

REAL ESTATE EXCISE TAX

24564

After Recording Return To: JUN - 4 2012
WOODRICH & ARCHER LLP PAID 2927.30
PO Box 510
Stevenson, Washington 98648 *cy deputy*
SKAMANIA COUNTY TREASURER

REAL ESTATE CONTRACT

Columbia Gorge Title 32684

THIS CONTRACT, made and entered into this 31 day of May, 2012 between Gary W. Hackett and Laurie Hackett, husband and wife, hereinafter collectively called "Seller", and Dale Watkins and Debra Watkins, husband and wife, hereinafter collectively called "Purchaser."

WITNESSETH; That Seller agrees to sell and Purchaser agrees to purchase from the Seller the following described real estate, located in the City of Stevenson, Skamania County, State of Washington, and more particularly described in Exhibit "A" attached hereto and incorporated herein as if fully set forth:

Lot #4 of the GEORGE CHRISTENSEN-SAM MELONAS short plat, 7.05 Acres (more or less), located within the Stevenson, WA City Limits. Abbreviated Legal: NE ¼ NE ¼ SEC 2 T2N R7E. Tax Parcel No. 0207021102000

The terms and conditions of this contract are as follows: Skamania County Assessor Date 6-4-12 Parcel 2-7-2-1-1-200

Price and Payment Terms

1. The cash down payment shall be in the amount of Fifteen Thousand dollars (\$15,000.00) and shall be paid to Seller at time of closing.

2. Purchase price is One Hundred Ninety One Thousand dollars (\$191,000.00), of which Two Thousand (\$2,000.00) dollars has been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows:

a. Purchaser shall pay One Thousand Two Hundred Forty Six and 59/100 dollars (\$1246.59), or more at Purchaser's option, on or before the 1st day of each succeeding calendar month until the balance of said purchase price shall have been fully paid.

b. The Purchaser further agrees to pay interest on the diminishing balance of said purchase price at the rate of six per cent (6%) per annum from the 4 day of JUNE, 2012, which interest shall be deducted from each installment payment and the balance of each payment applied in reduction of principal.

c. Purchaser agrees that the entire purchase price, together with interest as specified herein, shall be paid in full by JUNE 1, 2032 and that the amount of the final payment shall be the total of the principal and interest remaining unpaid at the time of the final payment.

3. Purchaser agrees to pay five percent (5 %) of the monthly payment amount as reasonable liquidated damages, and not as a penalty, in the event that any regularly scheduled payment is made after the due date but prior to the expiration of 10 days from the due date. Such amounts shall be added to the principal balance remaining unpaid. In the event payment is not made within 10 days of the due date it shall constitute a default hereunder.

a) Purchaser agrees to pay \$ 50.00 as reasonable liquidated damages, and not as a penalty, in the event that any check is returned by the drawee bank for insufficient funds.

4. All payments to be made hereunder shall be made by direct deposit to Seller's designated Account at: Klickitat County Title located in Goldendale, Washington, or at such other place as the Seller may direct in writing.

5. The Purchaser may at his option pay the entire balance of the purchase price remaining due, or any part of such balance, at any time before maturity. PROVIDED HOWEVER, if Purchaser shall pay off the entire balance remaining on this Real Estate Contract prior to the 97th payment, Purchaser agrees to pay Five Thousand Dollars (\$5,000.00) as reasonable liquidated damages.

6. The Purchaser assumes and 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. Purchaser will show proof of said payments to Seller on an annual basis.

Closing Costs

7. Purchaser's Closing Costs.

Purchaser shall pay the following closing costs:

- a. Set up and ongoing monthly Collection Service Fees as paid to Klickitat Title in Goldendale, Washington estimated at One Hundred Sixty Two Dollars (\$162.00) plus approximately Ten Dollars per month (\$10.00) as adjusted periodically by Klickitat Title.

8. Seller's Closing Costs.

Seller shall pay the following closing costs:

- a. Real Estate Excise Tax
- b. Premiums for Title Insurance
- c. Recording Fees
- d. Escrow Fees

Pro-Rated Items

9. The following shall be pro-rated as of the date of closing:
 - a. 2012 Real Property Taxes. (Any portion of the 2012 property tax pre-paid by the Seller will be reimbursed by the Purchaser.)
 - b. Insurance, interest, mortgage insurance, water and other utilities constituting liens, if applicable.

Inspection

10. The Purchaser agrees that full inspection of said real estate has been made and that neither the Seller nor his assigns shall be held to any covenant respecting the condition of any improvements thereon nor shall the Purchaser or Seller 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. The Purchaser is acquiring the property "as is" and Seller makes no representations or warranties except as to title as set forth herein. Without limiting the generality of the foregoing, Purchaser acknowledges that he has made his own independent investigation respecting the property and will be relying entirely thereon and on the advice of any consultant he 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 the parties are merged herein and shall not survive closing.

Taking

11. The Purchaser assumes all risk hereafter placed on said real estate or of the taking of said real estate or any part thereof for public use and agrees 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 agrees 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.

Timber

12. Purchaser shall not be entitled to cut or remove any timber from the property unless the following conditions are first satisfied:

a. Purchaser shall give not less than fifteen (15) days prior written notice to Seller that cutting is contemplated, which notice shall include an accurate legal description of the area which is to be cut, the amount of board feet, and market value of the timber proposed to be cut or removed;

b. Purchaser shall not be entitled to cut any timber, if, in Seller's sole opinion, such cutting would unreasonably diminish Seller's security under this contract; and

c. Purchaser shall not be entitled to cut any timber without the written consent of Seller. Any denial by Seller to cut timber shall also be in writing and state specifically the reasons therefore.

d. If any timber is cut or removed, all proceeds of sale shall be paid directly to Seller and applied towards the purchase price hereunder. The application of such proceeds shall not, however, excuse Purchaser from the payment of any installments or other payments required hereunder.

e. This Section 12 does not restrict Purchaser from clearing brush or cutting limited timber as required to make improvements such as construction of access roads, landscaping, or buildings. Such improvement activity is allowed without specific Sellers approval.

Insurance

13. 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 Seller and with loss payable first to Seller as his 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 Purchaser, 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 Purchaser 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 desires to construct improvements which are materially different from those so damaged or destroyed, he shall first obtain the Seller's written consent. All repairs and replacements shall be commenced within sixty (60) days following the date the

Purchaser elects 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 does not elect to repair the damage, or (b) the Seller's consent to different improvements is not waived or given, or (c) the Purchaser does 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 Seller's. 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 his 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 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 Purchaser with the delivery of a statutory warranty fulfillment deed to the Purchaser 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.

Title Insurance

14. Seller has delivered, a purchaser's policy of title insurance in standard form, issued by Columbia Gorge Title, insuring the Purchaser to the full amount of said purchase price against loss or damage by reason of defect in Seller's title to said real estate as of the date of closing and containing no exceptions other than the following:

- a. Printed general exceptions appearing in said policy form;
- b. Liens or encumbrances which by the terms of this contract the Purchaser is to assume, or as to which the conveyance hereunder is to be made subject; and
- c. Any existing contract or contracts under which Seller is purchasing said real

estate, and any mortgage or other obligation, which Seller by this contract agrees to pay, none of which for the purpose of this paragraph shall be deemed defects in Seller's title.

15. If Seller's title to said real estate is subject to an existing contract or contracts under which Seller is purchasing said real estate, or any mortgage or other obligation which Seller is to pay, Seller agrees to make such payments in accordance with the terms thereof, and upon default the Purchaser shall have the right to make any payments necessary to remove the default, and any payments so made shall be applied to the payments next falling due the Seller under this contract.

16. If Purchaser seeks to obtain any financing secured by the real estate described herein Purchaser shall first obtain the prior written consent from Seller, which consent shall not be unreasonably withheld by Seller. PROVIDED THAT any loan secured by the real estate described herein shall be subordinate to Seller's interest in this Real Estate Contract and Purchaser understands and agrees that Seller will not agree to subordinate Seller's lien created by this Real Estate Contract to any party whose loan is to be secured by the real estate described herein and whose loan is made to Purchaser subsequent to the date of closing as described herein.

Deed

16. Seller has executed a statutory warranty fulfillment deed to said real estate which shall be deposited in the collection escrow maintained at Klickitat Title, referenced in Section 4 of this Real Estate Contract. Upon receiving full payment of the purchase price and interest in the manner above specified, Seller agrees to cause to be delivered to Purchaser the 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 the exceptions noted in the paragraph concerning title insurance.

Possession

17. Unless a different date is provided for herein, 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 covenants 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 covenants 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 is entitled to possession.

Use of Premises

18. Purchaser covenants and agrees to make or permit no unlawful, offensive or improper use of the premises or any part thereof.

Assignment

19. The rights hereby granted are personal to the Purchaser and Seller's reliance upon Purchaser's ability and integrity is a part of the consideration for this contract. 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 shall not be unreasonably withheld.

Default

20. 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 comply with or perform any condition or agreement hereof or to make any payment required hereunder promptly at the time and in the manner herein required, the Seller may at his option exercise any of the following alternative remedies upon 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:

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 rate of 12% per annum 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 his successors in this contract and in the property (including all of Purchaser's 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 records 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 Purchaser's 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 Purchaser and Seller, and the Purchaser shall thereafter remain in possession of the property beyond any period

otherwise permitted by law, the Purchaser agrees that he 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 two (2) times the installment amount as and when provided for in the specific terms hereof, 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 an action for summary possession of the property as provided by law.

e. Acceleration. Upon giving the Purchaser not less than fifteen (15) days written notice of its intent to do so (within which time any monetary default may be cured without regard to the acceleration), and if the default is in the nature of a failure to timely pay any principal interest, insurance premiums, tax, or other sum of money required to be paid herein or any failure to obtain any consent of the Seller herein required for a conveyance or encumbrance of the Purchaser's title to the Property, or if the Purchaser commits waste on the Property, the Seller may declare the entire unpaid balance of the Purchaser Price and all interest then due thereon to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the terms of this contract, and together with interest on all of said sums at the Default Rate from the due date or date of such advance to and including the date of collection.

f. 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 Purchaser which specifies such defaults and the acts required to cure the same (within which time a monetary default may be cured without regard to the acceleration); provided, however, such cure period shall be extended for up to 30 additional days to the extent reasonably necessary to complete the cure of a nonmonetary default if the Purchaser commences such cure within 15 days following the Seller's notice and pursues it with due diligence. 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. The 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.

g. 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 Seller to pursue any of the above remedies for the

same or a different breach at a subsequent time; election of the Seller to utilize any particular remedy to enforce a breach of this contract shall not preclude Seller from electing to use an alternate remedy to enforce a subsequent breach. 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 is required to institute legal action to enforce any of the remedies indicated, Purchaser agrees to pay Seller's costs and reasonable attorneys' fees incurred in such proceeding and any appeal thereof.

Purchaser's Remedies

21. In the event Seller should default in any of his obligations under this contract and such default continues for fifteen (15) days after the Purchaser gives 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 his damages caused by such default, or pursue any other remedy which may be available to Purchaser at law or in equity.

Notice

22. 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 Purchaser: Dale and Debra Watkins
PO. Box 845
Stevenson, WA 98648

To Seller: Gary and Laurie Hackett
625 Easy Street
Goldendale, WA 98620

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.

Costs and Attorneys' Fees

23. 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 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.

Succession

24. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

Governing Law

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

Use of Pronouns

26. 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.

Entire Agreement

27. 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.

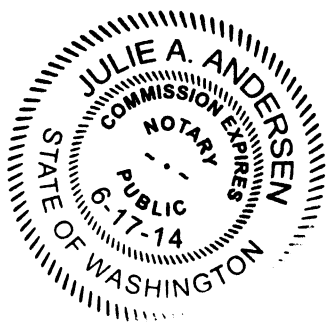
Document Production

28. This document was prepared by Katy J. Archer P.C. of Woodrich & Archer LLP, attorney for the Seller. The Purchaser has been advised to obtain independent legal counsel prior to executing this agreement.

STATE OF WASHINGTON)
) ss
County of Skamania)

I certify that I know or have satisfactory evidence that Gary Hackett and Laurie Hackett 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 1 day of June, 2012.



Julie A. Andersen
Notary Public in and for the
State of Washington
Commission expires 06/17/2014

Unofficial Copy

EXHIBIT "A"

A tract of land in the Northeast Quarter of the Northeast Quarter of Section 2, Township 2 North, Range 7 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Lot 4 of the GEORGE CHRISTENSEN-SAM MELONAS short plat, recorded in Book T of Short Plats, Page 18 Skamania County Records.

Except that portion conveyed to the City of Stevenson by instrument recorded in Book 76, Page 612.

TOGETHER WITH an easement and right of way for utilities over and across the westerly portion of Lot 202, Auditors File No. 80804 recorded at Book 69, Page 458 of the Book of Deeds for Skamania County.

TOGETHER WITH that surface water right, Certificate No. 23, Recorded in Book J, Page 273 of Records for Skamania County.

SUBJECT TO:

1. Rights of others thereto entitled in and to the continued uninterrupted flow of Unnamed Creeks, and rights of upper and lower riparian owners in and to the use of the waters and the natural flow thereof.
2. Any adverse claims based upon the assertion that Unnamed Creeks has moved.
3. Easement for ingress, egress and utilities as shown on the recorded Short Plat.
4. City of Stevenson Ordinance No. 907, Including the terms and provisions thereof recorded March 19, 2001 in Book 207, Page 674.