

AFTER RECORDING MAIL TO:

Grant C. Broer
8904 NE Hazel Dell Avenue
Vancouver, WA 98665



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Skagit County Auditor

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CHICAGO TITLE CO. 1037304

DOCUMENT TITLE(S) REAL ESTATE CONTRACT

REFERENCE NUMBER(S) OR RELATED DOCUMENT(S)

SELLER(S) RAY NELSON AND MARGARET NELSON,
Husband and Wife

BUYER(S) WILD HARVEST FARMS, INC.,
a Washington Corporation

LEGAL DESCRIPTION (abbreviated form: i.e., lot, block, plat, section, township, range, quarter)

Tract B of Short Plat No. 43-78 approved June 14, 1978, and recorded June 15, 1978, in Volume 2 of Short Plats, page 230 under Skagit County Auditor's File No. 881467, being a portion of Government Lot 6 of Section 6, Township 34 North Range 4 East W.M.

340406-0-035-0009

ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER P23640

REAL ESTATE CONTRACT

- PARTIES AND DATE.** This Contract is entered into on December 27, 2005 between RAY NELSON and MARGARET NELSON, as "Seller", and WILD HARVEST FARMS, INC., as "Buyer".
- SALE AND LEGAL DESCRIPTION.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the following described real estate in Skagit County, state of Washington:

**REAL ESTATE CONTRACT BETWEEN
NELSON/WILD HARVEST FARMS, INC. AND NORTHWEST WILDFOODS COMPANY, INC.**
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3. **PERSONAL PROPERTY.** Personal property, if any, included in the sale is as follows:
No part of the purchase price is attributed to personal property.

4. **PRICE.** Buyer agrees to pay as follows:

Total Purchase Price: \$675,000.00
Down Payment: \$5,000.00 (received)
\$15,000.00 (due upon signing)

5. **TERMS.** Amount Financed by Seller: \$655,000.00

Duration: Interest only for 8 years
(12/1/05 to 11/30/2013)

Interest Rate: 7 %

Monthly Payment: \$3,820.83

Payment Due Date: 1st of each month

First Payment Due Date: 1/1/2006


Balloon/Call Payment: Principal (\$655,000.00) due in full 12/1/2013

Payments shall be made to: Skagit State Bank, Burlington
Branch for the account of
Ray and Margaret Nelson
7808 NE Loowit Loop, Unit 95
Vancouver, Washington 98662

6. **FULFILLMENT DEED.** Upon payment of all amounts due Seller, Seller agrees to deliver to Buyer a Statutory Warranty Deed in fulfillment of this Contract. The covenants of warranty in said deed shall not apply to any encumbrances assumed by Buyer or to defects in title arising subsequent to the date of this Contract by, through or under persons other than the Seller herein. Any personal property included in the sale shall be included in the

7134
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

DEC 27 2005

Amount Paid \$ 12020.00
Skagit Co. Treasurer
By  Deputy

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fulfillment deed. Fulfillment deed will be held by Skagit State Bank, Burlington branch.

7. **PREPAYMENT.** Buyer may not prepay any amounts owing to Seller as set forth above for a period of five (5) years (i.e. until 12/1/2010). After such time (12/1/2010), Buyer may prepay any remaining balance still owing to Seller, not to extend beyond the Balloon/Call payment date set forth above.
8. **POSSESSION.** Buyer is entitled to possession of the property from and after the date of this Contract.
9. **TAXES, ASSESSMENTS AND UTILITY LIENS.** Buyer agrees to pay by the date due all taxes and assessments becoming a lien against the property after the date of this Contract. Buyer may in good faith contest any such taxes or assessments so long as no forfeiture or sale of the property is threatened as the result of such contest. Buyer agrees to pay when due any utility charges which may become liens superior to Seller's interest under this Contract.

At closing, Buyer shall remit check to Seller payable to Escrow for the pro-rated second half taxes due on October 31, 2005.

10. **INSURANCE.** Buyer agrees to keep all buildings now or hereafter erected on the property described herein continuously insured under fire and extended coverage policies in an amount not less than the balance due Seller, or full insurable value, whichever is lower. All policies shall be held by the Seller and be in such companies as the Seller may approve and have loss payable first to any holders of underlying encumbrances, then to Seller as their interests may appear and then to Buyer. Buyer may within 30 days after loss negotiate a contract to substantially restore the premises to their condition before the loss. If the insurance proceeds are sufficient to pay the contract price for restoration or if the Buyer deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless the underlying encumbrances provide otherwise. Otherwise the amount collected under any insurance policy shall be applied upon any amounts due hereunder in such order as the Seller shall determine. In the event of forfeiture, all rights of Buyer in insurance policies then in force shall pass to Seller.
11. **NONPAYMENT OF TAXES, INSURANCE & UTILITIES CONSTITUTING LIENS.** If Buyer fails to pay taxes or assessments, insurance premiums or utility charges constituting liens prior to Seller's interest under this Contract, Seller may pay such liens and Buyer shall forthwith pay Seller the amount thereof plus any costs and attorney's fees incurred in connection with making such payment.
12. **CONDITION OF PROPERTY.** Buyer accepts the property in its present condition and acknowledges that Seller, his agents and subagents have made no representations or warranty concerning the physical condition of the property or the uses to which it may be put other

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than as set forth herein. Buyer agrees to maintain the property in such condition as complies with all applicable laws.

13. **RISK OF LOSS.** Buyer shall bear the risk of loss for destruction or condemnation of the property. Any such loss shall not relieve Buyer from any of Buyer's obligations pursuant to this Contract.
14. **WASTE.** Buyer shall keep the property in good repair and shall not commit or suffer waste or willful damage to or destruction of the property.
15. **CONDEMNATION.** Seller and Buyer may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property. Buyer may within 30 days after condemnation and removal of improvements, negotiate a contract to substantially restore the premises to their condition before the removal. If the condemnation proceeds are sufficient to pay the contract price for restoration or if the Buyer deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless underlying encumbrances provide otherwise. Otherwise, proceeds of the award shall be applied in payment of the balance due on the purchase price, as Seller may direct.
16. **DEFAULT.** If the Buyer fails to observe or perform any term, covenant or condition of this Contract, Seller may:
 - (a) *Suit for Installments.* Sue for any delinquent periodic payment; or
 - (b) *Specific Performance.* Sue for specific performance of any of Buyer's obligations pursuant to this Contract; or
 - (c) *Forfeit Buyer's Interest.* Forfeit this Contract pursuant to Ch. 61.30, RCW, as it is presently enacted and may hereafter be amended. The effect of such forfeiture includes: (i) all right, title and interest in the property of the Buyer and all persons claiming through the Buyer shall be terminated; (ii) the Buyer's rights under the Contract shall be canceled; (iii) all sums previously paid under the Contract shall belong to and be retained by the Seller or other person to whom paid and entitled thereto; (iv) all improvements made to and unharvested crops on the property shall belong to Seller; and (v) Buyer shall be required to surrender possession of the property, improvements, and unharvested crops to the Seller 10 days after the forfeiture.
 - (d) *Judicial Foreclosure.* Sue to foreclose this Contract as a mortgage, in which event Buyer may be liable for a deficiency.

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17. **RECEIVER.** If Seller has instituted any proceedings specified in Paragraph 16 and Buyer is receiving rental or other income from the property, Buyer agrees that the appointment of a receiver for the property is necessary to protect Seller's interest.
18. **NON-WAIVER.** Failure of either party to insist upon strict performance of the other party's obligations hereunder shall not be construed as a waiver of strict performance thereafter of all of the other party's obligations hereunder and shall not prejudice any remedies as provided herein.
19. **ATTORNEY'S FEES AND COSTS.** In the event of any breach of this Contract, the party responsible for the breach agrees to pay reasonable attorneys' fees and costs, including costs of service of notices and title searches, incurred by the other party. The prevailing party in any suit instituted arising out of this Contract and in any forfeiture proceedings arising out of this Contract shall be entitled to receive reasonable attorneys' fees and costs incurred in such suit or proceedings.
20. **NOTICES.** Notices shall be either personally served or shall be sent certified mail, return receipt requested and by regular first class mail, as follows:

to Buyer at: c/o Edward R LaMonte
23628 Glen Allen Place
Mount Vernon, WA 98274

c/o John R. Brown
PO Box 1232
1129 Riverside Drive, Suite B.
Mount Vernon, WA 98273

to Seller at: Ray and Margaret Nelson
7808 NE Loowit Loop, Unit 95
Vancouver, WA 98662

or such other addresses as either party may specify in writing to the other party. Notices shall be deemed given when served or mailed. Notice to Seller shall also be sent to any institution receiving payments on the Contract.

21. **TIME AND PERFORMANCE.** Time is of the essence in performance of any obligations pursuant to this Contract.
22. **SUCCESSORS AND ASSIGNS.** Subject to any restrictions against assignment, the provisions of this Contract shall be binding on the heirs, successors and assigns of the Seller and the Buyer.

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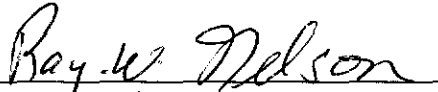


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23. **ALTERATIONS.** Buyer shall not make any substantial alteration to the improvements on the property without the prior written consent of Seller, which consent will not be unreasonably withheld.
24. **DUE ON SALE.** If Buyer, without written consent of Seller conveys, sells, leases, assigns, contracts to convey/ sell/ lease/ assign, grants an option to buy the property, or permits a forfeiture or foreclosure or trustee or sheriff's sale of any of the Buyer's interest in the property or this Contract, then Seller may at any time thereafter either raise the interest rate on the balance of the purchase price or declare the entire balance of the purchase price due and payable.
25. **ENTIRE AGREEMENT.** This Contract constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral. This Contract may be amended only in writing executed by Seller and Buyer.
26. **FAILURE OF SELLER TO MAKE PAYMENTS ON PRIOR ENCUMBRANCES.** If Seller fails to make any payments on any prior encumbrance(s), Buyer may give written notice to Seller that, unless Seller makes the delinquent payments within fifteen (15) days, Buyer will make the payments together with any late charge, additional interest, penalties, and costs assessed by the Holder of the prior encumbrance. The 15-day period may be shortened to avoid the exercise of any remedy by the holder of the prior encumbrance. Buyer may deduct the amounts so paid and any attorney's fees and costs incurred by Buyer in connection with the delinquency from payments next becoming due Seller on the purchase price as set forth herein. In the event Buyer makes such delinquent payments on three (3) occasions, Buyer shall have the right to make all payments due thereafter direct to the Holder of such prior encumbrance and deduct the then balance owing on such prior encumbrance from the then balance owing on the purchase price and reduce periodic payments on the balance due Seller by the payments called for in such prior encumbrance as such payments become due.

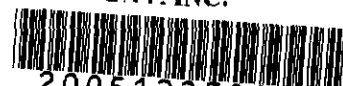
IN WITNESS WHEREOF the parties have signed and sealed this Contract the day and year first above written.

SELLER(S):


Ray W. Nelson


Margaret Nelson

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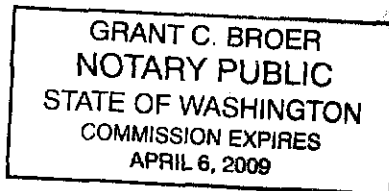
BUYER:

John R. Brown
By: Edward R. La Monte
Authorized agent of Wild Harvest Farms, Inc.

STATE OF WASHINGTON)
: ss.
County of Clark)

I hereby certify that I know or have satisfactory evidence that Ray W. Nelson and Margaret Nelson, are the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

DATED this 28 day of November, 2005.

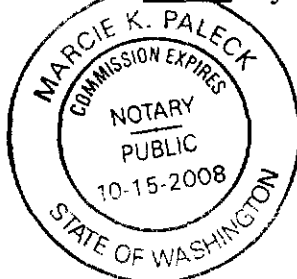


[Signature]
Notary Public for the State of Washington
Residing at Vancouver, WA
My Commission Expires: _____

STATE OF WASHINGTON)
: ss.
County of SKAGIT)

I certify that I know or have satisfactory evidence that JOHN R. BROWN - PRESIDENT EDWARD R. LA MONTE - SEC. & TREAS. is the person who appeared before me, and said person acknowledged under oath stated that they were authorized to execute the instrument on behalf of WILD HARVEST FARMS, INC. and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this 23rd day of December, 2005.



Marcie K. Paleck
Notary Public for the State of Washington
Residing at Mount Vernon
My Commission Expires: 10/15/08
MARCIE K. PALECK

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GUARANTY

Each undersigned Guarantor acknowledges having read all of the provisions of this Agreement, agrees to its terms and to be bound thereby as a Guarantor of performance thereunder. Each guarantor understands that this Guaranty is effective upon execution.

GUARANTOR:

Edward R. Lammonte
By: _____

Authorized agent of NORTHWEST WILDFOODS COMPANY, INC.

STATE OF WASHINGTON)

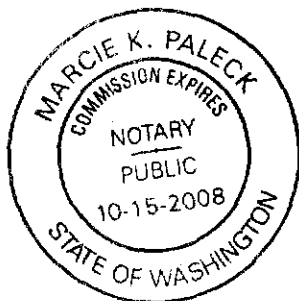
: ss.

County of SKAGIT)

EDWARD R. LAMMONTE

I certify that I know or have satisfactory evidence that PRESIDENT is the person who appeared before me, and said person acknowledged under oath stated that they were authorized to execute the instrument on behalf of NORTHWEST WILDFOODS COMPANY, INC., and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this 23rd day of December, 2005.



Marcie Paleck
Notary Public for the State of Washington
Residing at Mount Vernon
My Commission Expires: 10/15/08

MARCIE K. PALECK



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Situated in Skagit County, Washington.

Subject To: Resetrictions, reservations, and easements of record.

Further Subject To: That certain Deed of Trust, securing an indebtedness of \$151,486.28, dated June 6, 2005, recorded June 20, 2005, in Auditor's File No. 200506200148, records of Skagit County, Washington where in Ray W. Nelson and Margaret Nelson, are Grantors, Chicago Title Company is Trustee and Skagit State Bank is Beneficiary.

Further Subject To: That certain Assignment of Rents, including the terms and conditions thereof, securing an indebtedness of \$151,486.28, dated June 6, 2005, recorded June 20, 2005, in Auditor's File No. 200506200149, records of Skagit County, Washington, where in Ray W. Nelson and Margaret Nelson are Grantors and Skagit State Bank is Beneficiary.

The parties herein agree that the foregoing encumbrance(s) shall be and will remain the obligation of the Seller/Beneficiary herein. The Seller/Beneficiary shall pay or cause to be paid all payments due under any prior encumbrance when due and cause the same to be discharged in full on or before the date upon which the Purchaser/Trustor shall have discharged the deferred balance due hereunder.

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[Signature]

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