

Doc # 2006160311
Page 1 of 18
Date: 01/24/2006 12:05P
Filed by: SKAMANIA COUNTY TITLE
Filed & Recorded in Official Records
of SKAMANIA COUNTY
J. MICHAEL GARVISON
AUDITOR
Fee: \$49.00

Return Address:

David E. Valaer
1423 NE 6th Avenue
Camas, WA 98607

512 28452

Document Title(s) or transactions contained herein:

Memorandum of Option

GRANTOR(S) (Last name, first name, middle initial)

Schmidt, Emma M.

[] Additional names on page of document.

GRANTEE(S) (Last name, first name, middle initial)

Valaer, David E. and Valaer, Susan E.

[] Additional names on page of document

LEGAL DESCRIPTION (Abbreviated: i.e., Lot, Block, Plat or Section, Township, Range, Quarter/Quarter)

NW 1/4 Sec 19 T1N R5E

REAL ESTATE EXCISE TAX

[x] Complete legal on page 4 of document.

N/A

REFERENCE NUMBER(S) of Documents assigned or released:

JAN 24 2006

N/A

PAID N/A
Audrey Taberni Deputy

[] Additional numbers on page of document.

ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER SKAM COUNTY TREASURER

01-05-19-0-0-0700-00

UD 1-24-06

[] Property Tax Parcel ID is not yet assigned

[] Additional parcel numbers on page of document.

The Auditor/Recorder will rely on the information provided on the form. The Staff will not read the document to verify the accuracy or completeness of the indexing information.

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Company Name: Stewart Title

Signature/Title: Aisha Spertage - Escrow Assistant

AFTER RECORDING RETURN TO:

David and Susan Valaer
1423 NE 6th Ave
Camas, WA 98607

MEMORANDUM OF OPTION

KNOW ALL MEN BY THESE PRESENTS, that on the 21st day of December, 2005, EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest and EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest, as Grantors, and David E. and Susan E. Valaer, or assigns, as Grantees, made and entered into a certain Option Agreement ("the Option") wherein, subject to the terms and conditions therein, Grantor agreed to give Grantee the option to purchase the following described approximately 54 acres real property located in Skamania County:

See Exhibit A Purchase and Sale Agreement dated August 16th, 2004
and addendums attached hereto and incorporated
herein.

The true and actual consideration paid for the Option stated in terms of dollars is Eleven Thousand Dollars (\$11,000) for the first year and then Ten Thousand Dollars (\$10,000) per annum for the next four years. The term of the Option expires on 5:00 PM, August 16th, 2009, if not sooner exercised or terminated.

IN WITNESS WHEREOF, the Seller has executed this Memorandum of Agreement on the 21st day of December 2005.

GRANTORS:

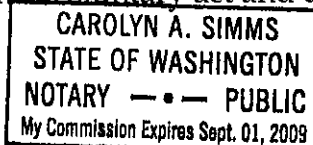
Emma M. Schmid
EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest

Emma M. Schmid
EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest

STATE OF WASHINGTON)

County of Clark) ss: 12/21, 2005

Personally appeared before me the above named Emma M. Schmid and acknowledged the foregoing instrument to be his/her voluntary act and deed.



Carolyn A. Simms
Notary Public for Washington
My commission expires: 9-1-09

GRANTEES:

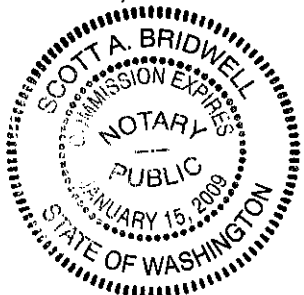
David E. Valaer
David E. Valaer

Susan E. Valaer
Susan E. Valaer

STATE OF WASHINGTON)

County of Clark) ss: Dec 21, 2005

Personally appeared before me the above named David E. Valaer, Susan E. Valaer and acknowledged the foregoing instrument to be his/her voluntary act and deed.



Scott A. Bridwell
Notary Public for Vancouver, WA
My commission expires: 1-15-09

EXHIBIT 'A'

The North half of the Northwest quarter of Section 19, Township 1 North, Range 5 East of the of the Willamette Meridian, in the County of Skamania, State of Washington, EXCEPTING therefrom that portion described as:


Beginning at a point on the West line of said Section 19, which is 56 rods South of the Northwest corner thereof; thence East to the quarter section line; thence South to the South line of the North half of the Northwest quarter; thence West on said South line to the West line of said Section 19; thence North along the West line of said Section 19 to the place of beginning. ALSO EXCEPTING therefrom: a 25 foot square tract surrounding a spring located approximately 980 feet East and 180 feet South of the Northwest corner of said Section 19, with easement to install and maintain a pipeline from spring to the property described as the first Exception above. ALSO EXCEPTING therefrom, that portion lying in county roads.


Addendum to Purchase and Sale Agreement

This addendum is for the Purchase and Sale Agreement dated the 16th day of August, 2004 between David E. and Susan E. Valaer or assigns as Purchaser and Emma M. Schmid as Seller (the "Agreement") (attached hereto as Exhibit A) for the purchase of certain real property in Skamania County, Washington of approximately 54 acres described in the attached Exhibit B (the "Property"). As of this date EMMA M. SCHMID hereby assigns all Sellers rights and responsibilities in the Agreement to EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest and EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest. All the other provisions of the Agreement remain in effect as written.

Agreed on this date of 19th December 2005:


EMMA M. SCHMID


EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest


EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest

United State Forest Service
Columbia Gorge Commission
Skamania County
Friends of the Gorge

This letter is to inform you that David and Susan Valaer have entered into a Purchase and Sale Agreement between David E. and Susan E. Valaer, or assigns, as Purchaser and Emma M. Schmid as Seller for the purchase of certain real property in Skamania County, Washington of approximately 54 acres. As of this date EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest and EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest grant David and Susan Valaer all rights to negotiate with the various parties necessary to receive a building permit for the subject property, as allowed under the purchase and sale agreement.

Agreed on this date of 19th December 2005:

Emma M. Schmid
EMMA M. SCHMID

Emma M. Schmid
EMMA M. SCHMID, Trustee of the Emma M. Schmid Revocable Trust dated April 18, 1990, as to an undivided fifty percent (50%) interest

Emma M. Schmid
EMMA M. SCHMID, Trustee of the George J. Schmid Marital Trust dated February 9, 1999, as to an undivided fifty percent (50%) interest

EXHIBIT "A"

The first two extensions shall be non-refundable, but applicable to the purchase price if said sale is consummated. The following two extensions, if subject option is exercised, shall be non-refundable and non-applicable to the purchase price.

Initial EMS

Initial EMS

Initial CAS

SV

Unofficial Copy

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is made at Washougal, Washington, by and between Emma M. Schmid whose address is P.O. Box 127 Washougal, WA 98671 ("Seller") and David E. and Susan E. Valaer, or assigns, whose address is 1423 NE 6th Av. Camas, Washington 98607 ("Purchaser"), this 16th day of August 2004 ("Effective Date").

The parties agree as follows:

RECITAL

Seller owns certain real property in Skamania County, Washington measuring approximately 54 acres, described in the attached Exhibit A (the "Property"). Seller desires to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Seller, on the terms and conditions set forth in this Agreement.

AGREEMENT

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

1.1 Survey. "Survey" shall refer to a survey of the Property, certified by a surveyor licensed by the State of Washington as accurate, showing the boundary lines and legal description of the Property, any encroachments onto the Property or from the Property onto adjoining property, all visible and recorded easements, utilities, all streets and all points of access onto public roads, and the amount of total acreage within the Property.

1.2 Wetlands. "Wetlands" shall refer to any property for which the dredging or filling thereof would require governmental authorization, including but not limited to, a permit under §404 of the Federal Clean Water Act..

2. Purchase and Sale of Property. Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller, on the terms and conditions set forth in this Agreement.

3. Total Purchase Price. The total purchase price for the Property is Three Hundred Thousand Dollars (\$300,000) ("Purchase Price"). The Purchase Price shall be paid as follows:

(a) Eleven Thousand Dollars (\$11,000) earnest money represented by a promissory note ("Earnest Money"), to be delivered to Escrow Officer (as hereinafter defined) within forty eight (48) hours of the Effective Date, along with a fully executed copy of this Agreement.

(b) The Purchase Price shall be paid by Purchaser to Seller as \$100,000 cash at closing and a \$200,000 note. Purchaser will sign a note secured by a deed of trust in favor of the Seller payable in monthly payments on a 20 year amortization with a balloon payment at the end of year five. Interest rate on said note shall be at the prime rate, plus three (3) percent. Note can be prepaid at anytime by Purchaser without penalty.

4. Seller's Title to the Property. Within thirty (30) days after the Effective Date, Seller, at its sole expense, shall furnish to Purchaser a preliminary title report (the "Preliminary Title Report") from Stewart Title ("Stewart") showing Stewart's willingness to issue title insurance on the Property, together with full copies of all exceptions. Purchaser shall have thirty (30) days within which to notify Seller in writing of Purchaser's disapproval of any exceptions shown in the report. In the event of such disapproval, Seller shall have fifteen (15) days to notify Purchaser of Seller's unwillingness to eliminate a disapproved exception, otherwise Seller shall be obligated to eliminate the disapproved exception. Notwithstanding the foregoing, Seller shall be required to remove all monetary exceptions prior to closing. In the event Seller notifies Purchaser that it will not eliminate disapproved exceptions, then Purchaser, at its option, may terminate this Agreement and receive a refund of all Earnest Money. If additional exceptions are included in a supplemental or amended Preliminary Title Report, Purchaser shall have the same rights and timing for objections as stated above for the new exceptions.

5. Survey. Purchaser may during the Contingency Period order the Survey at Purchaser's expense. Within the Contingency Period, Purchaser shall notify Seller in writing of Purchaser's disapproval of any item indicated on the Survey. In the event of such disapproval, Seller shall have fifteen (15) days to notify Purchaser of Seller's unwillingness to eliminate a disapproved item, otherwise Seller shall be obligated to eliminate the disapproved item. In the event Seller notifies Purchaser that it will not eliminate disapproved items, then Purchaser, at its option, may terminate this Agreement and receive a refund of all Earnest Money.

6. Contingencies to Agreement.

6.1 Contingencies. This Agreement shall be subject to and contingent upon the approval or waiver in writing by Purchaser of all of the following contingencies ("Contingencies") within 365 days following the Effective Date ("Contingency Period"), or other period set forth below:

(a) Purchaser's approval of the latest amended Preliminary Title Report, as set forth in Section 4, and within the time period set forth in Section 4.

(b) Purchaser's approval of the Survey, as set forth in Section 5.

(c) Purchaser's satisfaction that all zoning, land use regulations, and other governmental restrictions affecting the use of real property will not interfere with or prevent Purchaser's contemplated use of the Property.

(d) Purchaser shall have the right to conduct studies and reviews of the Property, including, but not limited to: (i) architectural; (ii) engineering; (iii) Wetlands and the condition of the soils, sub-soils and the ground water; (iv) traffic; (v) hazardous waste and environmental investigations; (vi) economic feasibility studies; and (vii) all land use matters relating to the Property. Purchaser's obligation to close this transaction and purchase the Property shall be contingent upon Purchaser having confirmed to its satisfaction that such studies and reviews demonstrate the feasibility of acquiring and developing the Property for Purchaser's intended use.

(e) Purchaser shall have obtained a building permit and septic tank permit satisfactory to Purchaser for purposes of constructing the personal residence on the Property that Purchaser desires, and further that Purchaser is satisfied that they can locate a satisfactory well on the Property and can meet all requirements of the Columbia River National Scenic Act, and applicable conservation easements from the Department of Agriculture and the United States Forest Service.

(f) Within 30 days after the Effective Date, Seller shall deliver to Purchaser all information in Seller's possession or control regarding the Property, including, but not limited to: (i) appraisals and surveys; (ii) soil tests; (iii) engineering plans and reports; (iv) zoning ordinances, design guidelines, covenants and restrictions applicable to the Property; (v) notices, demands and other communications from any governmental agencies; (vi) permits issued by governmental authorities; (vii) copies of tax and assessment bills for the 2002-2003 tax year; (viii) environmental reports; (ix) the Columbia River National Scenic Act, and conservation and scenic easements from the Department of Agriculture via the United States Forest Service; (x) easements, rights of way or other interests or agreements relating thereto; and (xi) any other documents, books and records relating to the Property in Seller's possession. Purchaser's obligation to close this transaction and purchase the Property shall be contingent upon Purchaser's review and approval of the form and content of each of such items.

(g) (i) Purchaser's satisfaction that sufficient aggregate usable land exists to locate and construct the improvements of Purchaser's design within the boundaries of the Property, and (ii) Purchaser shall have obtained all governmental approvals relating thereto, or be satisfied that such approvals are readily obtainable.

(h) Purchaser's satisfaction that all utilities, including water, septic tank, electrical, gas and telephone are available to and for the Property in sufficient quality and quantity as may be necessary for Purchaser's intended use.

(i) Purchaser satisfactorily negotiating agreements with adjoining property owners related to Purchaser's intended development of the Property.

6.2 Satisfaction/Waiver, Extension and Removal of Contingencies.

(a) Purchaser shall notify Seller in writing of the approval, disapproval or waiver of each Contingency within the Contingency Period or other applicable period. Purchaser's failure to approve or waive any Contingency within the Contingency Period shall be deemed a disapproval of such Contingency.

(b) If, during the Contingency Period, Purchaser has not received adequate information (in Purchaser's sole discretion) or approvals concerning the Contingencies to permit Purchaser to approve or disapprove each Contingency. If the Purchaser does not purchase the Property and does not terminate this Agreement, at the end of the first 365 day contingency period, the Earnest Money note will be replaced with cash and released from Escrow to Seller. Such amount will be nonrefundable but applicable to the Purchase Price. The Purchaser may elect to purchase up to four (4) additional (365) day periods upon written notice to Seller and payment to Seller of \$10,000 at the beginning of each (365) day extension.

PARAGRAPH 6.2-B CONTINUED - SEE EXHIBIT "A"

(c) All parties hereto understand and agree that the Purchaser may unilaterally waive, conditionally or unconditionally, any Contingency contained herein by notifying Seller of such waiver in writing. If any Contingencies contained in this Agreement have not been approved or unilaterally waived by Purchaser within the time limit specified (including extensions), this Agreement and any contract resulting from Seller's acceptance of the offer contained herein shall be voidable by Purchaser, and if voided, Purchaser's Earnest Money and any interest thereon shall be returned to Purchaser.

7. Inspection and Access. After the Effective Date, Purchaser and its representatives shall be entitled to go upon the Property for the purpose of making or conducting any inspection, investigation, test or survey reasonably related to the purchase of the Property provided only that: (a) all such activity shall be without expense to Seller; (b) Purchaser shall not interfere with the current operation of or the use of the Property by occupants thereof; and (c) Purchaser shall only authorize experienced and trained people to go upon the Property for the purposes set forth above except for Purchaser's immediate family. Purchaser shall protect, defend and hold harmless Seller from any loss, liability or damage to persons or property arising out of or related to Purchaser's activities on the Property, except remediation pursuant to Section 8.2. If Purchaser fails to purchase the Property, Purchaser shall fully compensate Seller for any physical damage to the Property, or lien, encumbrance or charge thereon attributable to Purchaser's activities with respect thereto. Seller shall cooperate in all reasonable respects with Purchaser's efforts to inspect, investigate and test the Property during the term of this Agreement.

8. Hazardous Materials.

8.1 Indemnification.

(a) Purchaser agrees to indemnify, defend and save harmless the Seller from and against any and all claims, actions, demands, liabilities, costs, expenses and damages, including but not limited to any response, removal, or remedial costs which may be assessed against Seller by Federal or State governmental authorities, arising out of or resulting from activities of Purchaser on the Property involving the use, storage, handling, transportation, treatment, disposal, or release of hazardous materials or toxic substances regulated by Federal, State or local law or regulations, including, without limitation, the Federal Water Pollution Control Act, as amended; the Resource Conservation and Recovery Act, as amended; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Super Fund Amendment and Reauthorization Act of 1986, or as amended in the future; and the Toxic Substance Control Act as amended; and rules of law, rules and regulations issued or propagated thereunder ("Hazardous Materials"). The foregoing indemnity shall include, without limitation, all costs and expenses incurred by Seller for attorney's employed to defend any such claim whether before or after initiation of a formal lawsuit or administrative proceeding.

(b) Seller agrees to indemnify, defend and save harmless Purchaser from and against any and all claims, actions, demands, liabilities, costs, expenses and damages,

including but not limited to any response, removal, or remedial costs or any civil or criminal penalties or fines which may be assessed against Purchaser by Federal or State governmental authorities as a result of the presence of Hazardous Materials (defined above) on the Property or as a result of activities of Seller on the Property involving the use, storage, handling, transportation, treatment, disposal, or release of Hazardous Materials. The foregoing indemnity shall include, without limitation, all costs and expenses incurred by Purchaser for attorneys employed to defend any such claim whether before or after initiation of a formal lawsuit or administrative proceeding;

(c) The indemnities contained in this Section 8.1 shall be effective as of the Closing Date, and shall not merge in the Deed from Seller to Purchaser but shall survive the Closing.

8.2 Environmental Site Assessment. Purchaser may, pursuant to the Contingency in Section 6.1(d), conduct environmental site assessments on the Property. In the event such site assessments produce any results which are unacceptable to Purchaser, Purchaser, at its option, may declare this Agreement to be null and void, cancel any obligations of either party hereunder, and receive a full refund of its Earnest Money, including interest thereon, or require that Seller take, at Seller's expense, all such actions as are necessary and/or required to remediate the Property in accordance with applicable law.

9. Cooperation. Seller acknowledges that certain applications, petitions, and requests (collectively "Applications"), including without limitation applications for a building permit and septic system for the Property may have to be made by Seller to governmental entities in order for Purchaser to remove Contingencies in Section 6.1. Seller agrees to make such Applications, as and when reasonably requested by Purchaser, provided that fees associated with such Applications are paid by Purchaser for Purchaser's contingent benefit. Seller agrees to appear and support such Applications at public meetings, if so requested. Additionally, Carolyn Simms and Mike Reinhardt will assist the Purchaser in obtaining approval of the Applications.

10. Representations and Warranties.

10.1 Seller's Representations and Warranties. Seller represents and warrants as follows:

(a) There are no actions, suits, claims, legal proceedings or any other proceedings affecting the Property, or any portion thereof, at law or in equity, before any court or governmental agency, domestic or foreign, nor is there any basis for any such proceeding which, if adversely determined, might affect the use or operation of the Property for Purchaser's intended purpose, the value of the Property, or adversely affect the ability of Seller to perform its obligations under this Agreement.

(b) There are no pending or threatened governmental proceedings in eminent domain, for rezoning or otherwise, which would affect the Property, or any portion thereof, and no facts exist which might give rise to such an action or proceeding.

(c) There are no liens, bonds, encumbrances, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property except as disclosed in the Preliminary Title Report.

(d) There are no commitments or agreements with any governmental agencies, public utilities, or any third parties affecting the Property that have not been disclosed to Purchaser in writing. However, Purchaser is aware that the subject property was made available for purchase under an 8(0) offer to the forest service, which was not furthered by them.

(e) Seller is not in default with respect to any of its obligations or liabilities pertaining to the Property.

(f) The Property has been operated in full compliance with all building, zoning, environmental, health and insurance laws and regulations which affect the use and operation thereof.

(g) There are no Hazardous Materials (as defined in Section 8 hereof) on, under, or about the Property, and there are no environmental conditions on or about the Property that will cause adverse consequences to Purchaser or to Purchaser's use of the Property.

(h) Seller has received no notices from governmental authorities pertaining to violations of law or governmental regulations with respect to the Property with which Seller has not fully complied or corrected.

(i) Seller has the legal power, right and authority to enter into this Agreement and to consummate the transaction contemplated hereby, and the transaction will not violate or result in a breach of any other obligations or restrictions of Seller to any other party.

(j) From the Effective Date until the Closing Date, Seller shall maintain the Property in accordance with its usual and customary practices, and Seller shall not encumber the Property or allow the Property to be encumbered with any exception that will remain following the Closing Date.

(k) All documents and instruments delivered to Purchaser by Seller are complete and true copies of such documents or original counterparts thereof and accurately represent the matters purported to be contained therein.

(l) Seller has not obligated itself in any manner to sell the Property to any party other than Purchaser and promises not to enter into an agreement with any other party for the sale or lease of any portion of the Property while this Agreement is in effect, except an agreement which is expressly subject to the rights of Purchaser as set forth herein.

(m) Seller is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

10.2 Purchaser's Representations and Warranties. Purchaser represents and warrants as follows:

(a) Neither Purchaser's Effective Date nor its performance of the obligations hereunder will violate, or constitute a default under or breach of, any agreement between Purchaser and any third party or by which Purchaser is bound.

(b) In the event the transaction contemplated by the Agreement does not close, Purchaser shall not, unless required by court order or applicable law, reveal, divulge or make known to any person or entity any knowledge or information concerning Seller or the Property acquired by Purchaser in connection with this Agreement, which information is not in the public domain.

(c) Purchaser is fully authorized to enter into and perform its obligations under this Agreement and any other agreement or instrument necessary to consummate the transaction contemplated by this Agreement.

10.3 Renewal of Representations and Warranties. All representations and warranties contained in this Section 10 shall be deemed made as of the Effective Date and renewed as of the Closing Date. Such representations and warranties shall not merge in the Deed from Seller to Purchaser but shall survive the Closing.

11. Risk of Loss; Condemnation.

11.1 Risk of Loss. Risk of loss of or damage to the Property shall be borne by Seller until the Closing. Thereafter, Purchaser shall bear the risk of loss. In the event of material loss of or damage to the Property prior to the date upon which Purchaser assumes the risk, Seller shall not be obligated to restore the Property nor pay damages to Purchaser by reason of such loss or damage, and Purchaser may terminate this Agreement by giving notice of such termination to Seller and Escrow Agent. Such termination shall be effective and the Earnest Money shall be refunded within ten (10) days thereafter. However, Purchaser may elect to purchase the Property in the damaged condition existing on the Closing Date and on Closing Seller shall assign to Purchaser the proceeds of any policy of insurance carried by or for the benefit of Seller covering any loss or damage to the Property occurring after the date hereof and prior to the Closing Date. If the loss or damage is covered by an insurance policy, Seller will submit an insurance claim and use its best efforts to obtain insurance proceeds. On Closing Seller will pay to Purchaser, outside of escrow, the entire amount of insurance proceeds received prior to Closing from such claim.

11.2 Condemnation. If the Property is or becomes the subject of a condemnation proceeding or bona fide threat of condemnation prior to Closing, Purchaser may, at its option, terminate this Agreement by giving notice of such termination to Seller on or before the Closing Date, and upon such termination the Earnest Money shall be returned to Purchaser and this Agreement shall be of no further force or effect; provided, however, that Purchaser may elect to purchase the Property, in which case the total purchase price shall be reduced by the total of any condemnation award received by Seller at or prior to Closing. On Closing, Seller shall assign to Purchaser all Seller's rights in and to any future condemnation awards or other proceeds payable or to become payable by reason of any taking. Seller agrees to notify Purchaser of eminent domain proceedings or threat thereof within five (5) days after Seller learns thereof.

12. Closing.

12.1 Closing Date. This transaction will be closed within thirty (30) days after written satisfaction or waiver of all Contingencies, or at such later date as is agreed by the parties (the "Closing Date").

12.2 Manner and Place of Closing. This transaction will be closed (the "Closing") by an "Escrow Officer" at Stewart's downtown Vancouver, Washington office, or at such other place and by such other person as the parties may mutually select. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

12.3 Prorations, Adjustments. The then current year's ad valorem real property taxes shall be prorated and adjusted between the parties as of the Closing Date.

12.4 Events of Closing. Provided the Escrow Officer has received the sums and is in a position to cause the title insurance policy to be issued as described below, this transaction will be closed, pursuant to escrow instruction given to the Escrow Officer by the parties on the Closing Date as follows:

(a) The Escrow Officer will perform the prorations and adjustments as described in Section 12.3 above, and the parties shall be charged and credited accordingly. Proration of utility charges and rents, if any, shall be apportioned between the parties outside of escrow as of the Closing Date;

(b) Purchaser shall pay the balance of the Purchase Price owing to Seller, as provided in Section 3(b), adjusted for the charges and credits set forth in this Section 12;

(c) Seller shall pay all sales, transfer, excise or other taxes payable to any authority as a result of this transaction. Purchaser is aware that the subject property is classified as agriculture and/or timber use for property taxes, and agrees to retain said use upon transferring of the property or agrees to pay all deferred taxes to change current use.

(d) Seller shall convey the Property to Purchaser by Statutory Warranty Deed, a form of which is attached as Exhibit B and incorporated by this reference, subject only to the encumbrances accepted by Purchaser pursuant to Section 4;

(e) Stewart will deliver its letter committing to issue the policy of title insurance described in Section 12.5 below, upon recordation of the closing documents. The title insurance premium for a Standard Owner's Policy will be charged to Seller;

(f) The Escrow Officer will record the Deed from Seller to Purchaser at Purchaser's expense;

(g) The escrow fees and other closing costs not otherwise specifically provided for herein shall be divided equally between the parties;

(h) The Escrow Officer shall deduct and distribute from the amount payable to Seller at Closing, commissions payable to Camas Realty in the amount of 4% of the Purchase Price. Camas Realty shall be responsible for payment of any referral fees due to Crest Realty.

12.5 Title Insurance. As soon as possible after the Closing Date, Stewart shall furnish Purchaser with a Standard Owner's Policy of Title Insurance in the amount of the total Purchase Price for the Property, subject only to the standard printed exceptions of the title company and exceptions for the matters accepted by Purchaser pursuant to Section 4 above. The cost of such policy shall be paid by Seller. In lieu of a Standard Owner's Policy, Purchaser may request that Seller provide an extended coverage title insurance policy ("ALTA Policy"), in which case Purchaser will pay the difference between the cost of a Standard Owner's Policy and the ALTA Policy.

12.6 Possession. Seller shall deliver possession of the Property to Purchaser on the Closing Date. Unless otherwise agreed by Purchaser in writing, Seller shall deliver possession of the Property absent leasehold or any tenancy interests, with no holdover tenants or other parties in possession, and with all personal property, debris and garbage removed from the Property.

13. Default. If the transaction contemplated by this Agreement does not close, as a result of Purchaser's default, without legal excuse, then as Seller's sole and exclusive remedy, Seller may retain the Earnest Money, and any extension payments, which do not exceed seventeen percent (17%) of the Purchase Price. If the transaction contemplated by this Agreement does not close as a result of Seller's default, without legal excuse, then Purchaser may pursue all remedies available under law or equity, including the right to bring suit to specifically enforce this Agreement and recover incidental damages. Notwithstanding anything in this Agreement related to nonrefundable payments, if Seller is unable to or refuses to convey the Property in the condition required at Closing, and Purchaser cannot get specific performance of this Agreement, then in addition to all other remedies and damages, Purchaser shall be entitled to a refund of the Earnest Money and all extension payments.

14. Indemnification. Each party shall indemnify, defend, and hold harmless the other from any and all losses, claims, and actions, whether or not suit is brought against the party to be indemnified, for damages sustained (including attorney fees and costs) as a result of a party's breach of a covenant, representation or warranty contained in this Agreement.

15. General Provisions.

15.1 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties, and their respective heirs, personal representatives, successors, and assigns, as permitted.

15.2 Notices. Notices under this Agreement shall be in writing and shall be effective when actually delivered. If mailed, a notice shall be deemed effective on the second day after deposited as registered or certified mail, postage prepaid, directed to the other party at

the addresses shown above. Either party may change its address for notice by written notice to the other.

15.3 Waiver. Failure of either party at any time to require performance of any provision of this Agreement shall not limit the parties' rights to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

15.4 Attorney Fees. In the event suit or action is instituted to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sums as the court may adjudge reasonable as attorney's fees at trial, on any appeal, and on a petition for review, in addition to all other sums provided by law.

15.5 Prior Agreements. This Agreement supersedes and replaces all written and oral agreements previously made or existing between the parties.

15.6 Applicable Law. This Agreement shall be construed, applied and enforced in accordance with the laws of the State of Washington, with venue in Camas County, Washington.

15.7 Brokers. Seller will defend, indemnify, and hold the Purchaser harmless from any claim, loss, or liability made or imposed by any other party claiming a commission or fee in connection with this transaction. The parties acknowledge and consent that Camas Realty has served as the real estate broker advising, consulting and representing both Buyer and Seller in this transaction.

15.8 Changes in Writing. This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

15.9 Survival. All representations and warranties set forth in this Agreement and all provisions of this Agreement, the full performance of which is not required prior to Closing, shall survive Closing and be fully enforceable thereafter.

15.10 Construction. This Agreement shall be interpreted according to its plain and clear meaning, and shall not be construed for or against either party because of the origin of the subject provision.

15.11 Severability. In the event any portion of this Agreement is adjudged void or unenforceable by a court of competent jurisdiction, such finding shall not render the remainder of this Agreement void or unenforceable.

15.12 Assignable. This Agreement is assignable by Purchaser, with Seller's consent, which shall not be unreasonably withheld, conditioned or delayed, and in each instance provided that the assignee agrees to be bound by all of the terms and conditions of this Agreement.

15.13 Third Party Benefit. Seller and Purchaser are the only parties to this Agreement and as such are the only parties entitled to enforce its terms. Nothing in the Agreement gives or shall be construed to give or provide any benefit, direct or indirect, or otherwise to third parties, except the specified Brokers, unless third persons are expressly described as intended to be a beneficiary of its terms.

15.14 Memorandum of Contract. Purchaser shall be allowed at its expense to record in the real property records of Skamania County a memorandum of the existence of this Contract.

16. Expiration of Offer. The offer made by Purchaser pursuant to this Agreement shall expire on ^{August 16, 2004} ~~July 27th~~, 2004, at the hour of 5:00 p.m. Pacific Standard Time, and the Earnest Money shall be returned to Purchaser. This offer may not be accepted after its expiration.

17. Execution. This Agreement executed in duplicate on the day and date first written above.

18. Like Kind Exchange. Either party, at its option, may elect to effect a tax-deferred like-kind exchange of other property for the property that is the subject of this Agreement. Each party agrees to cooperate with the other party in effecting such like-kind exchange at no additional out-of-pocket costs to the cooperating party, or additional time delay to closing this transaction. Each party shall indemnify and hold the other party harmless from any cost, expense, or liability incurred by the cooperating party in accommodating an exchange.

19. Agency Relationship. The Seller has all power and authority to enter into this Agreement with Purchaser. The subject property is part of an Agency Agreement with Alan and Mary Hargrave, and is in the process of being transferred to Seller, which shall be completed as soon as possible, but no later than Oct. 10, 2004.

SELLER:

Emma M. Schmid
Emma M. Schmid

Date: 8/15/04

PURCHASER:

David E. Valaer
David E. Valaer

Date: 8/16/04

Susan E. Valaer
Susan E. Valaer

Date: 8/16/04