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AFTER RECORDING MAIL TO:

HAGENSEN STRAHM
John P. Hagensen
Attorneys
335 N.E. Fifth Avenue
Cainas, WA 98607

REAL ESTATE EXCISE TAX

22525

OCT - 4 2002

PAID 1152.00

Vickie Clelland, City
SKAMANIA COUNTY TREASURER

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SKAM
BY SKAMANIA CO. TITLE

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CAMOSER
J. HIGGINS

SCTC 25172

REAL ESTATE CONTRACT

Grantor: Fred L. Cloe, as his sole and separate property

Grantee: James E. Bierce, a married person as his sole and separate property

Legal Description: See attached Exhibit "A"

Abbr. Legal: SW 1/4 NE 1/4 SEC 34 T2N R6E

Additional legal description on page 12 of document

Reference No. of documents assigned or released:

Additional reference on page of document.

Assessor's Property Tax Parcel Account Number: 02-06-34-1-0-1904-00

THIS REAL ESTATE CONTRACT made this day by and between FRED L. CLOE, as his sole and separate property, hereinafter called "Seller," and JAMES E. BIERCE, a married person as his sole and separate property hereinafter called "Buyer".

SECTION 1. DESCRIPTION OF PROPERTY CONTRACTED TO BE SOLD:

In consideration of the mutual covenants herein contained and the promises to be performed as set out hereinafter, the Seller agrees to sell to the Buyer and the Buyer agrees to purchase from the Seller the following described real estate in Skamania County, Washington:

Attached hereto as Exhibit "A", incorporated herein by this reference.

SECTION 2. PURCHASE PRICE AND PAYMENTS:

2.1 The purchase price for said real estate is the sum of NINETY THOUSAND AND NO/100 DOLLARS (\$90,000.00), which Buyer covenants and agrees to pay as follows:

(a) The sum of THIRTY TWO THOUSAND FIVE HUNDRED AND NO/100

DOLLARS (\$32,500.00) including earnest monies, shall be paid as down payment as of the date of this contract.

- (b) The balance of FIFTY SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$57,500.00) shall be paid in monthly installments as follows: The sum of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00), or more, on or before the 25th day of October 2002, and the sum of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00), or more, on or before the 25th day of each month thereafter until October 25, 2022, at which time the then remaining balance of principal and interest are due and payable in full.

- 2.2 This contract shall bear interest at the rate of EIGHT PERCENT (8%) per annum on the declining balance from the date hereof until all such balance has been paid in full. All payments shall first be applied to late charges, then against accrued interest, and the balance of each such payment shall be applied in reduction of principal. However, if default is made in the payment of this agreement, said principle sum and interest shall bear interest from such default date until paid at the rate of twelve (12%) percent per annum.
- 2.3 Buyer shall be entitled to prepay any or all sums without penalty.
- 2.4 All payments to be made hereunder shall be made to Seller at such place as Seller may in writing direct.
- 2.5 In the event Buyer shall fail to make any regular monthly installment on the purchase price within five days of its due date, then there shall be added to such payment a late charge equal to five (5%) percent of the delinquent payment.

SECTION 3. POSSESSION:

Buyer shall be entitled to possession of the premises contracted to be sold from and after the date of this contract and during their full and proper performance of this contract.

SECTION 4. ADVANCES:

It is understood and agreed that in the event the Buyer fails or neglects or refuses to pay any taxes, assessments, insurance premiums or any other lawful charge against said property, the Seller may pay same and such sums as may be so paid shall be secured by this contract and the said sums shall be repaid by the Buyer to the Seller upon demand with interest thereon from each respective date of advancement until repaid, at the rate of twelve (12%) percent per annum.

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SECTION 5. TAXES:

The 2002 real estate taxes shall be pro-rated between the parties as of the date of closing.

SECTION 6. BUYER'S COVENANTS:

Buyer covenants and agrees as follows:

- (a) To make the payments mentioned in the manner and on the dates named.
- (b) To pay the consideration agreed upon and named herein regardless of any loss, destruction or damage to any of said property, or the improvements thereon by fire, or from any other cause.
- (c) To make or permit no unlawful use of said property or any part thereof, nor to permit any waste, destruction or damage thereto.
- (d) To keep the said property at all times in as good condition as the same now is, reasonable wear and tear excepted.
- (e) To pay regularly and seasonably and before the same shall become delinquent, all taxes, assessments, liens and encumbrances of whatsoever nature and kind which may hereafter be lawfully imposed on said property, and to further provide Seller with proof of payment thereof within sixty (60) days after such payment comes due.
- (f) To permit the Seller or his agents to enter into or upon the said property at any reasonable time to inspect the same.
- (g) Not to permit or suffer any part of said property to become subject to any assessment, lien, charge or encumbrance whatsoever, having or taking precedence over the rights of the Seller in and to said property.
- (h) To not commercially cut or permit to be commercially cut any timber or wood on the aforesaid parcel without first having obtained the written consent of Seller until this contract is paid in full.

SECTION 7. DEED AND TITLE INSURANCE:

- 7.1 Seller agrees to execute and deliver to Buyer within thirty (30) days after final payment on this contract, a Warranty Deed conveying said property to the Buyer free and clear from all encumbrances except taxes, liens or other encumbrances placed or suffered by Buyer or their successors. Any such deed will also be subject to the encumbrances, liens, and defects specified in the Real Estate Purchase and Sale

Agreement previously executed by the parties, or defects specified in the title insurance policy provided for herein.

7.2 Seller is at this time procuring and delivering to Buyer a Purchaser's Policy of Title Insurance in standard form, insuring the Buyer to the full amount of said purchase price against loss or damage by reason of defect in Seller's title to said real estate as of the date of closing, and containing no exceptions other than the following:

- (a) Easements and restrictions of record.
- (b) Rights reserved in federal patents or state deeds, building or use restrictions general to the district, existing easements not inconsistent with Purchaser's intended use, and building or zoning regulations or provisions shall not be deemed encumbrances or defects. Encumbrances to be discharged by Seller may be paid out of purchase money at date of closing.
- (c) Rights of the public in and to that portion lying within any public or county road.
- (d) Encumbrances or defects specified in the title insurance company's standard preprinted title insurance policy form.

SECTION 8. CHANGE IN TITLE OR OCCUPANCY:

The rights to purchase granted by this Real Estate Contract are personal to the Buyer, and Seller's reliance upon Buyer's ability and integrity is a part of the consideration for this contract. Neither this contract, nor any interest herein, nor the possession of the property may be assigned or transferred by the Buyer, nor shall Buyer make or enter into any contract for the sale of the property or any interest therein, without the prior written consent of the Seller. Any attempt at assignment, sale, or transfer of any interest, including possession, by Buyer in violation of the foregoing provisions may, at Seller's option, be deemed a default by Buyer and Seller may, at Seller's option, declare the remaining contract balance, accrued interest and any other sums owing by Buyer to Seller hereunder, immediately due and payable. As an alternative to declaring the remaining contract balance, accrued interest and other sums owing by the Buyer to Seller immediately due and payable, Seller may, at Seller's option, elect to raise the interest rate on this contract to the maximum interest rate allowable by law as a condition to Seller's consent to any sale, assignment, or transfer of Buyer's interest in the subject property or this contract.

SECTION 9. FORFEITURE:

Time is of the essence of this contract and if the Buyer shall fail, refuse or neglect to pay either or any of the installments or interest or any other payment due, or shall fail to keep and/or perform any of the covenants and agreements herein contained on the part of the Buyer to be

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performed, then the Seller may cancel and render void all rights, titles and interest of the Buyer and their successors in this contract and in the real estate which is the subject of this contract by giving a Notice of Intent to Forfeit pursuant to RCW 61.30, 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 records a Declaration of Forfeiture pursuant to RCW 61.30. Upon the forfeiture of this contract, the Seller may retain all payments made hereunder by the Buyer and may take possession of the property ten (10) days following the date this contract is forfeited and summarily eject the Buyer and any person or persons claiming by, through or under the Buyer who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. In the event the Buyer or any person or persons claiming by, through or under the Buyer 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 Buyer, 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 Buyer or such person or persons in any such proceedings the fair rental value of the property of the use thereof from and after the date of forfeiture, plus costs, including Seller's reasonable attorneys fees.

SECTION 10. OTHER REMEDIES:

- 10.1 As an alternative to declaring a forfeiture for any such default, Seller may, at Seller's election, bring an action or actions, on any intermediate overdue installment, or on any payment or payments made by the Seller and repayable by the Buyer, it being stipulated and agreed that the covenant to pay intermediate installments or to repay items repayable by the Buyer is independent of the covenant to make a deed; or
- 10.2 Seller may, in the event of such default, at Seller's election, sue for specific performance of Buyer's obligations pursuant to this contract; or
- 10.3 Seller may, in the event of such default, at Seller's election, declare the entire unpaid balance of principal and interest immediately due and payable, and thereupon institute suit for payment of such balance and to have this Real Estate Contract foreclosed as a mortgage as is provided in Section 61.30.020, Revised Code of Washington.
- 10.4 It is agreed that any such action is an action arising on a contract or the recovery of money only, as if the promise to pay had been expressed in a different instrument, and that no such action shall constitute an election not to proceed otherwise as to any subsequent default.

SECTION 11. CONDEMNATION:

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 Seller

and applied as payment on the purchase price hereunder.

SECTION 12. REPRESENTATIONS:

- 12.1 Buyer has inspected the property sold herein and have found the same to be to his satisfaction and he agrees that no promises, representations, statements, or warranties, expressed or implied, shall be binding on the Seller unless expressly contained herein. Buyer expressly acknowledges that he has placed no reliance whatsoever upon any representations not set forth in this contract. Buyer further acknowledges that he has inspected and is aware that there may be encroachments upon the above-described property and also property line disputes, and Buyer hereby releases Seller from any obligation Seller may otherwise have to Buyer as a result, whether direct or indirect.
- 12.2 Buyer agrees that he has had an opportunity to review all federal, state and local regulations, including but not limited to zoning regulations and standards affecting various permit applications, and the effect such regulations and requirements may have upon the above-described property, including the effect of the same on any prospective and intended use or uses. Buyer further acknowledges that Seller has made no representations concerning any such regulations and standards, including Buyer's ability to obtain a permit for building or other improvements on any or all of the property described herein.

SECTION 13. HAZARDOUS SUBSTANCES:

13.1 DEFINITION:

As used herein, the term "hazardous substances" means any hazardous or extremely hazardous waste, special waste, toxic substance, or similar term, material or waste, which are or become regulated under any federal, state or local law or regulation, presently in effect or promulgated in the future, including, without limitation, petroleum products or its by-products, asbestos, and polychlorinated biphenyls.

13.2 STORAGE AND USE:

- (a) Buyer shall not cause or permit any hazardous substances to be brought upon, kept or used in or about the property by Buyer, his agents, employees, contractors or invitees except, Buyer may use on the property the hazardous substances generally accepted for use in development of real property. Any hazardous substance permitted on the property, as provided herein, and all containers therefore, shall be used, kept, stored and disposed of in a manner that complies with all federal, state and local laws and regulations applicable to such hazardous substance. Buyer may store such hazardous substance on

the property, but only in such quantities necessary to satisfy Buyer's reasonably anticipated needs for such hazardous substance in connection with operations at the property. Buyer shall exercise due precaution to properly secure any hazardous substances stored on the property.

- (b) Buyer shall at all times exercise extreme care in connection with the handling of hazardous substances on the property and shall not cause or permit hazardous substance to be spilled, leaked, disposed of or otherwise released on the property.

13.3 ENVIRONMENTAL COMPLIANCE:

- (a) Buyer shall, at his own expense, comply with any environmental laws applicable to the property or affecting Buyer's activity at the property. Buyer shall make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority under applicable environmental laws.
- (b) Prior to commencing the use, storage or other handling of hazardous substances on the property, Buyer shall provide Seller with copies of all necessary permits, authorizations, and notices required by any environmental law with respect to such activities.

13.4 NOTICES:

In addition to providing notices to appropriate agencies, Buyer shall also notify Seller of: (a) any leak, spill, release or disposal of hazardous substances on, under or adjacent to the property or a threat of or reasonable suspicion of the same, or (b) any notice or communication from a governmental agency or any other person directed to Buyer or any other personnel relating to: (i) hazardous substance on, under or adjacent to the property, or (ii) any violation of any environmental law with respect to the property or activities on the property.

13.5 SPILLS AND RELEASES:

- (a) In the event of a leak, spill or release of hazardous substances on the property or the threat of or reasonable suspicion of the same, Buyer shall immediately undertake all emergency responses and, within a reasonable time, all investigatory, remedial and/or removal action required by applicable laws and regulations. Within thirty (30) days following the completion of such action, Buyer shall provide Seller with a certificate acceptable to Seller, signed by an independent registered professional engineer, that all such contamination has been eliminated.

- (b) In the event Seller, in his sole judgment, determines that his interests are being injured or threatened by a leak, spill or release of hazardous substance, or the threat thereof, notice of same shall be given to Buyer. Unless, in Seller's opinion, Buyer cures or commences and pursues corrective action with extreme diligence within twenty-four (24) hours thereafter, Seller may take such steps as he deems necessary or desirable in connection therewith without waiving any of his rights hereunder and without being deemed to be in breach of any express or implied covenant or quiet possession.

13.6 INVESTIGATIONS:

Seller reserves the right to inspect Buyer's management of hazardous substances on the property at any time upon reasonable notice to Buyer, unless, in Seller's opinion, an emergency exists, in which case notice is excused.

If Seller, at any time holds title to the property or any parcel, has reason to believe the Buyer is not complying with any of the requirements set forth herein, Seller may require Buyer to furnish to Seller an environmental audit or environmental assessment with respect to the matters of concern to Seller. Such audit or assessment shall be prepared by a qualified consultant acceptable to Seller.

The cost of the audit or assessment shall be paid by Buyer unless the consultant determines Buyer has complied with the requirements of this Section 13, in which case Seller shall pay the costs of the audit or assessment.

13.7 CONDITIONS UPON TERMINATION:

If Buyer's right to exercise his rights hereunder shall terminate prior to Buyer's purchase of all of the property, Buyer shall remove all hazardous substances and their containers from any portion of the property to which Seller retains title and Buyer shall certify in writing to Seller that no hazardous substance has leaked, spilled, or been released or disposed of on the property during the term of this agreement. Buyer may provide such certification subject to exceptions identified with specificity only if Buyer provides Seller with the certification of an independent registered professional engineer that any and all contamination resulting from such exceptions has been eliminated and furnishes evidence to Seller that all such contamination has been cleaned up to the satisfaction of all environmental agencies having jurisdiction over the occurrence.

13.8 INDEMNIFICATION:

- (a) Buyer shall forever defend, indemnify and hold Seller harmless from any claim, loss, liability, fine or penalty arising after the date of this agreement

out of or in any way connected with: (a) any activity on the property which directly or indirectly results or resulted in the contamination of the property or other property which hazardous substances (as defined herein) or any personal injury, including wrongful death; or (b) the transportation of hazardous substances from the property or other property, including attorney fees and costs incurred by Seller in such defense. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Buyer agrees to defend Seller, Buyer shall, upon notice from Seller, vigorously resist and defend such actions or proceedings through legal counsel reasonably satisfactory to Seller. Buyer's obligation and liabilities hereunder shall be in addition to any other obligations and liabilities Buyer may have to Seller and shall survive indefinitely, including but not limited to, the conveyance of the property to Buyer by Seller.

SECTION 14. COURT COSTS AND ATTORNEYS FEES:

If Buyer shall be in default under this contract, the Seller shall have the right, at Buyer's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, including remedies under the Real Estate Contract Forfeiture Act, RCW 61.30, or otherwise protect or enforce his rights under this contract. Buyer hereby promises to pay all expenses and costs so incurred by Seller, with or without arbitration or litigation, which expenses and costs shall include, but not be limited to notice expenses, title search expenses, and reasonable attorneys fees. The failure of Buyer 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 other party for their court costs and reasonable attorneys fees, including the cost of searching the title for the purpose of such action, and any costs and fees that are incurred on appeal.

SECTION 15. WAIVER:

No assent, expressed or implied, by Seller, to any breach of Buyer's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same or other covenants.

SECTION 16. INTEGRATION:

This contract constitutes the entire agreement of the parties hereto, supersedes and replaces all prior or existing written and oral agreements between the parties and may not be amended other than in writing signed by all the parties.

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SECTION 17. SUCCESSORS AND ASSIGNS:

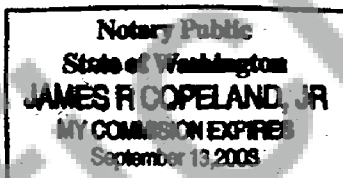
The provisions of this contract shall be binding on the heirs, successors and assigns of the Seller and the Buyer.

DATED this 1 day of October, 2002.

SELLER

[Signature]
FRED L. CLOE

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAMANIA)



I certify that I know or have satisfactory evidence that FRED L. CLOE, as his sole and separate property, 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 the instrument.

DATED this 1 day of October, 2002.

[Signature]
NOTARY PUBLIC
My appointment expires: 9-13-03

BUYER

[Signature]
JAMES E. BIERCE

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAMANIA)

I certify that I know or have satisfactory evidence that JAMES E. BIERCE, a married person as his sole and separate property, is the person who appeared before me; and said person

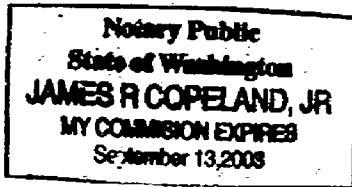
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acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 1 day of October, 2002.



[Signature]
NOTARY PUBLIC
My appointment expires: 9-17-03

Unofficial Copy

EXHIBIT "A"

A tract of land in the Southwest Quarter of the Northeast Quarter of Section 34, Township 2 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Lot 3 of the CLOE SHORT PLAT, recorded in Book 3 of Short Plats, Page 408, Skamania County Records.

Gary H. Martin, Skamania County Assessor

Date 10-4-07 Parcel # 02-06-34-10-1000-00
fr