Uniform Commercial Code of Washington, by the said note and by this agreement and may declare the note and obligations immediately due and payable and may require debtor to assemble the Collateral and make it available to the secured party at a place to be designated by the secured party which is reasonably convenient to both parties. The debtor agrees to pay the secured party's reasonable attorney's fees and other expenses incurred by the latter in retaking, holding, preparing for sale, selling and realizing on said Collateral. Should suit or action be instituted on this agreement, on the said note or to replevy said Collateral, or any part thereof, the losing party shall pay (1) the prevailing party's reasonable attorney's fees to be fixed by the trial court and (2) on appeal, if any, similar fees in the appellate court to be fixed by the appellate court.

Section 8. Lease of Premises and Assignment of Lease:

8.1 Debtor shall abide by all terms of the lease and lease assignment with Water Front Recreation, Inc., a Washington corporation. Debtor shall on demand of secured party reassign to secured party all interest in the site lease (including any and all rights to boat dock and slip) with Water Front Recreation, Inc., or its successors in interest.

Section 9. Transfer fees and taxes:

9.1 Buyer agrees to pay all transfer fees, including but not limited to escrow fees, recording fees, title insurance costs, association fees, and sales, excise, or transfer taxes.

Section 10. Improvements and Additions:

10.1 All improvements of any kind or any additions to Collateral shall belong to the secured party until the property has been paid for in full and if there is any forfeiture or foreclosure it shall be returned to the secured party without any cost to the secured party.

This security agreement is subject to the requirements of the Northwoods Association bylaws, rules and regulations and the Water Front Recreation, Inc., cabin site lease.

Executed and delivered in duplicate on 8-19-94, 1994.

8/19/94
DATE

8/19/94
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8-19-94
DATE

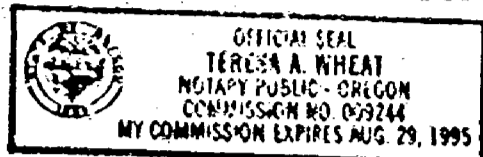
Radman S. Setness
RODMAN SETNESS

Janet S. Setness
JANET SETNESS

Robin Ortega
ROBIN ORTEGA

Leonard Hollenbeck
LEONARD HOLLENBECK

OREGON
STATE OF WASHINGTON
County of Multnomah ss.

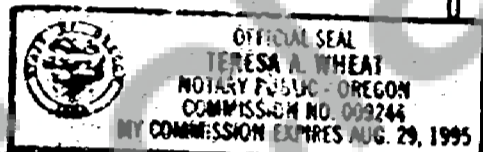


I certify that I know or have satisfactory evidence that Rodman Setness is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED 8-19-94

Teresa A. Wheat
Notary Public for Washington Oregon
My commission expires Aug 29, 1995

OREGON
STATE OF WASHINGTON
County of Multnomah ss.

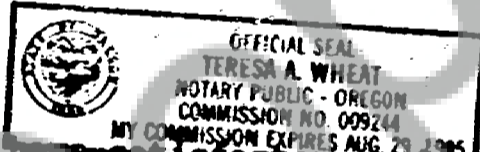


I certify that I know or have satisfactory evidence that Janet Setness is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED 8-19-94

Teresa A. Wheat
Notary Public for Washington Oregon
My commission expires Aug 29, 1995

OREGON
STATE OF WASHINGTON
County of Multnomah ss.



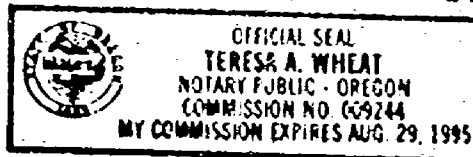
I certify that I know or have satisfactory evidence that Robin Ortega is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED 8-19-94

Teresa A. Wheat
Notary Public for Washington Oregon
My commission expires Aug 29, 1995

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STATE OF Oregon ^(si)
County of Multnomah) ss.



I certify that I know or have satisfactory evidence that Leonard Hollenbeck is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED 8-19-94.

Teresa A. Wheat
Notary Public for Washington Oregon
My commission expires: Aug 29, 1995

FILED FOR RECORD
SKAMANIA CO. WASH
BY Redmond Janet Setness

AUG 23 9 01 AM '94
P. Lowrey
AUDITOR
GARY M. OLSON