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Russell J. Speidel
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REAL ESTATE EXCISE TAX
PAID \$ 11610.⁸⁸

Chelan County Treasurer
Robert H. May

SMITHSON RANCH

KENNETH C. HOUSSEN
CHelan COUNTY AUDITOR
WENATCHEE, WASH 2W

REAL ESTATE CONTRACT

By [Signature]
Deputy

THIS CONTRACT is made and entered into this 21st day of June, 1988, by and between AL SMITHSON, whose formal name is HOMER A. SMITHSON, JR., a single man, hereafter called "SELLER", and RICHARD A. SMITHSON and LESLIE SMITHSON, husband and wife, hereafter called "PURCHASER."

W I T N E S S E T H:

WHEREAS, the SELLER desires to sell and the PURCHASER desires to purchase real property situated in Chelan County, Washington, the legal description of which is as follows:

See attached Exhibit "A", attached hereto and incorporated herein by reference as if fully set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, promises and conditions herein contained, the parties agree as follows:

1. PURCHASE PRICE: The SELLER agrees to sell and the PURCHASER agrees to purchase the above-described REAL PROPERTY for the total purchase price of One Hundred Twenty Thousand Two Hundred Fourteen Dollars and 60/100 (\$120,214.60). It is agreed by the parties that PURCHASER is purchasing an undivided Twenty-five percent (25%) interest in the above-described REAL PROPERTY, which excludes the residence of SELLER and the surrounding one acre, more or less, of land.

SMITHSON RANCH
REAL ESTATE CONTRACT - 1

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1 2. TERMS OF PAYMENT AND INTEREST: The PURCHASER agrees to
2 pay to the SELLER annual payments of Fifteen Thousand Six Hundred
3 Fifty and NO/100 Dollars (\$15,650.00) due beginning October 1,
4 1988, and due on October 1 annually thereafter with the entire
5 balance due October 1, 1991. The interest rate is variable and
6 is Cashmere Valley Bank's prime rate plus 2 percent, with
7 interest changing when the prime rate of Cashmere Valley Bank is
8 changed. Each payment shall first be applied to accrued
9 interest and the balance to the principal. Interest shall accrue
10 from October 1, 1987.

11 PURCHASER acknowledges that SELLER currently has an
12 outstanding note payable to the order of Cashmere Valley Bank
13 with a balance owed of \$120,214.60, as of October 1, 1987, and
14 secured by a first Deed of Trust on the property referenced
15 herein. Under the terms of said note, Cashmere Valley Bank
16 agrees to refinance the balance due and owing on October 1, 1991,
17 at the prevailing rate of interest as of that date. In the event
18 SELLER refinances, SELLER agrees to refinance the outstanding
19 balance of this Contract at that time and PURCHASER agrees to
20 make payments to the SELLER in the amount required under said
21 refinancing agreement. The note which SELLER currently has with
22 Cashmere Valley Bank is No. 116730 dated March 23, 1987, for a
23 principal balance of \$143,746.03.

24 The PURCHASER may prepay all or any portion of the purchase
25 price at any time without penalty.

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27
28 SMITHSON RANCH
REAL ESTATE CONTRACT - 2

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1 3. CLOSING: The date of closing shall be on or before
2 June 30, 1988. The closing agent shall be Russell J.
3 Speidel, Attorney at Law, and closing shall take place at his
4 office located at 600 Doneen Building, 7 North Wenatchee Avenue,
5 Wenatchee, Washington.

6 4. TITLE TO PROPERTY: SELLER shall convey title by
7 Warranty Fulfillment Deed to the real property herein described
8 when the full amount of the total purchase price has been paid
9 by the PURCHASER, as more fully described in Section 7 herein.

10 5. POSSESSION: Unless a different date is specified
11 herein, or is mutually agreed upon, the PURCHASER shall be
12 entitled to possession of said real estate on the date of signing
13 this Real Estate Contract, and shall retain his undivided
14 interest in possession so long as the PURCHASER is not in default
15 hereunder.

16 6. INSPECTION: PURCHASER agrees that full inspection of
17 said real estate has been made and that neither the SELLER nor
18 its assigns shall be held to any covenants respecting the
19 condition of any portion thereof, nor shall the PURCHASER or
20 SELLER or the assigns of either of them be held to any covenant
21 or agreement for improvements unless the covenant or agreement
22 relied on is contained herein or is in writing and attached to
23 and made a part of this Contract.

24 7. FULFILLMENT DEED: SELLER agrees, upon receiving full
25 payment of the total purchase price and interest in the manner
26 above specified, to execute and deliver to PURCHASER a Warranty

1 Fulfillment Deed to said real estate, excepting any part thereof
2 hereafter taken for public use, free of encumbrances except any
3 that may attach after date of closing through any person other
4 than the SELLER.

5 8. TAXES AND RESERVES: Taxes, mortgage reserves and
6 assessments shall be pro-rated as of the date of closing.

7 PURCHASER shall pay the Chelan County excise tax and revenue
8 stamps incident to this sale at the time of closing.

9 9. CLOSING COSTS: The PURCHASER agrees to pay for the cost
10 of recording the Real Estate Contract, and costs of closing.

11 The parties acknowledge SELLER is represented by RUSSELL J.
12 SPEIDEL and PURCHASER is represented pro se.

13 10. PLACE OF PAYMENT: All payments required by the
14 PURCHASER to be made to the SELLER under the terms of this
15 Contract shall be paid to SELLER in care of a collection account
16 to be established by the parties at Cashmere Valley Bank,
17 Cashmere, WA 98815, or at such other address as the SELLER may
18 indicate in writing.

19 11. TAXES, ASSESSMENTS AND ENCUMBRANCES: The PURCHASER
20 assumes and agrees to pay before delinquency his 25 percent (25%)
21 share of all taxes and assessments that may as between the SELLER
22 and PURCHASER hereafter become a lien on said real estate.

23 12. CARE OF PREMISES: The REAL PROPERTY consists of unim-
24 proved timber land, orchard, and orchard improvements, including
25 three farm houses and a bunkhouse. Any and all irrigation
26 systems on the same are part of the real property, and no part of
27

28 SMITHSON RANCH
REAL ESTATE CONTRACT - 4

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1 the same or any additions thereto shall be removed from the real
2 property during the life of this contract without the prior
3 written consent of the SELLER. No presently existing
4 improvements to said real property or replacements to the same
5 shall be removed from the real property during the life of this
6 contract without the prior written consent of the SELLER, except
7 in the due course of the orchard operations.

8 The property included in this Real Estate Contract includes
9 222 acres, more or less, of timber land, and 44 acres, more or
10 less, of orchard which are presently leased to Smithson Ranch,
11 Inc. It is anticipated that Smithson Ranch, Inc. shall continue
12 to lease and operate the orchard from SELLER and PURCHASER,
13 inasmuch as they have undivided interests in the real estate.

14 13. SUBORDINATION: The SELLER and PURCHASER each recognize
15 the necessity of adequate crop financing from year to year and
16 agree to execute a standard subordination agreement,
17 subordinating the interest of this Contract, on an annual basis
18 only, to the rights of a financing institution on the annual
19 fruit crop for the extension of production costs and crop
20 financing, for the benefit of Smithson Ranch, Inc.

21 14. REPAIRS, WASTE, NO ILLEGAL USE: PURCHASER covenants to
22 keep any buildings and other improvements on said real estate in
23 good repair and not to permit any waste and not to use or permit
24 the use of, the real estate for any illegal purpose.

25 15. RIGHT OF FIRST REFUSAL: In the event PURCHASER
26 receives a bona fide offer to purchase any portion of his
27

1 undivided interest in the premises, PURCHASER may not accept
2 without first offering to sell his undivided interest in the
3 premises, or any portion thereof, to the SELLER under the same
4 terms and conditions.

5 PURCHASER shall give written notice of said offer of
6 purchase to SELLER, and SELLER shall have Thirty (30) days within
7 which to elect to purchase the premises under said terms and
8 conditions. If SELLER elects to purchase the premises, he shall
9 give written notice of his intention, together with the down
10 payment or cash deposit, if any, required under PURCHASER'S offer
11 to purchase, to PURCHASER prior to the expiration of said 30-day
12 period. However, if the offer to purchase is a cash offer, not
13 contingent on obtaining of financing by the PURCHASER, no cash
14 deposit or down payment will be required of the SELLER.

15 Thereafter said 30-day period, SELLER shall have thirty (30) days
16 within which to have prepared the necessary documents of sale or
17 to obtain the financing required, if any, in conformity with said
18 offer of purchase.

19 16. SELLER'S REMEDIES: Time is of the essence of this
20 Contract, and if the PURCHASER is in default more than thirty
21 (30) days on any installments due pursuant to this Contract or in
22 complying with any of the terms or conditions of this Contract or
23 if the PURCHASER shall become insolvent or bankrupt or if a

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1 receiver is appointed, SELLER or SELLER's assignees shall have
2 the right to exercise any of the following options:

3 a. Forfeiture. Upon ninety (90) days written notice
4 pursuant to RCW 61.30.070 SELLER may take immediate possession of
5 all real and personal property sold pursuant to this Contract,
6 either with or without legal process, wherever such property may
7 be, and for the purpose of taking possession may enter upon any
8 premises where such property is kept and remove the same.

9 PURCHASER agrees that all payments made to the SELLER or
10 assignees of SELLER shall be retained by them for the use and
11 depreciation of the property, and all interest or right of the
12 PURCHASER to the property shall cease, terminate and thereby be
13 forfeited; or

14 b. Acceleration. Upon giving the PURCHASER not less
15 than thirty (30) days written notice of its intent to do so
16 (within which time any monetary default may be cured), SELLER may
17 declare the entire remaining purchase price balance due and
18 payable and bring suit to recover the same, together with a
19 reasonable sum as attorney's fees; or

20 c. Suit for Money. Upon giving the PURCHASER not less
21 than thirty (30) days written notice of its intent to do so
22 (within which time any monetary default may be cured), SELLER may
23 bring action on any intermediate past due installment or
24 installments or on any payment made by SELLER and repayable by
25 the PURCHASER. It is stipulated that the covenants to pay
26 intermediate installments and to repay SELLER for items paid on

27 SMITHSON RANCH
28 REAL ESTATE CONTRACT - 7

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1 behalf of the PURCHASER are independent of the covenant to make a
2 deed; that every action on such covenants is an action arising on
3 a contract for the recovery of money as if the promise to pay had
4 been expressed in a different instrument; and that any such
5 action shall not constitute an election of remedies by SELLER as
6 to any subsequent default; or

7 d. Cumulative Remedies. The remedies of the SELLER
8 set forth herein shall be cumulative, not alternative, and not
9 exclusive of any other right or remedy available to the SELLER.

10 17. NOTICES: Service of all demands, notices or other
11 papers shall be made by United States certified mail, postage
12 prepaid, return receipt requested, at the following addresses, or
13 such other address as the respective parties may designate in
14 writing:

15 a. SELLER: Mr. Al Smithson
16 P.O. Box 464
Peshastin, WA 98847

17 With a copy to: Mr. Russell J. Speidel
18 P.O. Box 881
Wenatchee, WA 98807

19 b. PURCHASER: Mr. and Mrs. Richard A. Smithson
20 7575 Peshastin Creek Road
Peshastin, WA 98847

21 18. CORRECTION OF BREACH: The SELLER may correct any
22 breach or default by the PURCHASER and the PURCHASER agrees upon
23 demand to reimburse the SELLER for all expenses incurred by the
24 SELLER in correcting any such breach or default. In the event
25 SELLER is not reimbursed, such expenses shall be added to the
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1 purchase price and interest shall accrue thereon at the rate of
2 twelve percent (12%) per annum.

3 19. WAIVER BY SELLER: No waiver, expressed or implied by
4 the SELLER of any breach of any covenant, agreement or duty on
5 the part of the PURCHASER shall be held or construed as a waiver
6 of any other breach of the same or any other covenant, agreement
7 or duty. An extension of time for payment and the acceptance of
8 a payment subsequent to the time specified in this Contract or
9 any failure of the SELLER to promptly enforce any other breach of
10 this Contract by the PURCHASER shall not be construed as a waiver
11 on the part of the SELLER of strict performance of all covenants,
12 conditions and duties contained herein.

13 20. LIABILITY FOR DAMAGE AND INJURY: The PURCHASER shall
14 assume all hazards of damage to or destruction of the real
15 property sold pursuant to this Contract, and no such damage or
16 destruction shall be considered or constitute a failure of
17 consideration on the part of the SELLER.

18 21. TAXES AND ASSESSMENTS: PURCHASER shall pay all real
19 property taxes which may accrue and become due after the date of
20 closing, and all other assessments which may become a lien upon
21 the real estate. PURCHASER agrees to mail to SELLER, at SELLER's
22 address set forth in Section 17 herein, on a timely basis, a copy
23 of PURCHASER's receipt for payment of any and all such real
24 property taxes and assessments.

25 22. HAZARD INSURANCE; BUILDING MAINTENANCE: The PURCHASER
26 shall maintain fire, windstorm, and hazard insurance in a company

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28 SMITHSON RANCH
REAL ESTATE CONTRACT - 9

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1 acceptable to the SELLER on the subject real estate, land and
2 buildings, in an amount satisfactory to SELLER, insuring the
3 interest of SELLER, and all of such policies of insurance shall
4 include the name of SELLER as one of the parties insured thereby
5 and shall fully protect both SELLER and PURCHASER as their
6 respective interests may appear. In the event that the PURCHASER
7 fails to obtain such insurance, the SELLER may pay for such
8 insurance in accordance with the terms of Section 18 herein. All
9 buildings on the subject property will be maintained by PURCHASER
10 at their present level of condition, or better, during the term
11 of this contract.

12 23. COVENANTS BINDING ON ASSIGNS AND SUCCESSORS: This
13 Contract shall be binding upon and inure to the benefit of the
14 parties and their respective assigns and successors, including
15 executors and administrators; provided, however, PURCHASER shall
16 not, except to the extent permitted by Section 15 herein, assign
17 any of their rights, privileges and obligations hereunder without
18 the prior written consent of SELLER.

19 24. MERGER OF PRIOR AGREEMENTS: This written Contract
20 contains the entire agreement between the parties with respect to
21 the purchase and sale and the transactions contemplated herein.
22 All prior agreements, understandings, covenants and representa-
23 tions, if any, with respect to the terms of this Contract and any
24 inducements with respect to its execution have been performed and
25 discharged, or they have been merged, integrated and otherwise
26 included herein.

27 SMITHSON RANCH
28 REAL ESTATE CONTRACT - 10

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1 25. INTERPRETATION: When interpreting this Contract,
2 singular may include the plural, the masculine may include the
3 feminine, or vice versa, where context so admits or requires.

4 26. SEVERABILITY: The provisions hereof shall be deemed
5 independent and severable, and the invalidity or partial
6 invalidity and the unenforceability of any provision or portion
7 hereof shall not affect the validity or enforceability of any
8 other provision hereof.

9 27. CAPTIONS: The titles or headings to the sections of
10 this Contract are not a part hereof and shall have no effect on
11 the construction or interpretation of any of the terms and
12 provisions contained herein.

13 28. WASHINGTON LAW: This Contract shall be construed and
14 interpreted under Washington Law.

15 29. CONSTRUCTION: The parties hereto acknowledge that both
16 parties and their legal counsel participated equally in the
17 drafting of this Contract and that in the event of a dispute
18 neither party shall be treated for any purpose as the author of
19 this Contract nor have any ambiguity resolved against it on
20 account thereof.

21 30. TIME OF THE ESSENCE: Time is expressly declared to be
22 of the essence of this Contract and every provision hereof in
23 which time is an element.

24 31. AMENDMENTS: This Contract may be amended by the
25 written agreement of PURCHASER and SELLER or their successors.

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28 SMITHSON RANCH
REAL ESTATE CONTRACT - 11

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32. COSTS, ATTORNEY'S FEES: In the event of any lawsuit or action brought to enforce, or pertaining to, this Contract the prevailing party shall be entitled to recover its costs and reasonable attorney's fees.

IN WITNESS WHEREOF the parties have executed this instrument as of the 21st day of June, 1988.

SELLER:

PURCHASER:

Homer A. Smithson, Jr.
HOMER A. SMITHSON, JR.

Richard A. Smithson
RICHARD A. SMITHSON

Leslie Smithson
LESLIE SMITHSON

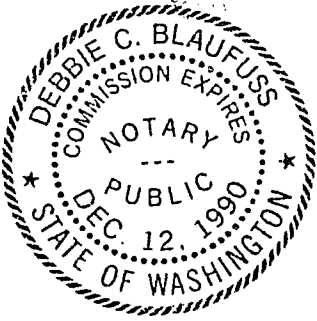
SMITHSON RANCH
REAL ESTATE CONTRACT - 12

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1 STATE OF WASHINGTON)
2 County of Chelan) ss.

3 I certify that I know or have satisfactory evidence that
4 HOMER A. SMITHSON, JR. signed this instrument and acknowledged it
5 to be his free and voluntary act for the uses and purposes
6 mentioned in the instrument.



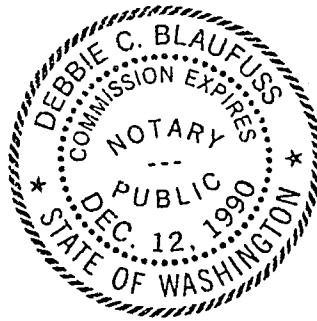
7 DATED June 21, 1988

8 Signature Debbie C. Blaufuss
9 NOTARY PUBLIC

10 My appointment expires: 12/12/90

11 STATE OF WASHINGTON)
12 County of Chelan) ss.

13 I certify that I know or have satisfactory evidence that
14 RICHARD A. SMITHSON and LESLIE SMITHSON, husband and wife, signed
15 this instrument and acknowledged it to be their free and
16 voluntary act for the uses and purposes mentioned in the
17 instrument.



18 DATED June 21, 1988

19 Signature Debbie C. Blaufuss
20 NOTARY PUBLIC

21 My appointment expires: 12/12/90

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27 SMITHSON RANCH
28 REAL ESTATE CONTRACT - 13

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EXHIBIT "A"

A Twenty-five percent (25%) undivided interest in and to that certain real estate situated in the County of Chelan, State of Washington, described as follows:

The West half of the Northwest Quarter of the Northwest Quarter and the North half of the Southwest Quarter of the Northwest Quarter, all in Section 28, Township 24 North, Range 18, E.W.M.,

EXCEPT The North 5 Rods of the West 16 Rods of said Northwest Quarter, as described as being one-half acre situated in the Northwest corner of the Northwest Quarter of said Section 28, Township 24 North, Range 18, E.W.M.

That part of the South half of the Southwest Quarter of Section 21, Township 24 North, Range 18, E.W.M., lying South of Peshastin Creek and West of a ridge described as follows:

Beginning at the Southeast corner of said subdivision;

Thence West on the South line thereof 363 feet, more or less, to the center of said ridge;

Thence following said ridge in a Northeasterly direction to Peshastin Creek, EXCEPT That part of said premises described as follows:

Commencing at the Southwest corner of said Section 21;

Thence North 89°37' East along the South line of said Section 21 for 886.09 feet to the centerline of Peshastin creek;

Thence South 47°17' East for 117.60 feet to a 3/4" iron pipe;

Thence North 36°07'40" East for 210.58 feet to the centerline of Pioneer ditch, the true point of beginning for this description;

Thence South 47°10'00" East for 105.72 feet;

Thence North 69°51'00" East for 130.48 feet;

Thence North 52°47'00" East for 133.40 feet;

Thence North 11°07'00" West for 98.68 feet to the center line of Pioneer ditch;

Thence Westerly along the center line of said ditch for 340 feet, more or less, to the true point of beginning,

EXCEPT Right of way for PSH #2, Ingall's

SMITHSON RANCH
REAL ESTATE CONTRACT - 14

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1 Creek to Junction of PSH #15, by instruments
2 recorded July 12, 1943 in Volume 321, page
3 459, under Auditor's file number 349238, and
4 recorded February 27, 1957, in Volume 562,
5 page 598, under Auditor's file number 517982.
6 ALSO EXCEPT Right of way and easements for
7 irrigation works, telephone and power lines
8 and roads.

9 Also, the Northwest Quarter of the Southeast
10 Quarter,
11 The Northeast Quarter of the Southwest Quarter;
12 The Southeast Quarter of the Northwest Quarter;
13 The Northeast Quarter of the Northwest Quarter,
14 The East half of the Northwest Quarter of the
15 Northwest Quarter,
16 And all that part of the Southwest Quarter of
17 the Northeast Quarter lying West of the
18 Summit of the ridge running Northerly and
19 Southerly across said subdivision;
20 All in Section 28, Township 24 North, Range
21 18, E.W.M;

22
23 RESERVING TO THE SELLER, for and during the lives of the
24 SELLER and MARLIESE CREAN, and the survivor of them, all
25 timber rights.

26 RESERVING TO THE SELLER, for and during the lives of the
27 SELLER and MARLIESE CREAN, and the survivor of them, all
28 rental income from any and all buildings located on said
real estate.