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FILED FOR RECORD
SKAMANIA CO. WASH
BY *Robert Lack*

DEC 29 4 15 PM '95

P. Savary
AUDITOR
GARY M. OLSON

REAL ESTATE CONTRACT

A. PARTIES, PROPERTY AND PURCHASE PRICE

Date: December 29, 1995

Sellers: HUBERT SMITH and DANNA SMITH, husband and wife
Address: Post Office Box 100
Carson, Washington 98610Purchasers: LAWRENCE P. SMITH and GLENNA J. SMITH, husband and wife
Address: 7661 Wind River Highway
Carson, Washington 98610

Real Property

Legal Description: A tract of land in the Northwest quarter of the Northeast quarter of Section 29, Township 3 North, Range 8 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Beginning at a point 15 feet South and 30 feet West of the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 29; thence West 100 feet; thence South 210 feet; thence East 100 feet; thence North 210 feet to the point of beginning.

Title to be Conveyed: Statutory Warranty (Fulfillment) Deed

Date of Closing: December 31, 1995

Total Purchase Price: Three Hundred Sixty Thousand Dollars (\$360,000.00)

Allocation of Purchase Price:	Real estate.....	\$250,000.00
	Trade name and trade fixtures (as per attached Schedule "A").....	\$ 20,000.00
	Covenant not to compete.....	\$ 10,000.00
	Inventory.....	\$ 80,000.00
	Total.....	\$360,000.00

Cash to be Paid on Closing: Twenty Thousand Dollars (\$20,000.00), Ten Thousand (\$10,000.00) of which is allocated to pay the Covenant Not to Compete in full

Balance Due on Contract: Three Hundred Forty Thousand Dollars (\$340,000.00)

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REAL ESTATE EXCISE TAX

Indexed, Dir	<input checked="" type="checkbox"/>
Indirect	<input checked="" type="checkbox"/>
Filed	<input checked="" type="checkbox"/>
Mailed	<input checked="" type="checkbox"/>

JAN 02 1996
PAID 3200.00
SW
SKAMANIA COUNTY TREASURERGary M. Olson, Skamania County Auditor
Date: 12-29-95
Page: 3-8-29-2-1-101

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B. TERMS OF DEFERRED AMOUNT TO BE PAID TO SELLERS

Interest Rate: Ten Percent (10%) per annum computed as of the date of closing. All amounts computed on the diminishing unpaid principal.

Installment Period: Monthly

First Installment Date: February 5, 1996

Pre-payment Provisions and Penalties: None

Installment Amount: One hundred nineteen (119) payments of Three Thousand Dollars (\$3,000.00) per month, and an additional Fifty Thousand Dollars (\$50,000.00) on April 5, 1996, with the entire unpaid balance due on the 120th payment *(unless the parties agree to extend the same)* *all 12/1* *295*

Delinquent/Default Rate: Twelve Percent (12%) *all 295*

Late Charge: Fifty Dollars (\$50.00) per payment if payment is made more than thirty (30) days after date due

Address Payments are to be Sent: Riverview Savings Bank Escrow Collection Account

THE SELLERS AND THE PURCHASERS HEREBY AGREE TO THE TERMS HEREINABOVE SET FORTH AND THE COVENANTS AND CONDITIONS CONTAINED IN THE ATTACHED GENERAL TERMS, ALL OF WHICH ARE INCORPORATED BY THIS REFERENCE. IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE SPECIFIC TERMS AND THE GENERAL TERMS, THE FORMER SHALL CONTROL.

IN WITNESS WHEREOF, the Sellers and the Purchasers have executed this agreement as of the date first above stated.

Hubert Smith

HUBERT SMITH, Seller

Danna Smith

DANNA SMITH, Seller

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Lawrence P. Smith

LAWRENCE P. SMITH, Purchaser

Glenna J. Smith

GLENN A. J. SMITH, Purchaser

STATE OF WASHINGTON)

County of Skamania)

I certify that I know or have satisfactory evidence that HUBERT SMITH and DANNA SMITH are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 29th day of December, 1995.

Winifred L. Lernalen

Notary Public for Washington
Residing at White Salmon therein.
Commission expires: 04-23-96



STATE OF WASHINGTON)

County of Skamania)

I certify that I know or have satisfactory evidence that LAWRENCE P. SMITH and GLENN A. J. SMITH are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 29th day of December, 1995.

Winifred L. Lernalen

Notary Public for Washington
Residing at White Salmon, therein.
Commission expires: 04-23-96



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II. GENERAL TERMS

1. (a) Agreement of Sale. The Sellers agree to sell and the Purchasers agree to purchase all that certain real property, improvements, fixtures, inventory, and Sellers' Covenant Not to Compete (collectively the "property") described in this contract, subject to the title exceptions listed in the Specific Terms hereof, and to any rights, titles, estates, leases, encumbrances and other interests suffered or created by the Purchasers, all for the considerations and subject to the terms, covenants and conditions herein contained.

(b) Documents. This agreement contains sixteen (16) pages and two schedules: Schedule "A" - Tradename and Fixtures, and Schedule "B" - Equipment, both of which are specifically incorporated by reference.

2. Purchase Price. The Purchasers agree to pay the purchase price to the order of the Seller in the manner set forth in the Specific Terms. The deferred portion of the purchase price which the Purchasers are to pay to the Seller shall be paid in the installment amounts, commencing on the first installment date and continuing on the same day of each installment period thereafter until the final payment date, at which time all outstanding principal, together with accrued and unpaid interest thereon, shall be due and payable.

3. Retention of Title and Security

(a) Except as otherwise provided for herein and in paragraph 3.b below, the Seller's title to the property and any substitutions hereof shall remain in the Seller until the Purchasers are entitled to receive delivery of the Seller's deed. In addition thereto, the Purchasers hereby grant to the Seller a security interest in all condemnation awards and insurance proceeds relating to the property. After all sums evidenced by this contract due to the Seller have been paid, the Seller shall deliver its fulfillment deed to the Purchasers in the form and subject to the exceptions herein agreed to. In the event any escrow account is established for this contract, said deed shall be executed and placed with the escrow agent promptly following the opening of said account with instructions to deliver it to the Purchasers when entitled thereto.

(b) The Purchasers shall pay the sum of Fifty Thousand Dollars (\$50,000.00) on April 5, 1996, in addition to the monthly Three Thousand Dollar (\$3,000.00) payment for a total of Fifty-three Thousand Dollars (\$53,000.00). Upon said payment the Sellers shall deliver to the Purchasers a Bill of Sale for all vehicles and equipment after which Seller shall have no further security interest therein.

(c) The Sellers shall retain a security interest in the trade fixtures and inventory evidenced by a UCC-1 filing which the parties agree to execute. Said agreement shall provide that there is no security interest in Sellers to new equipment purchased by the Buyer unless said new

equipment replaces Seller's equipment, in which case Seller agrees to subordinate to any purchase money security interest therefor, provided said security interest shall terminate at such time as the remaining contract balance is less than One Hundred Seventy-five Thousand Dollars (\$175,000.00).

4. Possession. The Purchasers may enter upon and take possession of the property on the 31st day of December, 1995.

5. Taxes and Assessments. In addition to the payments hereinabove provided for, the Purchasers shall pay before delinquency all real and personal property taxes, all general and special assessments, and all other charges of whatsoever kind or nature as are levied or assessed by any lawful authority upon or against the property or the use thereof, to the extent the same or any installments thereof are attributable to the period following the date of this contract. The prorated portion of said taxes, assessments and charges which are attributable to any period prior to the date of this contract, shall be paid before delinquency by the Seller. Said periods shall be determined by reference to the year in which the taxes, assessments and charges are required to be paid. If the Purchasers fail to so pay real property taxes or assessments and such failure is not rectified within fifteen (15) days following Seller's written demand to do so, and if such failure occurs two (2) or more times during the term of this contract, the Seller may, for the remaining term of this contract, require the Purchasers to deposit with each installment amount an amount reasonably estimated by the Seller to be necessary to discharge the real property taxes and assessments next due, said estimates to be adjusted by the Seller to reflect the actual amount of such liabilities each time the real property is reassessed and a copy of such reassessment is given to the Seller. The amounts so paid which have not been applied against such liabilities shall be returned to the Purchasers with the delivery of the Seller's deed to the Purchasers. The Seller shall not be liable for interest on said deposits. If not retained in an escrow or collection account, said funds shall be maintained by the Seller in a segregated account and expended for no other purpose, with interest earned thereon, if any, being added to the sums so held; provided, however, this account may be co-mingled with any insurance reserve account under this contract. The provisions of this paragraph to the contract notwithstanding, either party shall have the right to contest in good faith any tax or assessment which may have been or is hereafter levied against the property or any portion thereof so long as no portion of the property is threatened with any tax forfeiture or sale as the result of such contest. So long as such contest is pursued in good faith, the nonpayment of the amounts in dispute shall not constitute a default under this contract or afford the Seller the right to require tax reserve payments.

6. Indemnification and Insurance. The Purchasers shall and hereby covenant and agree to indemnify and hold the Seller harmless for any losses, damages, costs, claims and liabilities, including attorney's fees, caused by any negligent, reckless or intentional act of or negligent or reckless failure to act by the Purchasers or any of their agents, employees, independent contractors, invitees or licensees on, about or with respect to the property, and for any breach of this contract by the Purchasers or any of such persons, and this covenant of indemnification shall survive the delivery of the Seller's deed to the Purchasers.

The Sellers shall and hereby covenant and agree to indemnify and hold the Purchasers harmless for any losses, damages, costs, claims, and liabilities, including attorney's fees, arising out of any act or omission on the part of the Seller prior to the closure of this transaction, including any claims of Seller's agents, employees and independent contractors, invitees or licensees on, about, or with respect to the property, and for any breach of this contract by Sellers of any such persons, and including any claims of the Department of Revenue of the State of Washington for business activities of Sellers prior to closing. Purchasers shall have the right to offset any sums owing to Seller, at Purchaser's election, to the extent of any items to which this paragraph applies.

The Purchasers shall, at their own cost and expense, keep the property insured against loss or damage by fire, windstorm, and all other casualties covered by "all risk" endorsements available in the State of Washington. Said insurance shall be in an amount not less than the unpaid principal balance of the purchase price of the property, and shall be placed with an insurance company authorized to do business in the State of Washington. All insurance policies shall expressly include the Seller as named insured, shall contain a waiver of subrogation clause (to the extent reasonably obtainable), and shall include provisions to the effect that they cannot be materially modified or cancelled prior to Seller receiving not less than twenty (20) days advance written notice, and accurate and complete copies thereof shall be deposited with the Seller upon written request.

In the event of loss or damage to the property which is required to be insured hereunder, the insurance proceeds shall, at the option of the Purchasers, be used to repair, rebuild, or replace all improvements and personal property which may have been destroyed or damaged to the extent necessary to restore and replace them to substantially the same condition which existed immediately prior to the casualty, subject to such modifications as may then be required by law or to which the Seller agrees in writing. In the event the Purchasers desire to construct improvements which are materially different from those so damaged or destroyed, they shall first obtain the Seller's written consent. All repairs or replacements shall be commenced within sixty (60) days following the date the Purchasers elect to reconstruct and shall be continuously pursued with due diligence.

If (i) the Purchasers do not elect to repair the damage, or (ii) the Seller's consent to materially different improvements is not waived or given, or (iii) construction is not commenced when required or not continuously pursued (subject to delays beyond the reasonable control of the Purchasers), the Seller may require that all casualty insurance proceeds be immediately paid to the Seller. The Purchasers shall make the elections provided for in this paragraph within sixty (60) days following the date of the casualty, and the Seller shall respond in writing to a written request to construct materially different improvements within twenty (20) days after said request. Any failure of the Purchasers to timely make any such election shall enable the Seller to apply the insurance proceeds against the principal last due under this contract, and any failure of the Seller to timely respond to any such request shall be deemed an approval thereof.

Damage to or destruction of the property or any portion thereof shall not constitute a failure

of consideration or provide a basis for the rescission of this contract, nor shall such circumstances relieve the Purchasers of their obligation to pay the remaining installment amounts when due. In the event of any failure of the Purchasers to obtain or timely pay any premiums for any insurance required by this paragraph, the Seller may obtain such insurance and pay such premiums, adding any such payment(s) to the principal balance then due on this contract.

7. Utilities. The Purchasers shall pay for the costs of all electric, power, gas, sewer, water, telephone, cable television, refuse disposal service, and any and all other utilities furnished to or used or consumed in, on, or about the property by the Purchasers or by any person following the date of this contract, and Purchasers shall contract for the same solely in their own name. Any such services used prior to the date hereof by any person other than the Purchasers shall be the responsibility of the Seller.

8. Condition of Property. Except as may be otherwise provided in any written agreement between the parties hereto which is intended to survive the execution of this contract, the Purchasers hereby accept the property in the condition existing on the date of this contract and confirm that neither the Seller nor any agent or representative of the Sellers have given or made any warranty or representation whatsoever concerning the physical condition thereof or the uses or purposes to which the same may now or hereafter be placed, except as to title which Sellers warrant to be free from liens excepting those noted on the preliminary title report by Skamania County Title Co. #19793 as general exceptions #1 through #8 and special exception #3. Seller warrants to have special exception #3 removed at the time the warranty deed is delivered pursuant hereto.

Notwithstanding the above provisions, Sellers represent and warrant to Purchasers that they do not know of any condition on the sold property which could be classified as a hazardous condition, toxic waste which would be in violation of any federal or state statutes or regulations pertaining to environmental or hazardous or toxic materials, and the Sellers have conducted no activity upon the property which would or could result in a condition which would violate the standards imposed by such statutes or regulations.

9. Risk of Loss. The Purchasers shall bear the risk of loss for the complete or partial destruction or condemnation of the property after the date of this contract. No loss, damage or destruction of all or part of the property shall constitute a failure of consideration or a basis for the rescission of this contract or relieve the Purchasers from their obligation to observe and perform all of the terms, covenants and conditions hereof. Each of the parties hereto releases the other from all liability for damage caused by any act or neglect of the other party, their agents, servants and employees, to any property which is the result of fire or other casualty covered by insurance carried at the time of such casualty; provided, however, the releases herein contained shall not apply to loss or damage resulting from the willful or premeditated acts of either of the parties hereto, their agents, servants or employees; and provided further, nothing in this paragraph shall be interpreted or have the effect of relieving or modifying any obligation of any insurance company, and to the extent any

such obligation is so relieved or impaired this provision shall be ineffective.

10. Maintenance and Inspection. The Purchasers shall keep and maintain the property in good repair, and shall not commit or suffer to be committed any waste or other willful damage to or destruction of the property or any portion thereof. The Seller shall have the right, at all reasonable times and hours, to inspect the property to ascertain whether the Purchasers are complying with all of the terms, covenants and conditions of this contract.

11. Alterations and Liens. Seller consents to the Purchaser remodeling the premises in accordance with the Purchaser's plan as approved by Seller in advance. Except as otherwise permitted in this contract for construction following an insured casualty or condemnation, or except for any maintenance or repairs required by this contract, the Purchasers shall not, without the prior written consent of the Seller, make or permit any alterations, additions, or improvements to or of the property or to any portion thereof nor permit any demolition or removal of any such improvements. The Seller may not unreasonably withhold its consent if the action proposed will not materially affect the value of the property or violate any applicable laws or ordinances or the term of this contract. The Purchasers shall not cause, authorize or permit any mechanics' or materialmen's liens to be placed upon the property. The Purchasers shall indemnify and defend the Seller against all liens levied against the property or any part thereof caused by or through the Purchasers. The Purchasers shall have the right to contest said liens so long as a foreclosure thereof is prevented, and if such contest is pursued in good faith the filing of the lien and withholding payment of the lien amount so disputed shall not constitute a default under this contract. No lien of any agent, contractor, subcontractor, or independent contractor of the Purchasers shall encumber any interest of the Seller in the property. In the event the Purchasers shall alter, repair or improve the real property, or erect or construct any new or additional buildings or improvements on the real property, or any part thereof (whether acting with or without the Seller's consent), all such alterations, repairs, improvements, replacements and additions, including any new buildings and improvements, shall immediately be and become the property of the Seller and subject to all of the terms, covenants and conditions of this contract.

Purchasers shall, notwithstanding the provisions of this paragraph, or any other provisions of this contract, have the right to substitute items of personal property described on Exhibit "A" with property of equal or greater value, without the consent of Seller.

12. Compliance with Laws and Restrictions. The Purchasers shall faithfully observe, perform and comply with all laws, ordinances, rules and regulations of every governmental authority affecting the property; all easements, reservations, restrictions, covenants and conditions of record affecting or pertaining to the property; and any other rules and regulations which have been or are hereafter adopted with respect to the property. The Purchasers shall not use or permit any person to use the property for or in connection with any unlawful purpose or in any manner which causes a nuisance.

13. **Condemnation.** If the property or any part thereof is condemned or taken by power of eminent domain by any public or quasi-public authority, the Seller or the Purchasers, or both, may appear and defend or prosecute in any such proceeding. All compensation or awards received from the condemning authority by either the Seller or the Purchasers shall be applied first to the payment of the expenses of litigation, next to the acquisition and installation costs of any replacements or restorations of condemned property requested by the Purchasers in writing not later than fifteen (15) days following the date possession is required to be surrendered by the condemning authority, next to the reduction of the unpaid balance of this contract in the inverse order of its maturity, next to any other sums then due to the Seller (including accrued and unpaid interest and reimbursable advances and expenses), and the surplus, if any, shall be paid to the Purchasers.

14. **Transfer of Purchaser's Interest.** The Purchasers may assign the assets purchased herein to any business entity which they retain controlling interest in subject to Seller's security interest, and provided Purchasers remain personally liable under this agreement. No assignments, transfers, or sales to others are permitted without Seller's written consent, and Sellers shall not unnecessarily withhold the same.

15. **Purchaser's Default.** The Purchasers shall be in default under this contract if they (a) fail to observe or perform any term, covenant or condition herein set forth, or (b) fail or neglect to make any payment of principal and interest or any other amount required to be discharged by the Purchasers precisely when obligated to do so, or (c) become or are declared insolvent or make an assignment for the benefit of creditors, or file any debtor's petition or any petition is filed against them under any bankruptcy, wage earner's reorganization or similar act, or (d) permit the property or any part thereof or their interest therein to be attached or in any manner restrained or impounded by process of any court, or (e) abandon the property for more than thirty (30) consecutive days (unless the property is otherwise occupied), or (f) convey the property or a portion thereof without any prior written consent required herein of the Seller.

16. **Seller's Remedies.** In the event the Purchasers are in default under this contract, the Seller may, at its election, take the following courses of action:

(a) **Suit for Delinquencies.** The Seller may institute suit for any installment amounts or other sums due and payable under this contract as of the date of the judgment and any sums which have been advanced by Seller as of said date pursuant to the provisions of this contract, together with interest on all of said amounts at the default rate from the date each such amount was advanced or due, as the case may be, to and including the date of collection;

(b) **Acceleration.** Upon giving the Purchasers not less than fifteen (15) days' written notice of its intent to do so (within which time any monetary default may be cured without regard to the acceleration), and if the default is in the nature of a failure to timely pay any principal, interest, insurance premium, tax, or other sum of money required to be paid herein or any failure to obtain any

consent of the Seller herein required for a conveyance of the Purchaser's title to the property, or if the Purchaser commits waste on the property, the Seller may declare the entire unpaid balance of the purchase price and all interest then due thereon to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the provisions of this contract, and together with interest on all of said sums at the default rate from the due date or date of each such advance to and including the date of collection;

(c) Forfeiture and Repossession. The Seller may cancel and render void all rights, titles and interests of the Purchasers and their successors in this contract and in the property (including all of Purchaser's then existing rights, interests and estates therein, and improvements thereon) by giving Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default therein specified has not been fully cured within ninety (90) days thereafter and the Seller record a Declaration of Forfeiture pursuant to RCW 61.30.040-070. Upon the forfeiture of this contract the Seller may retain all payments made hereunder by the Purchasers and may take possession of the property ten (10) days following the date this contract is forfeited and summarily eject the Purchasers and any person or persons having possession of the said property by, through or under the Purchasers who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. In the event the Purchasers or any person or persons claiming by, through or under the Purchasers who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than ten (10) days after such forfeiture, the Purchasers, or such person or persons, shall be deemed tenants at will of the Seller and the Seller shall be entitled to institute an action for summary possession of the property, and may recover from the Purchasers or such person or persons in any such proceedings the fair rental value of the property for the use thereof from and after the date of forfeiture, plus costs, including the Seller's reasonable attorney's fees;

(d) Specific Performance. The Seller may institute suit to specifically enforce any of the Purchasers' covenants hereunder, and the same may include redress by mandatory or prohibitive injunction;

(e) Receivership. The parties hereto recognize and agree that in the event of default by the Purchasers in making any payments or in the performance of any of the other terms and conditions of this contract, the period of time involved in repossessing the property, forfeiting this contract, or in obtaining possession of the property by judicial process could cause irreparable damage to the Seller and to the property. Therefore, the Purchasers hereby expressly agree that in the event of any default under this contract which is not cured, the Seller shall have the right to apply to the Superior Court of the county in which the real property is situated for the appointment of a receiver under Chapter 7.60 of the Revised Code of Washington, or any chapter supplemental thereto, to take charge of and maintain control of or manage the property, to evict tenants therefrom who are not then in compliance with their leases, to lease any portion or all of the property in the name of the Purchasers on such terms as the receiver may deem advisable, to make such alterations,

repairs and improvements to the property as the receiver may deem advisable, and to receive all rents and income therefrom and issue receipts therefor, and out of the amounts that are so received to pay all of the debts and obligations for which the Purchasers are liable hereunder prior to or during the period of the receivership, including, without limitation, payments on or for this contract, subordinated encumbrances, taxes, assessments, insurance premiums, utility bills and costs of operating, maintaining, repairing and managing the property. Any sums received by the receiver in excess of said amounts shall be retained by the receiver to discharge all remaining liabilities of the Purchasers under this contract until the entirety of such obligations have been satisfied, at which point any remaining excess shall be paid to the Purchasers without interest; and

(f) Property Rental. In the event this contract is forfeited as herein provided, or in any other manner permitted by law, or by mutual agreement of the Purchasers and the Seller, and the Purchasers shall thereafter remain in possession of the property beyond any period otherwise permitted by law, the Purchasers agree that they will occupy the property as a tenant at will, and the Purchasers shall be obligated to pay, and hereby promise to pay, during the period of such tenancy at will, a fair market rental in the amount then agreed to by the parties, or in the absence of such agreement or until such agreement is reached, an amount equal to two (2) times the installment amount as and when provided for in the Specific Terms hercof, and the Seller shall have, in addition to all other remedies for the collection of rentals and the recovery of possession that are available to landlords under the laws of the State of Washington, the right to institute and maintain an action for summary possession of the property as provided by law.

17. (a) Purchasers' Remedies/Additional Notice. In the event the Seller should default in any of its obligations under this contract and such default continues for fifteen (15) days after the Purchaser gives the Seller written notice specifying the nature thereof and the acts required to cure the same, the Purchaser shall have the right to specifically enforce this contract, institute suit for damages caused by such default, or pursue any other remedy which may be available to the Purchaser at law or in equity.

(b) General Notice. Notwithstanding any provisions herein to the contrary, and without expanding upon other notices required herein, no action by either party shall be initiated without at least fifteen (15) days' notice to the defaulting party by the other party of their intent to enforce any provision of this contract and the defaulting party having at least fifteen (15) days to cure said default. This provision is intended to be a minimum provision and not to enlarge upon or shorten any other notice specifically required herein.

18. Remedial Advances. If either party to this contract shall fail to timely pay and discharge any payments or sums for which they have agreed to be responsible herein and said failure constitutes a default under this contract, or shall by any other act or neglect violate the terms and any conditions of this contract, or of any subordinated encumbrance, the other party hereto may pay, effect or discharge such sums as are necessary to cure such default upon giving the party required to

make such payments not less than fifteen (15) days prior written notice (except in any instance in which the Purchasers fail to obtain or maintain any insurance required herein or when immediate payment is required to avoid immediate hazards to persons or property or any foreclosure of or a similar action against or affecting any portion of the property, in which cases such notice may be given concurrently with or immediately following such payment). The party making such payment may recover from the defaulting party, upon demand, or through offsetting the same against existing or future debts, the full cost and expense of so doing, including said party's reasonable attorney's fees and together with interest on said expenditures and fees at the default rate from the date of expenditure to and including the date of collection or the due date of any sum against which such offset is effected.

19. Cumulative Remedies; Waivers. The remedies stated herein are cumulative and not mutually exclusive and the Seller or the Purchasers may pursue any other or further remedies to enforce their respective rights under this contract; provided, however, except as provided in this contract with respect to the Purchasers transfer of the property, the Seller shall not have the right to accelerate the remaining balance of the purchase price in the event the Seller elects to forfeit the Purchasers' interest in the property and such forfeiture is being enforced or is completed. In any action or proceeding to recover any sum or to enforce any remedy provided for herein, no defense of adequacy of security or that resort must first be taken against any particular security or any other person shall be asserted, and the Purchasers hereby expressly waive any legal or equitable rights that the Purchasers may have with respect to marshaling of assets. The Seller shall not be required to tender its deed as a condition precedent to the enforcement of any remedy hereunder. In the event any check is tendered which is not honored upon first presentation because of any stop payment directive or insufficient funds, the payee's rights shall be reinstated as if such check had not been delivered. No waiver of any rights of either party under this contract shall be effective unless specifically evidenced in a written agreement executed by the waiving party. Any forbearance, including, without limitation, a party's acceptance of any payment after the due date or any extension thereof, shall not be considered a waiver of such party's rights to pursue any remedy hereunder for any other existing or subsequent defaults of the same or a different nature or for breach of any other term, covenant or condition hereof.

20. Costs and Attorney's Fees. If either party shall be in default under this contract, the nondefaulting party shall have the right, at the defaulting party's expense, to retain an attorney to make any demand, enforce any remedy, or otherwise protect or enforce their rights under this contract. The defaulting party hereby promises to pay all costs and expenses so incurred by the nondefaulting party, including, without limitation, arbitration and court costs, notice expenses, title search expenses, and reasonable attorney's fees (with or without arbitration or litigation), and the failure of the defaulting party to promptly pay the same shall in itself constitute a further and additional default. In the event either party hereto institutes any action (including arbitration), to enforce the provisions of this contract, the prevailing party in such action shall be entitled to reimbursement by the losing party for their court costs and reasonable attorney's fees. All

reimbursements required by this paragraph shall be due and payable on demand, may be offset against any sum owed to the party so liable in order of maturity, and shall bear interest at the default rate from the date of demand to and including the date of collection or the due date of any sum against which the same is offset.

21. Notices. Subject to the requirement of any applicable statute, any notices required or permitted by law or under this contract shall be in writing and shall be sent by first class certified or registered mail, return receipt requested, with postage prepaid, to the parties' addresses set forth in the Specific Terms of this contract. Either party may change such address for notice and, if payments are not made to an escrow or collection account, the Seller may change the address for payments by designating the same to the other party herein in the manner hereinabove set forth and by causing a copy of such change to be properly recorded. All notices which are so addressed and paid for shall be deemed effective when personally delivered or, if mailed, on the date of the deposit thereof in the U.S. mail and irrespective of actual receipt of such notice by the addressee.

22. Time of Performance. Time is specifically declared to be of the essence of this contract and of all acts required to be done and performed by the parties hereto, including, but not limited to, the proper tender of each of the sums required by the terms hereof to be paid.

23. Paragraph Headings. The underscored word or words appearing at the commencement of paragraphs and subparagraphs of this contract are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging or restricting the language or meaning of those paragraphs or subparagraphs.

24. Gender and Number. The use of any gender or neutral term shall include all genders, and the use of any number shall be construed as singular or plural, as the case may require. The terms "Purchasers" and "Seller" refer to either the singular or the plural, as the case may be.

25. Definitions. As used herein, the term "property" means all of the estate, right, title and interest currently held and hereafter acquired by the Seller in and to the real property described herein, together with all of the fixtures, machinery, equipment, vehicles, and inventory, together with the rights, easements, privileges and appurtenances thereunto belonging or appertaining or held and enjoyed therewith, together with any repairs, improvements, replacements and additions thereto whether made, erected or constructed by the Seller or the Purchasers prior or subsequent to the date hereof. All capitalized terms of this contract shall have the meanings ascribed herein or set forth opposite the same in the Specific Terms of this contract. References to the Seller's deed or fulfillment deed herein shall include assignments of a vendee's interest under a prior real estate contract; provided, however, any form of conveyance shall contain the warranties to which the Purchasers are entitled under this contract or other agreement with the Seller.

26. Covenant Not to Compete. For a period of five (5) years following the Closing Date,

or for so long as Buyer is engaged in the Business, whichever is shorter, Sellers shall not engage, whether directly or indirectly, and whether or not for compensation, in any business or activity similar to the Business within fifty (50) miles of the current location of the Business without the written consent of Buyer. The obligation of Seller described in the preceding sentence to refrain from engaging in the Business includes the obligation to refrain from participating as a partner or as a holder of any beneficial interest in any entity or activity engaged in the Business in the State of Washington. Because the amount of damage which Buyer will suffer may be difficult or impossible to calculate (but may nevertheless be substantial) if Seller fails to observe this covenant not to compete, Buyer shall be entitled to injunctive relief or specific performance in the event of a breach of this covenant. The remedies provided Buyer by this section shall be in addition to any other remedies that may be available to Buyer in law or equity.

27. Larson Contract. The property sold is subject to a contract owing to William F. Larson and Mildred H. Larson, dated November 25, 1980, recorded December 1, 1980, in Book 79, Page 30, Auditor's File #91699, Skamania County deed records. A copy of such contract has been delivered to Purchasers, receipt of which is hereby acknowledged. Sellers agree to perform all covenants required of the Sellers under the terms of such contract and not permit the same to become in default. In the event that the Sellers shall fail to make any payment required to be made under the terms of such contract, Purchasers may make such payment directly to the holder of the vendor's interest in such contract, for which Sellers will give Purchasers full credit on Purchaser's obligation under this contract to the same extent as if such payment had been made directly to Sellers. The unpaid principal balance owing upon the contract at this time is the sum of approximately Seventy-six Thousand Dollars (\$76,000.00).

28. Invalidity. In the event any portion of this contract should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof unless the court's ruling includes a determination that the principal purpose and intent of this contract are thereby defeated. The intention of the Seller is to charge the Purchasers a lawful rate of interest, and in the event it is determined by any court of competent jurisdiction that any rate herein provided for exceeds the maximum permitted by law for a transaction of the character evidenced by these presents, the amount so determined to be above the legal rate shall be applied against the last installments of principal due hereunder or, if such principal has been paid, or otherwise at the discretion of the then holder of this contract, said excess shall be refunded to the Purchasers on demand without interest, and the interest rates specified hereunder shall be reduced to the maximum rate then permitted by law for the type of transaction to which this contract pertains. The intention of the parties hereto is to assess a legal rate of interest on default, and if the default rate is determined by any court of competent jurisdiction to exceed the maximum rate of interest permitted by law for such purposes, the default rate shall be reduced to the highest rate so permitted, with any excess theretofore paid being applied against any debt of the defaulting party in inverse order of maturity or if in excess of such debt, being refunded upon demand without interest.

29. Legal Relationships. The parties to this contract execute the same solely as Seller and Buyers. No partnership, joint venture or joint undertaking shall be construed from these presents, and except as herein specifically provided, neither party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other. All terms, covenants and conditions to be observed and performed by either of the parties hereto shall be joint and several if entered into by more than one person on behalf of such party, and a default by any one or more of such persons shall be deemed a default on the part of the party with whom said person or persons are identified. No third party is intended to be benefitted by this contract. Any married person executing this contract hereby pledges his or her separate property and such person's and his or her spouse's marital communities in satisfaction hereof.

30. Successors. Subject to the restrictions contained herein, the rights and obligations of the Seller and the Purchasers shall inure to the benefit of and be binding upon their respective estates, heirs, executors, administrators, successors and assigns; provided, however, no person to whom this contract is pledged or assigned for security purposes by either party hereto shall, in the absence of an express, written assumption of such party, be liable for the performance of any covenant herein. Any assignee of any interest in this contract, or any holder of any interest in the property, shall have the right to cure any default in the manner permitted and between the time periods required of the defaulting party, but except as otherwise required by law, no notices in addition to those provided for herein need be given.

31. Applicable Law. This contract shall be governed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought to interpret or enforce any provision of this contract shall be laid in the county in which the real property is situate. All sums herein referred to shall be calculated by and payable in the lawful currency of the United States.

32. Disclaimer of Warranties. Purchasers have taken an inventory of the premises, inspected the vehicles and all other personal property being purchased hereunder, and Purchasers specifically acknowledge that they are purchasing the same "as is" without warranty. Except as specifically provided in this Agreement, Buyer has agreed to purchase the Assets "as is", "where is", and "with all faults", and Seller disclaims any warranty, express or implied, with respect to the condition, grade, suitability, accuracy or physical condition of the assets or tangible personal property; including, without limitation, any implied warranties that the assets are merchantable or fit for a particular purpose. Seller specifically does not warrant that the existing septic system either works or is in compliance with State and local regulations, or is not located within the public streets or rights of way.

33. Entire Agreement. This contract contains the entire agreement of the parties hereto, and except for any agreements or warranties otherwise stated in writing to survive the execution and delivery of this contract, supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither the Seller nor the Purchasers shall be liable to the other

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for any representations made by any person concerning the property or regarding the terms of the contract, except to the extent that the same are expressed in this instrument. This contract may be amended only by written instrument executed by the Purchasers and the Seller subsequent to the date hereof.

- End of General Terms -

SMITH - SMITH
Real Estate Contract
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SCHEDULE "A"
Trade Name and Trade Fixtures

1. Trade Name - CARSON BUILDER'S SUPPLY
2. Paint rack and base
3. Key machine
4. Computer
5. Printer
6. Scale
7. Digital scale
8. VISA machine
9. VISA printer
10. Calculator
11. FAX machine
12. 4-Station phone system
13. Paint shaker
14. Paint mixer
15. Pipe machine
16. Pipe dies
17. Spray paint rack
18. Paint display
19. Bolt bins
20. Key display
21. 110' 48" Double gondola
22. Nail bins
23. Steel display
24. Rope winder
25. Rope measurer
26. Radial arm saw
27. Shop-Vac
28. 2 Dollies
29. Miscellaneous pegboard hooks
30. Miscellaneous shelving brackets
31. Micro-Fiche machine
32. Woodstove

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SCHEDULE "B"
Equipment

1. 1982 G.M.C. flatbed truck
2. 1993 16-ft. flat trailer
3. Forklift