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BOOK 247 PAGE 193

After recording return to:

DeGroote Family Trust
46592 SR 14
Stevenson, WA
98648

REAL ESTATE EXCISE TAX

23155

JUL 29 2003

PAID

1,600.00

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SKAMANIA COUNTY TREASURER

*George DeGroote**P. Lowry*

REAL ESTATE CONTRACT

THIS CONTRACT made and entered into this 29th day of July, 2003, between GEORGE D. DeGROOTE and GLORIA Z. DeGROOTE, Trustees of the DeGROOTE FAMILY TRUST, hereinafter called "Seller," and WILLIAM L. KELLY and WILLA S. KELLY, husband and wife, and KATHRYN E. WILLIAM, hereinafter called "Purchasers."

WITNESSETH:

That the Seller agrees to sell to the Purchasers and the Purchasers agree to purchase from the Seller improved real estate, including a home, lying in Skamania County, Washington, and more particularly described as follows:

Lot 3 of the FAMILY TRUST-DeGROOTE SHORTPLAT, as recorded in Book 3, Page 367 of Short Plats, Records of Skamania county, Washington.

Gary H. Martin, Skamania County Assessor

Tax Account No.: 03 08 17 3 0 2325 00

Date 7-29-03 Parcel # 3-8-17-3-2325*Gfm*1. The terms and conditions of this Contract are as follows:

(a) The total purchase price is ONE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 (\$125,000.00) Dollars, payable as follows:

(b) Purchasers shall pay Seller a down payment of FIFTEEN THOUSAND AND NO/100 (\$15,000.00) on the date this Contract is executed, resulting in an amount financed by Seller in the sum of ONE HUNDRED TEN AND NO/100 (\$110,000.00) to be paid by Purchasers as follows:

Purchasers shall pay Seller a monthly installment of \$708.73, or more at Purchasers' option, on or before the 5th day of September, 2003, and a like amount or more at Purchasers' option each and every month thereafter on the same day until paid in full.

1 - REAL ESTATE CONTRACT
 PDN011111 033333 BWA 1116325.1

Before Seller may declare Purchasers to be in default for non-payment, no less than thirty (30) days must pass from the date the payment was due. The outstanding balance of the purchase price shall at all times bear interest at the rate of six percent (6%) per annum from the date of closing. From each payment so made shall first be deducted interest due to date and the balance thereof shall be applied in reduction of principal.

All payments made hereunder shall be made at: First Independent Bank, P.O. Box 340, Stevenson, Washington 98648.

(c) There shall be no penalty for early payoff.

(d) Purchasers and Seller each agrees to pay one-half (1/2) of the annual collection fee charged by First Independent Bank, or any financial institution Seller may designate, and each agrees to pay one-half (1/2) of any increase in such fee beginning in the month of January of each year of this contract. The annual fee at the time of this Contract is \$84.00 plus tax at 7.7%.

2. **Other Encumbrances Against Property:** The property is subject to all encumbrances of record including, but not limited to, the following listed tenancies, easements, restrictions and reservations:

NONE, except those as listed in Paragraph 1 hereof.

3. **Fulfillment Deed:** Upon payment of all amounts due Seller, Seller agrees to deliver to Purchaser, a Statutory Warranty Deed in fulfillment of this Contract if and when the purchasers fully satisfy the terms and conditions of this agreement. Said Fulfillment Deed shall be held in escrow at First Independent Bank for the duration of this Contract. The covenants of warranty in said deed shall not apply to any encumbrances assumed by Purchaser or to defects in title arising subsequent to the date of this Contract, by, through or under persons other than the Seller herein.

4. **Possession:** Purchasers are entitled to possession of the property from and after the date of this Contract (hereinafter "closing"), or August 1, 2003, whichever is later, subject to any tenancies described in Paragraph 2.

5. **Taxes, Assessments and Utility Liens:** In addition to the purchase price payments provided for herein, the Purchasers assume and agree to pay before delinquency all taxes and assessments that become due and owing after the date this Contract is executed on said real estate. Purchasers may in good faith contest any such taxes or assessments so long as no forfeiture of sale of the property is threatened as the result of such contest. Purchasers agree to pay when due any utility charges or any other third party creditors which may become liens superior to the Seller's interest under this Contract.

6. **Insurance:** The Purchasers agree, until the purchase price is fully paid, to keep the building and improvements on said real estate insured under fire and extended coverage policies in an amount not less than the balances owed on obligations assumed by the Purchaser plus the balance due Seller, or full insurable value, whichever is lower. All policies shall be held by the Seller and be in such companies as the Seller may approve and have loss payable first to Seller as their interests may appear and then to Purchasers. Purchasers may within thirty (30) days after loss negotiate a contract to substantially restore the premises to their condition before the loss. If the insurance proceeds are sufficient to pay the contract price for restoration, or if the Purchasers deposit in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored. Otherwise, the amount collected under any insurance policy shall be applied upon any amounts due hereunder in such order as the Seller shall determine. In the event of forfeiture, all rights of Purchaser in insurance policies then in force shall pass to Seller.

7. **Nonpayment of Taxes, Insurance and Utilities Constituting Liens:** If Purchaser fails to pay taxes or assessments, insurance premiums or utility charges constituting liens superior to Seller's interest under this Contract, Seller may pay such items and Purchaser shall forthwith pay Seller the amount thereof plus a late charge of 5% of the amount thereof plus any costs and attorney's fees incurred in connection with making such payment.

8. **Condition of Property:** Purchasers accept the property in its present condition and acknowledge that Seller, its agents and subagents, have made no representation or warranty concerning the physical condition or legal title of the property or the uses to which it may be put other than as set forth herein.

9. **Care of Premises:**

(a) Purchasers will prevent the use of the property for any illegal purpose and will take such action and pay such amounts as are required to keep the property clean and in good repair, and as are required to maintain all lawns, shrubs, and landscaping in a healthy condition, and to prevent, by act or omission, any waste to the premises.

(b) Purchasers will at all times keep and maintain the property and all improvements now or hereafter located on the property in as good a state of repair as they are upon the date of this Contract or date of installation as to future improvements, reasonable wear and depreciation excepted. Purchasers shall replace or repair worn out or obsolete portions of the improvements as necessary to keep the improvements as a whole in good operating condition. All maintenance, repair and replacement shall be at the Purchasers' sole costs and expense and neither the Seller nor the property shall be liable therefore, nor subject to attachment nor lien as a result thereof. This covenant is not to be construed to indicate that

Seller has any participation in the maintenance of such improvements or the making of repairs or replacements.

10. **Inspection:** The Purchasers agree that full inspection of said real estate has been made and that neither the Seller nor its assigns shall be held to any covenants respecting the condition of any improvements thereon nor shall the Purchasers or Seller or the assigns of either be held to any covenant or agreement for alterations, improvements or repairs unless the covenants or agreements relied on are contained herein or are in writing and attached to and made a part of this Contract. The Purchasers further agree that the Sellers have made no express or implied representations or warranties of the property or its improvements.

11. **Risk of Loss, Condemnation:** Seller and Purchasers may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property. Purchasers may within thirty (30) days after condemnation and removal of improvements, negotiate a contract to substantially restore the premises to their condition before removal. If the condemnation proceeds are sufficient to pay the contract price for restoration, or if the Purchasers deposit in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored. Otherwise, proceeds of the award shall be applied in payment of the balance due on the purchase price, as Seller may direct. Purchasers elect that said proceeds shall be paid to the Seller for application on the purchase price herein.

12. **Title Insurance:** It is understood and agreed between the parties hereto that Seller will not furnish title insurance on the property. If the Purchasers desire title insurance they will order it at their cost. It is further understood that the sellers make no warranties as to the quality of title and that the Purchasers have made their own inquiry into the quality of the property's title.

13. **Free From Liens:** Purchasers shall pay when due and before they become delinquent all public charges, municipal liens, assessments and any other charges levied against the real property which may become a lien upon the real property or any improvement thereon. Purchasers shall keep the real property free from mechanics and other liens and will hold Seller harmless from and reimburse Seller for all costs and attorneys fees incurred in defending against any such liens.

14. **Use of Property:** Purchasers shall comply with all laws, ordinances, regulations and private restrictions affecting the real property. As long as Purchasers are not in default under this Contract, Seller shall give reasonable notice and obtain Purchasers' consent prior to inspection of the real property. Said consent shall not be unreasonably withheld. In the event Purchasers are in default under this Contract, Seller shall have the right to inspect the real property at all reasonable times. Purchasers shall not make or cause to be made any structural improvements or alterations to the real property without first obtaining the

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

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

16. **Default and Cure Period:** Upon Purchasers failure to make any payment when due or breach any term or provision of this Contract ("Default"), the Seller shall deliver written notice of the Default to Purchasers. Purchasers shall have the right to cure, within sixty days ("the Cure Period"), any Default of this Contract. If Purchaser cures the Default within the Cure Period, Purchaser shall nonetheless remain liable for any late charge properly assessed pursuant to this Contract as well as any of the Seller's costs including attorney's fees.

17. **Alternative Remedies:**

(a) Time is of the essence of this Agreement. Upon the first event of Default and expiration of any applicable Cure Period, Seller may, at its option, exercise any of the following alternative remedies:

(i) **Suit for Delinquencies.** Seller may institute suit for any installments or other sums then due and payable under this Agreement together with any sums advanced by Seller for and the amount of any delinquencies for items such as water assessments, taxes, insurance, payments and underlying obligations and lienable items, together with interest thereon at the rate of twelve (12%) percent per annum from the date each such payment was advanced or due, as the case may be.

(ii) **Forfeiture.** Seller may elect to declare a forfeiture of and cancellation of this Contract pursuant to RCW 61.30 and upon such election being made and the statutory procedure followed, all rights of Purchasers hereunder shall cease and terminate and Seller shall be entitled to take possession of the property in accordance with the law, and all payments made by Purchasers hereunder shall be retained by Seller in liquidation of all damages sustained by said default. Seller shall be entitled to recover from Purchasers any and all costs and attorney's fees incurred by Seller in connection with any forfeiture proceeding including any and all judicial proceedings arising out of or relating to said forfeiture action including but not limited to the cost of any title search, court costs and reasonable attorney's fees. Should Purchasers pay Seller an amount less than all sums required to reinstate the Contract, Seller's acceptance of such sum shall not be deemed a waiver of any defaults or a reinstatement of the Contract, and any such sums shall be retained by Seller as further

liquidated damages, should Purchasers remain in default in any respect during the statutory forfeiture period.

(b) Upon a second or other additional event of Default and expiration of any applicable Cure Period, Seller may, at its option, exercise any of the above remedies and the following alternative remedies:

(i) **Acceleration.** Seller may declare the entire unpaid balance of the purchase price to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller for and the amount of any delinquencies for items such as water assessments, taxes, insurance, payments on underlying obligations, lienable items and other expenses incurred to protect Seller's interest in the property, together with interest thereon at the rate of twelve (12%) percent per annum from the date of each such advance. Payment by Purchasers of any judgment obtained by Seller pursuant to this paragraph shall be a condition precedent to the delivery of a deed to said property by Seller or by the escrow agent, if any.

(ii) **Specific Performance.** Seller may institute suit to specifically enforce any of the Purchasers' covenants hereunder.

(c) **Miscellaneous.** The failure of Seller to elect to pursue any of the above remedies at any time upon a breach of any of the terms of this Contract by the Purchasers shall be deemed only an indulgence by the Seller with regard to that particular breach and shall not be construed, in any manner whatsoever, to be a waiver of any right of Seller to pursue any of the above remedies for the same or a different breach at a subsequent time; election of the Seller to utilize any particular remedy to enforce a breach of this Contract shall not preclude Seller from electing to use an alternate remedy to enforce a subsequent breach. Purchasers covenant to pay the accelerated balance and/or any intermediate installments and/or any other payments made by Seller and repayable by Purchasers in event of default are independent of the covenant to make a deed and every action is an action arising on a contract for the recovery of money only, as if the promise to pay had been expressed in a different instrument. Any delay or failure of Seller to take action upon default shall not be construed as a waiver of said default, nor as a waiver by Seller of its right to enforce Seller's remedies against such defaults in the future. If Seller is required to institute legal action to enforce any of the remedies indicated, Purchasers agree to pay Seller's costs and reasonable attorney's fees incurred in such proceeding and any appeal thereof.

18. **Notice:** Service upon Purchasers of all demands, notices or other papers with respect to forfeiture and termination of Purchasers' rights may be made by United States Mail, postage prepaid, return receipt requested, directed to the Purchasers at their address last known to Seller. Any demand, notice or paper so sent shall be deemed to have been given or

made on the date the same was deposited with the United States Postal Service as certified matter with postage thereon full prepaid.

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

If this Contract or any obligation contained in it is referred to an attorney for collection, cure of any default or realization, or for the adjudication of the termination of the Purchasers' rights hereunder, the Purchasers agree to pay a reasonable attorney's fee (including fees incurred with or without legal suit), expenses of title search and all other legal expenses incurred in remedying the default including but not limited to providing any notices of breach.

20. **Transfer of Interest:** The rights hereby granted are personal to the Purchasers and Seller's reliance upon Purchasers' ability and integrity together with Purchasers' responsibility and occupancy and/or control of such real property is a material inducement to Seller and is a part of the consideration for this Contract. In the event Purchasers decide to assign their interest in the Contract and/or sell the real property, the entire unpaid balance of the purchase price shall become immediately due and payable.

For purposes of this paragraph 20, a "sale, sell or transfer," shall include, in addition to the common and ordinary meaning of the terms and without limiting their generality, transfers to or from nominees or agents, transfers made to a subsidiary or affiliated entity, transfers made to a restructured limited partnership, transfers by any partnership to the individual partners or vice versa, transfers by any corporation to its stockholders or vice versa, any corporate merger or consolidation, and any lease.

21. **Items Included In Sale:** None.

22. **Miscellaneous:**

(a) As used in this Contract, the masculine, feminine or neuter gender, and the singular or plural number, shall be deemed to include the others whenever the context so indicates.

(b) Each person signing below executes this Contract in his or her individual capacity and on behalf of any marital community of which he or she is a member.

(c) Paragraph headings have been included for the convenience of the parties and shall not be considered a part of this agreement for any purpose relating to construction or interpretation of the terms of this Contract.

(d) This Contract constitutes the entire agreement of the parties hereto and may not be amended other than in writing, signed by all parties.

(e) The terms and provisions of this Contract shall be binding upon and shall inure to the benefit of the legal representatives and proper assigns and successors of the parties.

(f) If Purchasers or Seller institute suit concerning this Contract, this Contract shall be construed pursuant to the laws of the State of Washington and the venue of any suit shall be Clark County.

IN WITNESS WHEREOF the parties have signed and sealed this Contract the day and year first above written.

PURCHASERS:

William L. Kelly
WILLIAM L. KELLY

Willa S. Kelly
WILL S. KELLY

Kathryn E. Williams
KATHRYN E. WILLIAM

SELLER: DeGROOTE FAMILY TRUST

By: George D. DeGroot
GEORGE D. DeGROOTE, Trustee

STATE OF WASHINGTON

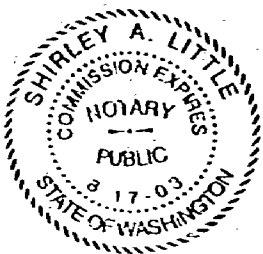
County of Skamania

ss.

On this 29th day of July, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GEORGE D. DeGROOTE to me known to be a Trustee of the DeGROOTE FAMILY TRUST that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said DeGROOTE FAMILY TRUST, for the uses and

purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

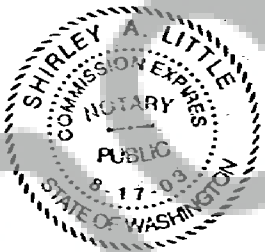


Shirley A. Little
Shirley A. Little
NOTARY PUBLIC for the State of Washington
My Commission Expires: 8-17-03

STATE OF WASHINGTON)
County of Skamania) ss.

On this day personally appeared before me WILLIAM L. KELLY, WILLA S. KELLY and KATHRYN E. WILLIAM, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 29th day of July, 2003.



Shirley A. Little
Shirley A. Little
NOTARY PUBLIC for the State of Washington
My Commission Expires: 8-17-03