

REAL ESTATE EXCISE TAX

Clark County Title Co.
1400 Washington St., #100
Vancouver, WA 98660
Attn: Michelle
FLOSS8TM

27827
OCT 21 2008
PAID 2508.804 490. + tech # 5.00 = 3003.80
Vickie Chelland-Oppelt
SKAMANIA COUNTY TREASURER

RESIDENTIAL REAL ESTATE CONTRACT

1. PARTIES AND DATE. This Contract is entered into on October 21, 2008 between Ronald V. Brown and Rose M. Brown, husband and wife as "Seller" and KX2 Pacific Assets LLC as "Buyer". Buyer is a Limited Liability Company incorporated in the state of Washington, which has appointed Kenneth L. Fish as Manager of the LLC.
2. SALE AND LEGAL DESCRIPTION. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller 5.18 acres land and house at 12281 Washougal River Road, Washougal, Washington having the following legal description in Skamania County, State of Washington: LOT 4 OF SHORT PLATS, RECORDED IN BOOK "3" OF SHORT PLATS, PAGE 415, RECORDS OF SKAMANIA COUNTY, WASHINGTON. 02053300010100 10/21/08
3. PRICE. Buyer agrees to pay a total price of \$196,000.00 with \$49,000.00 down payment (inclusive of earnest money) and \$147,000.00 financed by Seller.
4. PAYMENT OF AMOUNT FINANCED BY SELLER. Buyer agrees to pay the sum of \$147,000.00 as follows: \$918.75 or more at buyer's option on or before the 19th day of November, 2008, including interest from the date of closing at the rate of 7.50% per annum calculated daily on the declining balance thereof; and a like amount or more on the 19th day of each and every month thereafter until paid in full. Payments are applied first to interest and then to principal. It is acknowledged the required monthly payment of \$918.75 may cover interest only on the amount financed. Payments shall be made through a Contract Collections account with Title Management Inc. (an affiliate of Cascade Title). Buyer and Seller agree to split 50%/50% the Contract Collections set up fee of \$125.00 and acknowledge they will each be charged \$6.26 per monthly payment.
5. BALLOON PAYMENT. Notwithstanding the above, the entire balance of principal and interest is due in full not later than 18 months from date of closing.
6. OBLIGATIONS TO BE PAID BY SELLER. The Buyer and Seller hereby direct Title Management Inc. to disperse the minimum \$918.75 monthly payments received into the Contract Collections account first to meet the \$772.00 monthly payment to Dale R. Lewis as required by the prior encumbrance (that certain Real Estate Contract between Seller and Dale R. Lewis dated November 19, 2002 and Recorded as 146680, Book 232, Page 742) and any remaining amount to Seller.

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K. Fish Manager

Any monthly payments above the minimum \$918.75 shall be split evenly between payments to Seller on the principal of this Contract and to Dale R. Lewis on the principal owed on the prior encumbrance. The final balloon payment shall be dispersed first to pay off the remaining balance owed on the prior encumbrance and the remaining to Seller.

7. **FULFILLMENT OF DEED.** Title Management Inc. shall hold the original signed Real Estate Contract between Buyer and Seller and the original Statutory Warranty Deed (Fulfillment). Title Management Inc. is hereby directed to record in favor of Buyer the Statutory Warranty Deed (Fulfillment) upon receipt of the full balloon payment. The fees associated with a payoff statement and recording shall be paid by Buyer. The covenants of warranty in said deed shall not apply to defects in title arising subsequent to the date of this Contract by, through or under persons other than the Seller herein.
8. **LATE CHARGES.** If any payment on the purchase price is not made within ten (10) days after the date it is due, Buyer agrees to pay a late charge equal to 5% of the amount of such payment. Such late payment charge shall be in addition to all other remedies available to Seller and the first amounts received from Buyer after such late charges are due shall be applied to the late charges.
9. **NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES.** Seller warrants that entry into this Contract will not cause in any prior encumbrance (a) a breach, (b) accelerated payments, or (c) an increased interest rate.
10. **POSSESSION.** Buyer is entitled to possession of the property from and after the date of this Contract, or date of closing, whichever is later.
11. **TAXES, ASSESSMENTS AND UTILITY LIENS.** Buyer agrees to pay by the date due all taxes and assessments becoming a lien against the property after the date of this Contract. Buyer agrees to pay when due any utility charges which may become liens superior to Seller's interest under this Contract.
12. **INSURANCE.** Buyer agrees to keep all buildings now or hereafter erected on the property described herein continuously insured under fire and extended coverage policies in an amount not less than the balances owed Seller under this Contract, or full insurable value, whichever is lower. All policies shall have loss payable first to any holders of underlying encumbrances, then to Seller as their interests may appear and then to Buyer. Buyer may within 30 days after loss negotiate a contract or document a repair plan to substantially restore the premises to their condition before the loss. If the insurance proceeds are sufficient to pay the cost for restoration, then Seller will release insurance funds to pay for said repairs and Buyer shall complete the repairs within 90 days. Otherwise the amount collected under any insurance policy shall be applied upon any amounts due first on the prior encumbrances and thereafter on this Contract.
13. **CONDITION AND RISK OF LOSS.** Buyer agrees to maintain the property in such condition as complies with all applicable laws. Buyer shall bear the risk of loss for destruction or condemnation of the property. Any loss shall not relieve Buyer from any of Buyer's obligations pursuant to this Contract.
14. **CONDEMNATION.** Seller and Buyer may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property.

RB P.B. K. J. H. Manager

Buyer may within 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 Buyer deposits 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.

15. **DEFAULT.** If the Buyer fails to observe or perform any term, covenant or condition of this Contract, Seller may: (a) Sue for any delinquent periodic payment; or (b) Sue for specific performance of any Buyer's obligations pursuant to this Contract; or (c) Give Buyer written notice demanding payment of said delinquencies and payment of a late charge of 5% of the amount of such delinquent payments and payment of Seller's reasonable attorneys' fees and costs incurred for services in preparing and sending such Notice and stating that if payment pursuant to said Notice is not received within thirty (30) days from receipt Buyer's receipt of Notice, the entire balance owing, including interest, will become immediately due and payable. Seller may thereupon institute suit for payment of such balance, interest, late charge and reasonable attorneys' fees and costs; or (d) Sue to foreclose this contract as a mortgage, in which event Buyer may be liable for a deficiency.
16. **BUYER'S REMEDY FOR SELLER'S DEFAULT.** If Seller fails to observe or perform any term, covenant or condition of this Contract, Buyer may, after 30 days written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.
17. **NON-WAIVER.** Failure of either party to insist upon strict performance of the other party's obligations hereunder 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.
18. **ATTORNEYS' FEES AND COSTS.** In the event of any breach of this Contract, the party responsible for the breach agrees to pay reasonable attorneys' fees and costs, including costs of service of notices and title searches, incurred by the other party. The prevailing party in any suit instituted arising out of this Contract and in any forfeiture proceedings arising out of this Contract shall be entitled to receive reasonable attorneys' fees and costs incurred in such suit or proceedings.
19. **NOTICES.** Notices shall be either personally served or shall be sent certified mail or by first class mail to Buyer at KX2 Pacific Assets LLC, c/o Kenneth L. Fish as Manager, 3419 NE 242nd Avenue, Camas, WA 98607, and to Seller at 41 North Fork Road, Washougal, WA 98671, or such other addresses as either party may specify in writing to the other party. Notices shall be deemed given when served or mailed.
20. **TIME FOR PERFORMANCE.** Time is of the essence in performance of any obligations pursuant to this Contract.
21. **SUCCESSORS AND ASSIGNS.** Subject to any restrictions against assignment, the provisions of this Contract shall be binding on the heirs, successors and assigns of the Seller and the Buyer.

RB RB K. Fish, Manager

22. ENTIRE AGREEMENT. This Contract constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral. This Contract may be amended only in writing executed by Seller and Buyer.

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

SELLER

Ron V Brown
Rose M Brown

BUYER

Kenneth L. Fish, Manager

STATE OF WASHINGTON
COUNTY OF CLARK

See attached

I certify that I know or have satisfactory evidence that RONALD V. BROWN AND ROSE M. BROWN are the persons who appeared before me, and said persons acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: _____

Washington

Notary Public in and for the State of

Residing at Vancouver
My appointment expires:

STATE OF WASHINGTON
COUNTY OF CLARK

I certify that I know or have satisfactory evidence that KENNETH L. FISH, as Manager for KX2 Pacific Assets LLC, is the person who appeared before me, and said person acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: _____

Washington

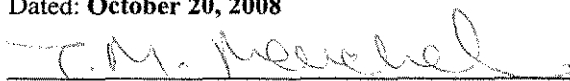
Notary Public in and for the State of

Residing at Vancouver
My appointment expires:

STATE OF WASHINGTON }
 } s.s.
COUNTY OF CLARK }

I certify that I know or have satisfactory evidence that **Kenneth L. Fish**, is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he authorized to execute the instrument and acknowledged it as the **Manager of KX2 Pacific Assets LLC, a Washington Limited Liability Company** to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: **October 20, 2008**

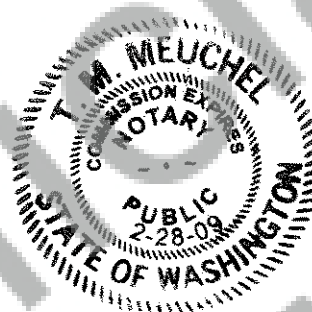


T.M. Meuchel

Notary Public in and for the State of Washington

Residing at **Vancouver, WA**

My appointment expires: **2-28-09**



STATE OF WASHINGTON }
 } s.s.
COUNTY OF CLARK }

I certify that I know or have satisfactory evidence that **Ronald V. Brown and Rose M. Brown** 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 this instrument.

Dated: **October 20, 2008**



T.M. Meuchel

Notary Public in and for the State of Washington

Residing at **Vancouver, WA**

My appointment expires: **2-28-09**

