

Return Address: Ronald K. Meadows
272 Taylor Rd
Washougal, WA 98671

<i>Document Title(s) or transactions contained herein:</i> Lease with an option to purchase
<i>GRANTOR(S) (Last name, first name, middle initial)</i> Piller, Raymond M.
<input type="checkbox"/> Additional names on page _____ of document.
<i>GRANTEE(S) (Last name, first name, middle initial)</i> Meadows, Ronald K
<input type="checkbox"/> Additional names on page _____ of document.
<i>LEGAL DESCRIPTION (Abbreviated: i.e., Lot, Block, Plat or Section, Township, Range, Quarter/Quarter)</i> See attached - Book 2 Page 166
<input type="checkbox"/> Complete legal on page _____ of document.
<i>REFERENCE NUMBER(S) of Documents assigned or released:</i> 90673
<input type="checkbox"/> Additional numbers on page _____ of document.
<i>ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER</i> Parcel # 02053000151800
<input type="checkbox"/> Property Tax Parcel ID is not yet assigned <input type="checkbox"/> Additional parcel numbers on page _____ of document.
The Auditor/Recorder will rely on the information provided on the form. The Staff will not read the document to verify the accuracy or completeness of the indexing information.

LEASE WITH AN OPTION TO PURCHASE

Effective Date: October 1, 2010

Lessor/Seller: RAYMOND M. PILLER, a single man

Lessee/Buyer: RONALD K. MEADOWS, a single man

1. **Property Leased.** Lessor hereby leases to Lessee, and Lessee agrees to lease, upon the terms and conditions herein set forth, real property situated in Skamania County, Washington, legally described in Exhibit A attached hereto and incorporated herein by reference, known as 272 Taylor Road, Washougal, Washington 98671 (herein called "premises" or "property"). The premises include a single family residence and outbuildings, to be leased by Lessee and his family.
2. **Lease.**
 - 2.1. **Term.** This Lease term shall be for 14 months commencing on the Effective Date.
 - 2.2. **Rent.** Lessee agrees to pay to Lessor as monthly rent for the leased premises the sum of One Thousand Three Hundred Fifty Dollars (\$1,350.00) per month, payable in advance on the first day of each month. Any payments received after the 10th of the month are subject to a late payment penalty of \$50.00, and shall be added to the monthly rental amount. \$400.00 of the rental amount shall be applied to the down payment of the purchase of the premises at the time of exercising the option. \$1000.00 per month shall be applied to the payment of back taxes owing to Skamania County and shall be paid directly by Lessee; Lessor shall pay in full all current taxes prior to the expiration of the Lease.
3. **Option to Purchase.** Lessee shall retain an option to purchase the property from Lessor with payment of Twenty Thousand Dollars (\$20,000.00). This option amount shall be considered as part of the down payment at the time of the exercise of the option. The parties agree that the purchase price shall be Two Hundred Sixty Five Thousand Dollars (\$265,000.00), less the down payment, and the property shall be sold on a Note and Deed of Trust held by Lessor at the rate of 5% per annum, amortized over 30 years, at the time of the exercise of the option. If Lessee fails to exercise the option and does not purchase the property, all option payments already made, both the amount above and the amounts paid toward the down payment as rental amounts, shall be applied to prepaid rent, and therefore Lessee shall remain as tenant until such time as the amount has been fully utilized, or in the alternative, Lessor shall repay the amount owing to Lessee.
4. **Use of Premises.**
 - 4.1. Lessee shall use the leased premises during the term of this Lease as a residence, which shall include the keeping of livestock and horses, and for no other purpose whatsoever without Lessor's written consent. Lessee shall protect and indemnify Lessor to the fullest extent allowable by law from any and all claims, liens or damages arising from the use of the premises.

- 4.2. Lessee will not make any unlawful, improper or offensive use of the premises; Lessee will not permit any objectionable noise or odor to escape or to be emitted from the premises or do anything or permit anything to be done upon or about the premises in any way tending to create a nuisance.
- 4.3. Lessee shall comply at Lessee's own expense with all laws and regulations of any municipal, county, state, federal or other public authority respecting the use of the leased premises.
5. **Taxes.** Lessor shall be responsible for payment of the real property taxes assessed against the premises. The delinquent property taxes from 2009 and 2010, which currently is \$7,997.70, but which will continue to accrue interest until fully paid, shall be paid in monthly amounts of \$670.00. The amount shall be paid from the rental amount owing each month directly to Skamania County.
6. **Utilities.** Lessee shall pay for all heat, light, water, power and other services or utilities used in and on the leased premises during the term of this Lease.
7. **Repairs, Maintenance and Improvements.**
- 7.1. Lessee shall make no changes, improvements or alterations to the leased premises without the prior consent of the Lessor. All such changes, improvements, repairs and alterations, if any, made by Lessee shall remain on the leased premises and shall become the property of Lessor upon the expiration or termination of this Lease. In the event that Lessee shall make improvements to the property, which shall become a fixture thereto, including, but not limited to, new carpet and fixture upgrades, and Lessor fails to complete the sale to Lessee under the option terms, then Lessor shall pay to Lessee the costs of such improvements.
- 7.2. Lessee agrees to maintain and keep the leased premises in good order and repair during the term of this Lease at Lessee's own cost and expense.
- 7.3. Lessee shall not cut or allow to be cut any trees on the premises without the written consent of Lessor.
- 7.4. Lessee shall protect and indemnify Lessor to the fullest extent allowable by law from any and all claims, liens or damages arising from the use or maintenance of the premises. Lessee shall not permit any lien of any kind to be placed upon the leased premises.
- 7.5. The parties acknowledge that the well on the subject property may need to be repaired. In the event that the well or well pump fails and is in need of any repair or replacement during the lease term, then Lessor agrees to satisfy those repairs or replacement in an equal amount with the Lessee. The amount of the repairs or replacement due from Lessor shall be paid out of closing at the time of the exercise of the option.

8. **Lessor's Right of Entry.** Lessor, Lessor's agents and representatives may, at any reasonable time, enter into or upon the leased premises for the purpose of examining the condition thereof, or any other lawful purpose, with 48 hours notice given to Lessee.

9. **Right of assignment.**

- 9.1. Lessee will not assign, sublet or transfer this Lease, or any interest herein, or permit any other person or persons whomsoever to occupy the leased premises without the written consent of Lessor, which shall not be unreasonably withheld.
- 9.2. This Lease is personal to Lessee; Lessee's interest, in whole or in part, cannot be sold, assigned, transferred, seized or taken by operation of law, or by virtue of any legal process, attachment or proceedings instituted against Lessee, or under or by virtue of any bankruptcy or insolvency proceedings in regard to Lessee, or in any other manner, except as above mentioned.
- 9.3. The option to purchase the property may be exercised by an assignee of the Lessee, with the consent of the Lessor, which shall not be unreasonably withheld.

10. **Insurance.**

- 10.1. **Liability Insurance.** Lessor shall maintain his homeowners policy on the premises for the duration of the lease term, and provide Lessee a copy as proof of the same. However, Lessee shall, at Lessee's expense, maintain, furnish and deliver to Lessor liability and property damage insurance insuring against any and all claims for injury to or death of persons or damage to property occurring upon, in or about the premises in a form and with an insurer satisfactory to Lessor; the amount of insurance shall not be less than \$1,000,000.00 for bodily injury and property damage for any one occurrence. Lessee agrees to and shall indemnify and hold Lessor harmless against any and all claims and demands arising from the negligence of Lessee, Lessee's agents, or invitees, as well as those arising from Lessee's failure to comply with any covenant of this Lease on Lessee's part to be performed, and shall at Lessee's own expense defend Lessor against any and all suits or actions arising out of such negligence, actual or alleged, and all appeals there from and shall satisfy and discharge any judgment which may be awarded against Lessor in any such suit or action.
- 10.2. **Property Insurance.** Lessee shall provide its own insurance protection, at its own expense, for any personal property, improvements or other property and materials maintained on the premises.

11. **Damage by Casualty, Fire and Duty to Repair.** In the event of destruction by fire or other casualty of the buildings located on the premises occupied by Lessee, Lessor shall utilize the proceeds of the insurance policy to fully rebuild the premises. In the event the parties agree to terminate the lease upon the event of destruction, then the Lessor shall fully reimburse the Lessee for the amount paid in advance as the down payment, either in cash or by paying the rental amount for a similar premises until the amount paid has been fully utilized.

- 12. Waiver of Subrogation Rights.** Neither Lessor nor Lessee shall be liable to the other for loss arising out of damage to or destruction of the leased premises, or any improvement thereon or the contents thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard form of insurance with extended coverage. All such claims for any and all loss, however caused, hereby are waived. The absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee or by any of their respective agents. It is the intention and agreement of Lessor and Lessee that each party shall look to its respective insurance carriers for reimbursement of any such loss, and further that the insurance carriers involved shall not be entitled to subrogation under any circumstances against any part to this Lease. Neither Lessor nor Lessee shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless specifically covered therein as a joint insured.
- 13. Condemnation.** In case of the condemnation or appropriation of all or any substantial part of the leased premises by any public or private corporation under the laws of eminent domain, this Lease may be terminated at the option of either party hereto on thirty (30) days' written notice to the other. Lessee shall not be liable for any rent after the date of Lessee's removal from the premises. If the property is condemned in the manner set forth above, all awards will be the sole property of the Lessor.
- 14. Surrender of Premises.** Upon termination of this Lease, and the Lessee fails to exercise the option to purchase the property, Lessee will quit and surrender the leased premises to Lessor and all improvements made to the property will become the property of the Lessor. Provided that any prior payments made shall be first used as prepaid rent, or shall be delivered to Lessee upon quitting the property.
- 15. Default.** The occurrence of any of the following events shall be deemed a breach of this Lease, namely:
- 15.1. if Lessee shall be late in the payment of the rent for a period of thirty (30) days after it becomes due, or if Lessee shall fail or neglect to do, keep, perform or observe any of the covenants and agreements contained herein and such default shall continue for thirty (30) days or more after written notice of such failure or neglect has been given;
 - 15.2. if Lessee shall be declared bankrupt or insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors;
 - 15.3. if on the expiration of this Lease Lessee fails to surrender possession of the leased premises,
- then and in either of said cases or events, Lessor immediately without demand or notice, may enter into and upon the leased premises and repossess the same and expel Lessee and those claiming by, through and under Lessee and remove Lessee's effects at Lessee's expense, without prejudice to any remedy which otherwise might be used for late payments of rent or preceding for breach of covenant. However, Lessee shall remain liable as hereinafter provided.

- 16. Termination Upon Default.** In the event of termination upon default, Lessor shall be entitled to request immediately any excess of the value of Lessee's obligation under this Lease, including the obligation to pay rent, from the date of default until the end of the term over the reasonable rental value of the property for the same period figures as of the date of default, plus the reasonable cost of re-entry and re-letting, including without limitation the cost of any cleanup, refurbishing, removal of Lessee's Property and fixtures or any other expense occasioned by Lessee's failure to vacate the leased premises upon termination or to lease them in the required condition, costs, attorney fees, court costs, broker commissions, and advertising costs, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable diligence, could have been secured.
- 17. Environmental Indemnification.** Each party shall indemnify and hold the other party harmless from and against any and all claims, damages, demands, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings, costs and expenses, including attorney fees and disbursements, which accrue to or are incurred by the other party, arising directly or indirectly out of, or in any way connected with, (a) any activities on the Premises during Lessee's possession or control, which directly or indirectly result in the Premises becoming contaminated with Hazardous Substances, or any personal injury, including wrongful death; or (b) the transportation of Hazardous Substances to and from the Premises. The term "Hazardous Substances" as used in this Agreement shall be deemed to include any substance that is defined as hazardous or a contaminant to the environment under any law, rule or regulation promulgated by any governmental agency having jurisdiction over the premises. Each party's obligation and liabilities hereunder, in addition to any other obligations and liabilities, shall survive termination of this Lease.
- 18. Attorney Fees and Costs.** If suit or action is instituted to enforce compliance with any of the terms of this Lease, or to collect the rent which may become due hereunder, Lessee agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed Lessor in such suit or action and in the event any appeal is taken from any judgment or decree in such suit or action, Lessee agrees to pay such further sum as the appellate court shall adjudge reasonable as Lessor's attorney's fees on such appeal. Lessee also agrees to pay and discharge all Lessors' costs and expenses, including Lessor's reasonable attorney's fees that arise from enforcing any provisions or covenants of this Lease even though no suit or action is instituted.
- 19. Waiver.** Any waiver by Lessor of any breach of any covenant herein contained to be performed by Lessee, including accepting late rental payments, shall not be deemed as a continuing waiver, and shall not operate to bar or prevent Lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.
- 20. Notices.** Any notice required by the terms of this Lease shall be sufficient if in writing and mailed by certified or registered mail with postage prepaid, and if intended for the parties herein then if addressed to the address below. Any such notice shall be deemed conclusively to have been delivered to the addressee thereof twenty-four (24) hours after the deposit thereof in the United States mail.

LESSOR: Raymond Piller
591 Canyon Creek Road
Washougal, WA 98671

LESSEE: Ronald Meadows
272 Taylor Road
Washougal, WA 98671

21. Heirs and assigns. All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall inure to the benefit of and bind the heirs, executors, administrators, successors and, so far as this Lease is assignable by the terms hereof, to the assigns of such parties.

22. Interpretation. In construing this Lease, it is understood that Lessor or Lessee may be more than one person; that if the context so requires, the singular pronouns shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

23. Captions and Provisions.

23.1. The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

23.2. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

24. Total Agreement. This Lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. This Lease supersedes all previous verbal or written agreements of the parties.

25. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and in the event of any litigation arising out of this Lease, the parties hereto stipulate and agree that the venue of any such action shall be in Clark County, Washington.

IN WITNESS WHEREOF, the parties hereto have executed this Lease this 6th day of October, 2010.

LESSOR:


RAYMOND M. PILLER

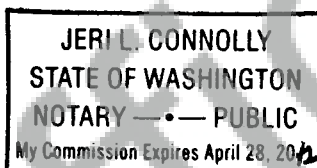
LESSEE:


RONALD K. MEADOWS

STATE OF Washington)
)ss:
 COUNTY OF ~~Clark~~
Skamania

On this day personally appeared before me RAYMOND M. PILLER to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6th day of October, 2010.

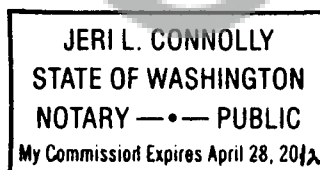


Jeri L. Connolly
 Notary Public for Skamania Wash.
 residing at Skamania, Washington
 My Commission expires: April 28, 2012

STATE OF Washington)
)ss:
 COUNTY OF ~~Clark~~
Skamania

On this day personally appeared before me RONALD K. MEADOWS to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6th day of October, 2010.



Jeri L. Connolly
 Notary Public for Washington
 residing at Skamania
 My Commission expires: April 28, 2012

90673

BOOK 2 PAGE 166

SHORT PLAT APPLICATION

NAME: Jack Bell Phone: (Business) _____
 (Home) (206) 835-2864

ADDRESS: 4410 W. Washougal, WA 98671

Property to be divided:
 Location: Sec. 30 Twp. 2N Range 5E Tax Lot No. 2-5-30-1501

Water Supply Source: Well Sewage Disposal Method: Septic Tank

Date you Acquired the Property: August 1978

To be signed

By the Applicant: I hereby certify the lots in this proposed Short Subdivision
 are intended for:

Single Family Residence

Signature of Applicant

Date:

LEGAL DESCRIPTION: Describe the entire tract being divided. Use extra sheets
 if required.

A portion of the Southwest Quarter of Section 30, Township 2 North, Range 5 East,
 Willamette Meridian, County of Skamania, State of Washington described as follows:

Beginning at a point on the East line of the West half of the said Southwest
 quarter 1020 feet North 00°47'51" East of a 1/16 corner on the South line of section
 30; thence North 88°43'24" West 332.3 feet; thence South 00°47'47" West 640 feet;
 thence North 88°43'24" West 332 feet; thence North 00°47'47" East 1320 feet; thence
 South 88°43'24" East 664.4 feet more or less, to the said East line; thence Southerly
 along said East line 680 feet, more or less, to the point of beginning.

TOGETHER WITH AND SUBJECT to an easement on, over and across Taylor Road as
 described below for ingress, egress and utility purposes.

TAYLOR ROAD

A strip of land 60 feet wide across the Southwest quarter of Section 30, Twp. 2N,
 Rge. 5 East of the Willamette Meridian being 20 feet to the East and 40 feet to the
 West of the following centerline:

Beginning at a point on the East line of the Southwest quarter of the Southwest
 quarter of Section 30, Twp. 2 North, Rge. 5 East of the Willamette Meridian said
 point being 630 feet North of the intersection of said line and Huckins-Buhman County
 Road; thence in a Southwesterly direction 630.7 feet to an intersection with the
 centerline of Huckins-Buhman Road 20 feet Westerly of, when measured at right angles,
 to the East line of the Southwest quarter of the Southwest Quarter of said Section 30.

EXCEPT COUNTY ROADS.

ALSO: A strip of land 60 feet wide across the Southwest quarter of Section 30,
 Twp 2 N, Rge. 5 East of the Willamette Meridian being 30 feet to either side of the
 following described centerline:

Beginning at a point on the West line of the East half of the Southwest quarter
 of said Section 30, said point being 875.06 feet North of the Southwest corner of the
 East half of the Southwest quarter of said Section 30; thence N 00°47'51" E along said
 West line of the East half of the Southwest quarter a distance of 618.00 feet to the
 South line of Lot 4 of Short Plat Recorded in Book 2 page 120-C Records of Skamania
 County, Washington.

And a driveway easement 60 feet in width being the South 30 feet of Lot 4 and the
 North 30 feet of Lot 3 on Jack Bell Short Plat No. 1 as recorded in Book page
 Skamania County Short Plat Records.

