

After recording return to:

A&J PROPERTY MANAGEMENT, LLC

PO Box 789

Stevenson, WA 98648

REAL ESTATE EXCISE TAX

28414

FEB 22 2010

PAID 19,512.50

by deputy

SKAMANIA COUNTY TREASURER

REAL ESTATE CONTRACT

51642

THIS CONTRACT, made and entered into this 22 day of February, 2010, between ANN L. JERMANN, Trustee of the ANN L. JERMANN LIVING TRUST dated October 8, 1999, hereinafter called the "Seller", and A&J PROPERTY MANAGEMENT, LLC, hereinafter called the "Purchaser".

WITNESSETH; That the Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Seller the following described real estate, with the appurtenances, in Skamania County, State of Washington:

A tract of land in Section 1, Township 2 North, Range 7 East of the Willamette Meridian, more particularly described on Exhibit "A", attached hereto and by this reference fully incorporated herein.

02-07-01-1-1-3100-00

Commonly known as 265 SW 2nd St., Stevenson, WA

The terms and conditions of this contract are as follows:

1. Price and Payment Terms

- a) The purchase price for the Property is One Million Two Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,275,000.00), Four Hundred Thousand and 00/100 Dollars (\$400,000) of which has been paid. The remaining principal balance of this Agreement, being the sum of Eight Hundred Seventy Five Thousand and 00/100 Dollars (\$875,000.00) shall be paid in monthly installments of exactly Eleven Thousand Three Hundred Ninety One and 38/100 Dollars (\$11,391.38), commencing on the first day of April, 2010 and continuing on the same day of each succeeding month until March 1, 2019, whereupon the entire unpaid principal balance and interest thereon shall become fully due and payable. The unpaid principal balance shall bear interest from the date of closing at the rate of eight percent (8.0%) per annum. Purchaser shall not be permitted to prepay the Contract balance without Seller's consent during Ann Jermann's lifetime. Thereafter, Purchaser may prepay the contract at any time without penalty.

- b) Allocation of Purchase Price. The parties agree the Purchase Price stated above shall be allocated as follows:
- | | |
|-----------------|--------------|
| 1) Land | \$382,500.00 |
| 2) Improvements | \$892,500.00 |
- c) Purchaser agrees to pay five percent of the payment due as reasonable liquidated damages, and not as a penalty, in the event that any regularly scheduled payment is made more than ten (10) days past the due date. Such amounts shall be added to and paid with the following month's principal and interest payment.
- d) All payments to be made hereunder shall be made to Columbia Gorge Title or at such other place as the Seller may direct in writing.
- e) As referred to in this contract, "date of closing" shall be the date that this Agreement is fully signed.

2. Purchaser's Payment Obligations

The Purchaser agrees to pay before delinquency all taxes and assessments, including but not limited to any governmental improvement assessments or charges that may as between grantor and grantee hereafter become a lien on said real estate. Upon request by Seller, Purchaser will show proof of said payments.

3. Inspection

The Purchaser agrees that he or his predecessor has been in possession of the property for many years as Tenant and he has fully inspected said real estate and that neither the Seller nor their assigns shall be held to any covenant respecting the condition of any improvements thereon nor shall the Seller or their or the assigns of either be held to any covenant or agreement for alterations, improvements or repairs unless the covenant or agreement relied on is contained herein or is in writing and attached to and made a part of this contract.

a. Purchaser are acquiring the property "as is" and no representations or warranties except as to title as set forth herein. Without limiting the generality of the foregoing, Purchaser state that Purchaser made their own independent investigation respecting the property and will be relying entirely thereon and on the advice of any consultant they may retain. Purchaser may not rely upon any representation of any party whether or not such party purports to act on behalf of Seller, unless the representation is expressly set forth therein or in a subsequent document executed by Seller. All representations, warranties, understandings and agreements between and are merged herein and shall not survive closing. Purchaser expressly waive the right to any Residential Sales Disclosure Statement under RCW 64.06 et seq.

4. Taking

The Purchaser accept all risk hereafter placed on said real estate of the taking of said real estate or any part thereof for public use and that any such taking shall not constitute a failure of consideration. In case any part of said real estate is taken for public use, the portion of the condemnation award remaining after payment of reasonable expenses of procuring the same shall be paid to the Seller and applied as payment on the purchase price herein unless the Seller agree in writing to allow the Purchaser to apply all or a portion of such condemnation award to the rebuilding or restoration of any improvements damaged by such taking.

5. Insurance

The Purchaser agrees to keep any improvements or future improvements located on the property insured against loss or damage by fire, windstorm, and all other casualties covered by "all risk" or extended coverage endorsements available in the State of Washington in an amount equal to the full insurable value thereof, on the initial and renewal policy dates, with a company acceptable to the and with loss payable first to Seller as their interest may appear, and to pay all premiums for such insurance and deliver all policies and renewals thereof to the Seller. All such policies shall provide that they cannot be amended or canceled without ten (10) days written notice to Seller.

In the event of loss or damage to the property which is required to be insured hereunder, and except as otherwise required by any prior encumbrance and the then holder thereof, the insurance proceeds shall, at the option of the Seller, 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 agree 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 and the and shall be disbursed periodically in amounts corresponding to the percentage of completion of repairs; provided, however, that in the event this contract is forfeited, any portion of such replacement costs due as of the date of such forfeiture 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 the expenses of obtaining percentage completion certificates shall be paid by the Purchaser, and the Purchaser 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 Purchaser intends to construct improvements which are materially different from those so damaged or destroyed, Purchaser shall first obtain the Seller's written consent. All repairs and replacements shall be commenced within sixty (60) days following the date the Purchaser commences 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.

If (a) the Purchaser elects not to repair the damage, or (b) the Seller consents to different improvements is not waived or given, or (c) the Purchaser have 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 (d) construction is not commenced when required or not continuously pursued (subject to delays beyond the reasonable control of the Purchaser), the Seller may require that all casualty insurance proceeds be immediately paid to the Seller or to the holder of a prior encumbrance having a valid claim thereto which is prior to the loss. The Purchaser 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 Purchaser 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 Purchaser of their obligation to pay the remaining installment amounts when due. In the event of any failure of the Purchaser to obtain or timely pay any premiums for any insurance required by this paragraph, the Seller may require the Purchaser 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 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 Purchaser with the delivery of a statutory warranty fulfillment deed to the at such time as the purchase price and interest requested hereunder has been paid in full. 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.

6. Deed

The Seller agrees, upon receiving full payment of the purchase price and interest in the manner above specified, to execute and deliver to Purchaser a statutory warranty fulfillment deed to said real estate, excepting any part thereof hereafter taken for public use, free of encumbrances except any that may attach after date of closing through any person other than the Seller, and subject to those easements, restrictions and reservations of record accepted by Purchaser as of the date of closing.

7. Covenants

The Seller deposited with Columbia Gorge Title a Warranty Deed in Fulfillment of this real estate contract and that upon full payment of the purchase price and interest in the manner hereinbefore specified that said deed can be delivered to the Purchaser; that said Warranty Deed excepts any part of the property which may hereafter be condemned and is free and clear of all encumbrances, except those mentioned herein and any that may accrue hereafter through any person, or persons, other than the Seller.

8. Possession

The Seller hereby assigns to the Purchaser any unexpired leasehold interests in and to the subject property. The Purchaser shall be entitled to possession of said real estate on the date of closing and to retain possession so long as Purchaser is not in default hereunder. The Purchaser agrees to keep any improvements on said real estate in good repair, not to permit waste and not to use, or permit the use of, the real estate for any illegal purpose. The Purchaser agrees to pay all service, installation or construction charges for water, sewer, electricity, garbage or other utility services furnished to said real estate after the date Purchaser are entitled to possession.

9. Use of Premises

Purchaser covenant and agree to make or permit no unlawful, offensive or improper use of the premises or any part thereof.

10. Assignment

Neither this contract nor any interest therein, nor the possession of the property, may be assigned or transferred by Purchaser, nor shall Purchaser make or enter into any contract for the sale of the property or any interest therein, without the prior written consent of Seller, which consent Seller shall not unreasonably withhold.

11. Default

In case the Purchaser fail to make any payment herein provided, the Seller may make such payment, and any amounts so paid by Seller, together with interest at the contract rate thereon from date of payment until repaid, shall be repayable by Purchaser on demand, all without prejudice to any other right the might have by reason of such default.

Time and the covenants of Purchaser are of the essence of this contract, and it is agreed that in case the Purchaser shall fail to make any payment required herein within 10 days of its due date after not fewer than ten (10) days written notice from Seller or fail to otherwise comply with or perform any other condition or agreement hereof upon Seller giving Purchaser thirty (30) days written notice specifying the default and the remedy to be exercised should Purchaser fail to cure all defaults at the expiration of the 30-day period, the Seller may at their option exercise any of the following alternative remedies:

- a. Suit for Delinquencies. Seller may institute suit for any installments or other sums then due and payable under this agreement together with any sums advanced by Seller for and the amount of any delinquencies for items such as water assessments, taxes, insurance, payments and underlying obligations and lienable items, together with interest thereon at the contract rate from the date each such payment was advanced or due, as the case may be.
- b. Forfeiture and Repossession. The Seller may cancel and render void all rights, title and interests of the Purchaser and successors in this contract and in the property (including all of then existing rights, interests and estates therein and improvements thereon) by giving a Notice of Intent to Forfeit

pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default therein specified has not been fully cured within ninety (90) days thereafter and the Seller record a Declaration of Forfeiture pursuant to RCW 61.30.040-070. Upon the forfeiture of this contract, the Seller may retain all payments made hereunder by the Purchaser and may take possession of the property ten (10) days following the date this contract is forfeited and summarily eject the Purchaser and any person or persons having possession of the said property by, through or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. In the event the Purchaser or any person or persons claiming by, through or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than ten (10) days after such forfeiture, the Purchaser, or such person or persons, shall be deemed tenants at will of the Seller and the Seller shall be entitled to institute an action for summary possession of the property, and may recover from the Purchaser or such person or persons in any such proceeding the fair rental value of the property for the use thereof from and after the date of forfeiture, plus costs, including the Seller's reasonable attorneys' fees.

- c. Specific Performance. Seller may institute suit to specifically enforce any of the covenants hereunder.
- d. Property Rental. In the event this contract is forfeited as herein provided, or in any other manner permitted by law, or by mutual agreement of the Seller and Purchaser, and the Purchaser shall thereafter remain in possession of the property beyond any period otherwise permitted by law, the Parties agree that Purchaser will occupy the property as a tenant at will, and the Purchaser shall be obligated to pay, and hereby promise 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 the installment amount as and when provided for in the specific terms hereof.

The waiver of Seller to elect to pursue any of the above remedies at any time upon a breach of any of the terms of this contract by the Purchaser shall be deemed only an indulgence by the Seller with regard to that particular breach and shall not be construed, in any manner whatsoever, to be a waiver of any right of to pursue any of the above remedies for the same or a different breach at a subsequent time; Purchaser agrees election of the Seller to utilize any particular remedy to enforce a breach of this contract shall not preclude Seller from electing to use an alternate remedy to enforce a subsequent breach. The remedies stated herein are cumulative and not mutually exclusive. Any delay or failure of Seller to take action upon default shall not be construed as a waiver of said default. If Seller are required to institute legal action to enforce any of the remedies indicated, Purchaser agree to pay Seller's costs and reasonable attorneys' fees incurred in such proceeding and any appeal thereof.

12. Purchaser's Remedies

In the event Seller should encumber, convey or transfer, voluntarily or involuntarily, any interest in the property in any way after closing, or if Seller is in default of any of Seller's obligations under this contract and such default continues for fifteen (15) days after the Purchaser provide the Seller written notice specifying the nature thereof and the acts required to cure the same, the Purchaser shall have the right to specifically enforce this contract, institute suit for damages caused by such default, or pursue any other remedy which may be available to Purchaser at law or in equity, including, without limitation, the right (but not the obligation) to satisfy any such lien or encumbrance and to prepay the contract, notwithstanding any prepayment restrictions contained herein.

13. Notice

Any notice, declaration, demand, consent or communication to be given by any party to this contract to any other party shall be in writing and transmitted to the other party by either personally delivering the notice or by certified or registered mail, return receipt requested, addressed as follows:

To Seller: ANN L. JERMANN LIVING TRUST,
ANN L. JERMANN TRUSTEE
73 Monda Road
Stevenson, WA 98648

To Purchaser: A&J PROPERTY MANAGEMENT, LLC
PO Box 789
Stevenson, WA 98648

Either party may change its address by giving written notice to the other party in the manner provided above, provided that in no event shall Seller be required to send any notice to more than two (2) addresses. The mailing and registering or certifying of any such notice as herein provided shall be sufficient service thereof. Service shall be complete when such notice is registered or certified and placed in the United States mail as shown by the cancellation stamp or postage meter stamp, as the case may be.

14. Costs and Attorneys' Fees

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 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, court costs, notice expenses, title search expenses, and reasonable attorneys' fees (with or without arbitration or litigation). In the event either party hereto institutes 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 attorneys' fees, including such costs and fees as are incurred on appeal. 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 contract 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.

15. Succession

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. Neither Purchaser nor Seller shall transfer, encumber or otherwise alienate his interest in this property without first obtaining the other's express, written consent, which consent may not unreasonably be withheld.

16. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the State of Washington.

17. Use of Pronouns

Unless the context requires otherwise, references to the singular shall include the plural and references to the plural shall include the singular. Unless some other meaning or intent is apparent from the context, masculine, feminine and neuter pronouns are used interchangeably herein.

18. Entire Agreement

This Agreement supersedes any prior agreement and contains the entire agreement of the parties as to the matter covered. No other agreement, statement or promise made by any party or to any employee or agent of any party shall be binding unless made in writing and signed by both parties to this Agreement.

19. Drafting

This Agreement was drafted by Kenneth B. Woodrich, Attorney at Law, who represents the Purchaser's interests alone. Seller has been advised to consult independent counsel concerning Seller's legal rights and responsibilities relating to this Agreement and acknowledges having the opportunity to do so.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first written above.

SELLER:

Ann L. Jermann Living Trust

Ann L. Jermann Trustee
By Ann L. Jermann, Trustee

PURCHASER:

A&J PROPERTY MANAGEMENT, LLC

John Mobley *MR. MOBLEY*
By John Mobley, its Member

Andra Mobley
By Andra Mobley, its Member

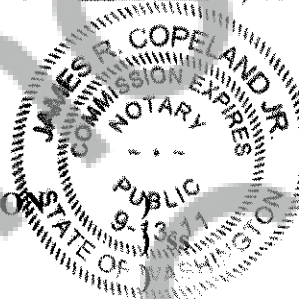
STATE OF WASHINGTON)

) ss

County of Skamania)

I certify that I know or have satisfactory evidence that **Ann L. Jermann, Trustee** is the person who appeared before me, and said persons acknowledged that she signed this instrument as the Trustee of The Ann Jermann Trust and acknowledged it to be the free and voluntary act of the trust for the uses and purposes mentioned in the instrument.

Dated this 19 day of February, 2010.



James R. Copeland Jr.
Notary Public in and for the
State of Washington.

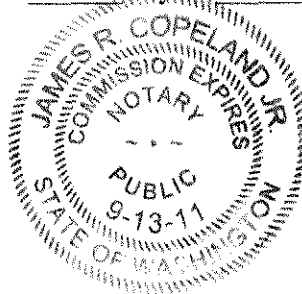
Commission expires 9-13-2011

STATE OF WASHINGTON

County of Skamania

I certify that I know or have satisfactory evidence that **John Mobley and Andra Mobley** are the person who appeared before me, and said persons acknowledged that they signed this instrument as members of **A&J PROPERTY MANAGEMENT, LLC** and acknowledged it to be the free and voluntary act of the Limited Liability Company for the uses and purposes mentioned in the instrument.

Dated this 19 day of February, 2010.



James R. Copeland Jr.
Name

Notary Public in and for the
State of Washington.

Commission expires 9-13-2011

EXHIBIT 'A'

A tract of land in Section 1, Township 2 North, Range 7 East of the Willamette Meridian, more particularly described as follows:

BEGINNING at the Southeast corner of Lot 8 of the Town of Stevenson according to the Official Plat thereof of File and of Record in the Office of Skamania County Auditor; thence South $55^{\circ}30'$ West along the Southerly line of Lot 8 and the Northerly Right-of-Way line of Second Avenue 118.00 feet to the True Point of Beginning of described tract; thence North $34^{\circ}30'$ West 46.00 feet; thence North $55^{\circ}30'$ East 38.00 feet; thence North $34^{\circ}30'$ West 17.00 feet; thence South $55^{\circ}30'$ West 4.00 feet; thence North $34^{\circ}30'$ West 22.50 feet; thence South $55^{\circ}30'$ West 4.50 feet; thence North $34^{\circ}30'$ West 34.20 feet; thence South $55^{\circ}30'$ West 11.50 feet; thence North $34^{\circ}30'$ West 104.50 feet; thence South $55^{\circ}30'$ West 80.85 feet; thence North $89^{\circ}15'$ West 43.81 feet; thence South $72^{\circ}22'48''$ West 64.25 feet to the West line of the Shepard Donation Land Claim; thence South $0^{\circ}32'45''$ East along the West line of said D.L.C. 323.57 feet to the Northerly Right-of-Way line of Second Avenue; thence North $55^{\circ}30'$ East along said Right-of-Way line 340.27 feet to the True Point of Beginning;

EXCEPT that portion thereof conveyed to Riverview Saving Association, a Washington Corporation, by instrument recorded May 18, 1979, in Book 76 of Deeds at Page 566, records of Skamania County, Washington.

ALSO EXCEPT that portion Conveyed to Jan C. Kielpinski et al by Instrument recorded in Book 78, Page 889, Skamania County Deed Records.

Skamania County Assessor
Date 2/22/10 Parcel# 2-7-1-1-1-3100

GS.