

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Jackson, Jackson & Kurtz, Inc. PS **REAL ESTATE EXCISE TAX**
P.O. Box 340
Battle Ground, WA 98604

Doc # 2006161761
Page 1 of 17
Date: 05/31/2006 01:57P
Filed by: JACKSON JACKSON & KURTZ INC PS
Filed & Recorded in Official Records
of SKAMANIA COUNTY
J. MICHAEL GARVISON
AUDITOR
Fee: \$48.00

25981
MAY 31 2006
PAID 576.41 + 112.50 + 6.00 = 693.50
Vickie Chelland, Deputy
SKAMANIA COUNTY TREASURER

Grantor : CAROL E. VASSAR
Grantee : JERRY L. HEFLIN and BONNIE L. HEFLIN, husband and wife
Abbreviated Legal : #1100 Sec 18 T 7N R6E
Assessor's Tax Parcel Nos. : 07 06 18 4 1 1100 00
Prior Excise Tax No. : NA
Other Reference No(s). : NA

REAL ESTATE CONTRACT

SELLER AND PURCHASERS HEREBY AGREE AS FOLLOWS:

1. PARTIES AND PROPERTY

Date: May 25, 2006
Seller: CAROL E. VASSAR, a single woman
P.O. Box 21
Yacolt, WA 98675
Purchasers: JERRY L. HEFLIN and BONNIE L. HEFLIN,
husband and wife
16715 NE 72nd Avenue
Vancouver, WA 98686

Real Property Legal Description: Skamania Tax Parcel No. 07 06 18 4 1 1100 00

More Fully Described in Exhibit "A" attached hereto and
incorporated herein by this reference.

2. PRICE AND PAYMENT

Purchasers agree to pay a purchase price to Seller in the sum of Forty-five Thousand and No/100 Dollars (\$45,000.00), which is paid and payable as follows:

<u>Down Payment:</u>	\$3,000.00
<u>Balance Due Seller:</u>	\$42,000.00
<u>Interest Rate:</u>	5 percent per annum
<u>Installment Periods:</u>	Monthly
<u>First Installment Date:</u>	June <u>30</u> , 2006.
<u>Installment Amounts:</u>	\$277.18
<u>Balloon Payment Due Date:</u>	May <u>25</u> , 2011 (five years from date of contract)
<u>Default Rate:</u>	12 Percent per annum
<u>Late Charge:</u>	\$25.00 for each payment received more than five days after its due date.
<u>Prepayment Provisions:</u>	Purchasers may make a partial or full prepayment of the principal balance due at any time, without penalty. Any prepayment will be applied first to interest accrued to the date of payment, and then to the principal balance due. Making a prepayment shall not change the amounts or due dates of the monthly and/or other payments required hereunder, unless the Seller otherwise agrees in writing.

3. SALE AGREEMENT

The Seller agrees to sell to the Purchasers and the Purchasers agree to purchase of the Seller, all of that certain Real Property and improvements, timber and crops currently and hereafter located thereon, for the considerations and subject to the terms, covenants and conditions herein contained.

4. PURCHASE PRICE

The Purchasers agree to pay the Purchase Price to the order of the Seller in the manner set forth above. The deferred portion of the Purchase Price which the Purchasers are to pay to the Seller shall be paid in 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. Each payment of an Installment amount shall be applied first against the costs,

expenses and late charges for which the Purchasers are then liable hereunder, next against interest accrued to the date of payment, and finally to the principal balance then due to the Seller. Interest shall commence on the date of this contract and continue to accrue until the Seller receives all of the principal, and any sum not paid within five (5) days after its due date shall bear the Late Charge set forth above. After the date Final Payment is due, interest on the delinquent principal balance shall increase to the Default Rate set forth above.

5. TAXES AND ASSESSMENTS

It addition to the payments herein provided for, and except as discharged through any reserve account, 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 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, excluding taxes for such period assessed because of the reclassification of the use of the Property by the Purchasers or any successor of the Purchasers, 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 the Real Property taxes, assessments or charges, 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 assessment 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 such 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; provided, however, this account may be commingled with any insurance reserve account under this contract.

6. INSURANCE AND INDEMNIFICATION

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 its agents, servants, 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 Purchasers shall, at their own cost and expense, keep the improvements on 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 and with such additional coverages or endorsements as the Seller may reasonably require from time to time. Said insurance shall be in an amount not less than the greater of (a) the amount of coverage necessary to avoid the insured being treated as a coinsurer, or (b) one hundred twenty percent (120%) of the then unpaid principal balance of the Purchase Price for the Property, or (c) such higher amount as may be required by the terms of any Prior Encumbrance, 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 a 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 canceled 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. Immediately upon receipt, all insurance proceeds, together with any other sums required to complete the repairs and restorations, shall be placed in a construction disbursement account with an escrow agent or other person jointly designated by the Seller and the Purchasers and shall be disbursed periodically in amounts corresponding to the percentage of completion of repairs; provided, however, in the event this contract is forfeited or foreclosed any portion of such proceeds remaining after properly incurred repair and replacement costs due as of the date of such forfeiture or foreclosure sale shall be immediately paid to the Seller. No construction may be commenced until all sums required to pay the costs thereof have been deposited in the disbursement account. The expenses of said disbursement account and in obtaining percentage completion certificates shall be paid by the Purchasers, and the Purchasers shall be responsible for depositing in the disbursement account the amounts necessary to pay all costs of repairs, reconstruction and replacements which are not covered by the insurance proceeds. 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 and replacements shall be commenced within sixty (60) days following the date the Purchasers elect to reconstruct and shall be continuously pursued with due diligence. Subject to the terms of any prior Encumbrances, any casualty insurance proceeds which are not used to pay for repairs or replacements permitted by the terms of this paragraph shall be paid to the Seller

and applied against the principal balance last due hereunder, and the Seller shall accept the same notwithstanding any prepayment restriction in this contract.

If (i) the Purchasers do not elect to repair the damage, or (ii) the Seller consents to materially different improvements is not waived or given, or (iii) the Purchasers do not deposit into the disbursement account all sums in excess of available insurance proceeds required for reconstruction by the date construction is required to commence, or (iv) 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, and if such failure is not rectified within any required notice period for remedial advances under this contract, the Seller may require the Purchasers to deposit with each Installment Amount an amount reasonably estimated by the Seller to be necessary to discharge the next ensuing premiums for said policies, said estimates to be adjusted by the Seller upon receipt of the premium invoices to reflect the actual amount of such liabilities. The payments so made 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 thereon, if any, being added to the sums so held; provided, however, this account may be commingled with any tax reserve account under this contract.

7. UTILITIES

The Purchasers shall pay for the cost 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 its 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. NONPAYMENT OF TAXES, INSURANCE AND UTILITIES CONSTITUTING LIENS

If Purchasers fail to pay taxes or assessments, insurance premiums or charges required to be paid hereunder, Seller may pay such items and Purchasers shall forthwith pay Seller the amount thereof, plus a late charge of five percent (5%) of the amount thereof, plus interest at the Default Rate on the payment made by Seller, accruing until such payment is reimbursed by Purchasers, plus any costs and attorney's fees incurred in connection with such payment. Failure to pay said taxes or assessments, insurance premiums, or utility charges shall constitute a default under this contract, giving Seller the rights and remedies provided for default.

9. 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 days after condemnation and removal of improvements, negotiate a contract to substantially restore the premises to their condition before the 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.

10. POSSESSION

From and after the date of this contract, the Purchasers may enter upon and take possession of the Property and, irrespective of the assignments and security interests granted in this contract, enjoy the use, rents (to the extent permitted to be collected herein), issues and profits thereof so long as such rights have not been affected by the exercise of any remedy of the Seller.

11. 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. No logging or commercial timber removal may be undertaken by the Purchasers without the Seller's prior written consent. The Purchasers shall not permit any hazardous or toxic substance, material or waste to be located upon or generated, stored, transported to or from, disposed of on the Property or permit the Property to become contaminated with any substance in violation of any applicable federal, state or local law. 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.

12. ALTERATIONS AND LIENS

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 her consent if the action proposed will not materially affect the value of the Property or violate any applicable laws or ordinances. 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 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.

13. 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 and the use thereof and activities thereon; all easements, reservations, restrictions, covenants and conditions of record affecting or pertaining to the Property and the use thereof and activities thereon; and any condominium, planned unit development, or cooperative declarations, articles, bylaws, rules, regulations and other documents 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, or in violation of any federal, state or local statute or ordinance governing the use or improvement or the Property or any hazardous or toxic materials, products or waste. Without limiting Purchasers' foregoing obligation to use the property in a lawful manner, Purchasers will not use, generate, manufacture, produce, store, release, discharge or dispose of on, under or about the property conveyed herein or the property's groundwater, or transport to or from the property, any Hazardous Substance and will not permit any other person to do so. Hazardous Substance means any substance prohibited or regulated under any federal, state, or local law, statute or ordinance, including but not limited to the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 USC Sections 9601-9675; and the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended, 42 USC Sections 6901-6992.

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14. DEED AND TITLE INSURANCE

It is understood between the parties that the title to the real property hereinbefore described shall remain in the Seller until the purchase price together with interest thereon has been paid in full. Upon payment of the purchase price and interest as herein provided, the Seller shall execute and deliver a good and sufficient Warranty Deed, conveying the premises heretofore described to Purchasers, provided that Seller shall not warrant against any encumbrances or liens placed against said premises by Purchasers or existing easements, covenants or restrictions of record.

The Purchasers have agreed that no title insurance policy will be obtained.

15. PROPERTY CONDITION

A. Property Purchased "As Is"

It is understood that the Purchasers have made full inspection of the real estate and have accepted the same as is, and that no promise, agreement or representation respecting the condition of any building or improvement thereon or relating to the alteration or repair thereof, or the placing of additional improvements thereon, shall be binding unless the promise, agreement or representation be in writing and made a part of this contract.

B. Hazardous Wastes

Seller represents to the best of her knowledge there has been no use on or under the property conveyed herein to generate, manufacture, produce, store, release, discharge or dispose of on any Hazardous Substance. Hazardous Substance means any substance prohibited or regulated under any federal, state, or local law, statute or ordinance, including but not limited to the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 USC Sections 9601-9675; and the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended, 42 USC Sections 6901-6992.

16. DEFAULT AND REMEDIES

Time is of the essence of this contract. If the Purchasers fail to make any payment or perform any obligation hereunder, Seller shall be entitled to exercise all rights and remedies allowed by law or equity, including the right to elect one or more of the following remedies:

- a. 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

timber, crops, fixtures, and improvements thereon) by giving a Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and recording a Declaration of Forfeiture pursuant to RCW 61.30.040-070, or any successor statutes. The entire balance of such sums due and to become due under this contract shall be paid from the proceeds of any sale ordered by a court pursuant to RCW 61.30.120, including interest at the Default Rate to and including the sale date and all expenses incurred by the Seller as a result of such sale. 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 days following the date this contract is forfeited and summarily eject the Purchaser and any person or persons having possession of the said Property in the manner allowed by law. To the extent permitted by applicable statute, the Seller shall have the right to obtain a deficiency against the Purchasers following the forfeiture of this contract for damages caused by waste to the Property.

- b. Acceleration. Upon Seller giving the Purchasers not less than 15 days' written notice of its intent to do so (within which time any monetary default, or other curable default, may be cured without regard to the acceleration) which notice shall describe the nature of the default, the Seller may declare the entire unpaid balance of the Purchase Price and all interest then due thereon and any Prepayment Premium 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. Judicial Foreclosure. To the extent permitted by any applicable statute, the Seller may judicially foreclose this contract as a mortgage, and in connection therewith, may accelerate all of the debt due under this contract if the defaults upon which such action is based are not cured within 15 days following the Seller's written notice to the Purchasers which specifies such defaults and the acts required to cure the same (within which time any monetary default may be cured without regard to the acceleration). The Seller may, but shall not be required to, waive any right to a deficiency judgment in its foreclosure complaint. The Purchaser at any foreclosure sale may (but shall not be obligated to), during any redemption period, make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, use, preservation, and protection thereof; pay any taxes and assessments due during such period; insure the Property against loss by casualty; and pay utility bills, liens not extinguished by the foreclosure, and other amounts relating to the Property to the extent due during such redemption period, and all of such expenses and payments, together with interest thereon from the date paid to reimbursement at the rate provided by statute for any other redemption amounts, shall be included in the amount required to be paid by any person to redeem the Property. Any Prepayment Premium shall be assessed upon any amounts

accelerated pursuant to the terms of this paragraph, and all such amounts shall bear interest at the Default Rate from and after the date they are so accelerated to and including the date of collection;

- d. Collection Action. To commence an action for the collection of past due payments or obligations arising prior to the date of judgment, together with default interest, attorney fees, and costs.
- e. Specific Performance. To commence an action for specific performance of Purchasers' obligations under this contract (including redress by either a mandatory or prohibitive injunction).
- f. Abandonment. If Purchasers are in default under this contract and abandon the real property subject hereto, pending the exercise of other rights or remedies as provided for herein, Seller may take immediate possession of the real property for the purpose of preserving or otherwise protecting the property from loss, damage, or waste.
- g. Remedies Under the Uniform Commercial Code. The Seller shall have and the Purchaser hereby grants to the Seller all of the rights and remedies contained in the Uniform Commercial Code in effect in the state of Washington as of the date of the Purchaser's default and to the extent such remedies may be applicable to the type of collateral affected thereby.

17. RECEIVER

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, manage, farm, or operate 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, taxes, assessments, insurance premiums, utility bills and costs of operating, maintaining, repairing and managing the Property. Any sums received by

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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. Regardless of the application thereof, no sums requested by or paid to the receiver shall be deemed a partial cure for the purpose of requiring a notice of insufficient cure to be given to any person under RCW 61.30.090(3).

18. PROPERTY RENTAL

If this contract is forfeited or foreclosed 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 will occupy the Property as a tenant at will, and the Purchasers shall be obligated to pay, and hereby promises 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 Amounts as and when provided for above, 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.

19. CUMULATIVE REMEDIES

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 a deed or bill of sale 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.

20. RETENTION OF TITLE AND SECURITY

Except as otherwise provided herein, the Seller's title to the Property and any substitutions hereof shall remain in the Seller until the Purchasers 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 as security for the performance of the Purchasers' obligations herein, and the Purchasers hereby assign to the Seller all rents and security deposits derived from or relating to the Property and, except for the initial partial month's and the last month's rent, covenants not to collect any rents which are attributable to more than one month of the unexpired lease term. The Purchasers agree to deliver to the Seller such further assurances and UCC financing statements and statements of continuation which the Seller requests to further evidence, perfect or confirm its rights under this agreement. The Purchasers agree with the Seller that they shall comply with the terms of all leases of the Property, and shall, upon written request, promptly notify the Seller of any alleged defaults therein by the Purchasers or any tenant. After all sums evidenced by this contract due to the Seller have been paid, the Seller shall deliver their fulfillment deed and bill of sale 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 and bill of sale shall be executed and placed with the escrow agent promptly following the opening of said account with instructions to deliver them to the Purchasers when entitled thereto.

21. PURCHASERS' REMEDY FOR SELLER'S DEFAULT

If Seller fails to observe or perform any term, covenant or condition of this contract, Purchasers may, after thirty days' written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.

22. NON-WAIVER

Failure of either party to insist upon strict performance of the other party's obligations hereunder, including, without limitation, a party's acceptance of any payment after the due date or any extension thereof, shall not be construed as a waiver of strict performance thereafter of all of the other party's obligations hereunder and shall not prejudice any remedies as provided herein.

23. NOTICES

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 above. Either party may change such address for notice by designating the new address to the other party hereto in the manner hereinabove set forth.

24. ATTORNEY'S FEES-COSTS

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 or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce its rights under this contract. The defaulting party hereby promises to pay all costs and expenses so incurred by the nondefaulting party, including, without limitation, collection agency charges; expenses of preparing, serving, mailing, posting, publishing and recording any notices; title search expenses; and reasonable attorney's costs and fees, and the failure of the defaulting party to promptly pay the same shall constitute a further and additional default. In the event either party hereto institutes, defends, or is involved with any action to enforce the provisions of this contract the prevailing party in such action shall be entitled to reimbursement by the losing party for its court costs and reasonable attorney costs and fees, including such costs and fees that are incurred in connection with any forfeiture; foreclosure; public sale; action for specific performance, injunction, damages, waste, deficiency judgment, unlawful detainer, or to contest the reasonableness of any person's costs or attorney fees; and in any mediation arbitration, bankruptcy, probate, appeal, or other proceeding. 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.

25. BINDING EFFECT

This agreement shall be binding upon and shall inure to the benefit of the legal representatives, assigns, and successors of the parties, subject to any restrictions herein against assignment.

26. DUE ON SALE

If Purchasers, without written consent of Seller, convey, sell, lease, assign, contract to convey, sell, lease, or assign, grant an option to buy the property, permit a forfeiture or foreclosure of trustee or sheriff's sale of any of Purchasers' interest in the property or this contract, Seller may at any time thereafter either raise the interest rate on the balance of the purchase price or declare the entire balance of the purchase price due and payable. If one or more of the entities comprising the Purchasers are a corporation, any transfer or successive transfer in the nature of the above-specified items of 49 per cent or more of the outstanding capital stock, shall enable Seller to take the above action. A lease of less than five years (including options for renewals), a transfer to a spouse or child of Purchasers, a transfer incident to a marriage dissolution or condemnation, and a transfer by inheritance, will not enable Seller to take any action pursuant to this paragraph; provided the transferee other than a condemnor agrees in

writing that the provisions of this paragraph apply to any subsequent transaction involving the property entered into by the transferee.

27. MISCELLANEOUS

A. Time. 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.

B. Headings. The bold 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.

C. 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 "Purchaser" and "Seller" refer to either the singular or the plural, as the case may be.

D. 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 an described herein and the rights, easements, privileges and appurtenances thereunto belonging or appertaining or held and enjoyed therewith, together with all timber and crops thereon and 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 in this contract shall have the meanings ascribed herein or set forth opposite the same in paragraphs one through three 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 is entitled under this contract or other agreement with the Seller.

E. 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,

REAL ESTATE CONTRACT

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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.

F. Legal Relationships. The parties to this contract execute the same solely as a Seller and as 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 benefited by this contract. All persons executing this contract in their individual capacities (or as a general partner or other capacity causing them to be personally liable) acknowledge that this agreement benefits their marital communities and personal recourse may be obtained against the separate property and marital community of any such person and the marital community of such person's spouse.

G. Entire Agreement. This contract contains the entire agreement of the parties hereto, and except for any agreements or warranties otherwise stated in writing to constitute additional collateral, 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 for any representations made by any person concerning the Property or regarding the terms of this 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 Seller and the Purchasers subsequent to the date hereof.

28. LEGAL REPRESENTATION

The parties acknowledge and agree that this agreement has been prepared on behalf of Seller by the attorney for Seller. Purchasers acknowledge having been advised to seek the advice of independent counsel in regard to the closing of this transaction. Their execution of this agreement and the closing of this transaction shall be deemed Purchasers' acknowledgment that they have either sought independent advice of counsel or waive their right to do so.

IN WITNESS WHEREOF, the parties hereto set their hands the day and year first above mentioned.

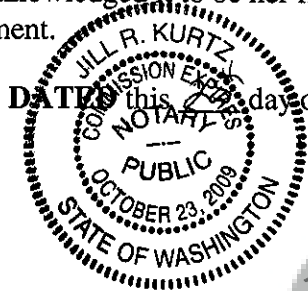
Carol E. Vassar
CAROL E. VASSAR, Seller

J. L. Hefflin
JERRY L. HEFLIN, Purchaser

Bonnie L. Hefflin
BONNIE L. HEFLIN, Purchaser

STATE OF WASHINGTON)
: ss.
COUNTY OF CLARK)

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



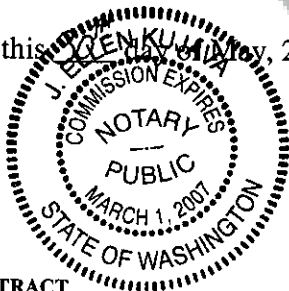
DATED this 22 day of May, 2006.

[Signature]
NOTARY PUBLIC in and for the State of
Washington, my commission expires:
10/23/09

STATE OF WASHINGTON)
: ss.
COUNTY OF CLARK)

I certify that I know or have satisfactory evidence that **JERRY L. HEFLIN** and **BONNIE L. HEFLIN** 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 22 day of May, 2006.



J. Ellen Kujawa
NOTARY PUBLIC in and for the State of
Washington; my commission expires:
03-01-07

EXHIBIT A

Tax Serial No. 07-06-18-4-1-1100 00

The East half of the Southeast quarter of the Southeast quarter of the Northeast quarter of Section 18, Township 7 North, Range 6 East of the Willamette Meridian, Skamania County, Washington.

EXCEPT the North 30 feet and the South 30 feet thereof, reserved for road purposes.

SUBJECT TO covenants, conditions, restrictions, reservations, easements, and agreements of record, if any.

Gary H. Martin, Skamania County Assessor

Date 5/31/06 ^{GS} Parcel # 2-6-18-4-1-1100