

FILED FOR RECORD AT
REQUEST OF:
PIONEER NATIONAL TITLE INSURANCE CO
2221 Riverside Drive, Mount Vernon WA

500 H-68996
1964
REAL ESTATE CONTRACT

8111020039

THIS CONTRACT, made and entered into this 26TH day of OCTOBER, 1981
between GERALD JONES AND FREIDA D. JONES, HUSBAND AND WIFE

hereinafter called the "seller," and GARY J. KAPPAHN AND JANE A. KAPPAHN, HUSBAND AND WIFE

hereinafter called the "purchaser,"

WITNESSETH: That the seller agrees to sell to the purchaser and the purchaser agrees to purchase from the seller the following described real estate, with the appurtenances, in SKAGIT County, State of Washington

TRACT 1, SHORT PLAT NO. 54-78, REVISED, LOCATED IN SECTION 8, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M., APPROVED JANUARY 11, 1979, AND RECORDED IN VOLUME 3 OF SHORT PLATS, PAGE 60, AUDITOR'S FILE NO. 894653, RECORDS OF SKAGIT COUNTY, WASHINGTON

The terms and conditions of this contract are as follows. The purchase price is TWO HUNDRED FIFTY-FIVE THOUSAND AND NO/100THS (\$ 255,000.00) Dollars, of which TWENTY THOUSAND AND NO/100THS (\$ 20,000.00) Dollars have been paid, the receipt whereof is hereby acknowledged, and the balance of said purchase price shall be paid as follows:

TWENTY THOUSAND AND NO/100THS (\$20,000.00) DOLLARS ON APRIL 1, 1982, AND FIFTEEN THOUSAND AND NO/100THS (15,000.00) DOLLARS UPON THE CLOSING OF THE SALE BY PURCHASER OF LOT 868, SHELTER BAY, SKAGIT COUNTY, WASHINGTON, OR ON OR BEFORE THREE YEARS FROM DATE OF CLOSING, WHICHEVER FIRST OCCURS.

SEE ATTACHED SCHEDULE "A" MADE A PART HEREOF BY REFERENCE FOR ADDITIONAL TERMS.

All payments to be made hereunder shall be made TO SELLERS AT P.O. BOX 532, BURLINGTON, WA. 98233 or at such other place as the seller may direct in writing. As referred to in this contract, "date of closing" shall be OCTOBER 31, 1981

(1) The purchaser assumes and agrees to pay before delinquency all taxes and assessments that may as between grantor and grantee hereafter become a lien on said real estate; and if by the terms of this contract the purchaser has assumed payment of any mortgage, contract or other encumbrance, or has assumed payment of or agreed to purchase subject to, any taxes or assessments now a lien on said real estate, the purchaser agrees to pay the same before delinquency.

(2) The purchaser agrees, until the purchase price is fully paid, to keep the buildings now and hereafter placed on said real estate insured to the actual cash value thereof against loss or damage by both fire and windstorm in a company acceptable to the seller and for the seller's benefit, as his interest may appear, and to pay all premiums therefor and to deliver all policies and renewals thereof to the seller

(3) 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.

(4) The purchaser assumes all hazards of damage to or destruction of any improvements now on said real estate or hereafter placed thereon, and of the taking of said real estate or any part thereof for public use; and agrees that no such damage, destruction or taking shall 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 elects 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. In case of damage or destruction from a peril insured against, the proceeds of such insurance remaining after payment of the reasonable expense of procuring the same shall be devoted to the restoration or rebuilding of such improvements within a reasonable time, unless purchaser elects that said proceeds shall be paid to the seller for application on the purchase price herein.

(5) The seller has delivered, or agrees to deliver within 15 days of the date of closing, a purchaser's policy of title insurance in standard form, or a commitment therefor, issued by PIONEER NATIONAL TITLE INSURANCE COMPANY, 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:

- Printed general exceptions appearing in said policy form;
- 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
- 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 (5) shall be deemed defects in seller's title

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3303
SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID
10-2-1981
Amount Paid \$ 2,550.00
Ruth Wylie, Co. Treas.
By [Signature] Deputy

'81 NOV -2 P3:51
RECORDED
REQUEST OF

(6) 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.

(7) The seller agrees, upon receiving full payment of the purchase price and interest in the manner above specified, to execute and deliver to purchaser a statutory warranty 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 following:

EASEMENT RECORDED UNDER AUDITOR'S FILE NO. 203675 AND STIPULATIONS DELINEATED ON THE FACE OF SHORT PLAT NUMBER 54-78 REVISED.

(8) Unless a different date is provided for herein, the purchaser shall be entitled to possession of said real estate on date of closing and to retain possession so long as purchaser is not in default hereunder. The purchaser covenants to keep the buildings and other improvements on said real estate in good repair and 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.

(9) In case the purchaser fails to make any payment herein provided or to maintain insurance, as herein required, the seller may make such payment or effect such insurance, and any amounts so paid by the seller, together with interest at the rate of 10% per annum thereon from date of payment until repaid, shall be repayable by purchaser on seller's demand, all without prejudice to any other right the seller might have by reason of such default.

(10) Time is 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 elect to declare all the purchaser's rights hereunder terminated, and upon his doing so, all payments made by the purchaser hereunder and all improvements placed upon the real estate shall be forfeited to the seller as liquidated damages, and the seller shall have right to re-enter and take possession of the real estate; and no waiver by the seller of any default on the part of the purchaser shall be construed as a waiver of any subsequent default.

Service upon purchaser of all demands, notices or other papers with respect to forfeiture and termination of purchaser's rights may be made by United States Mail, postage pre-paid, return receipt requested, directed to the purchaser at his address last known to the seller.

(11) Upon seller's election to bring suit to enforce any covenant of this contract, including suit to collect any payment required hereunder, the purchaser agrees to pay a reasonable sum as attorney's fees and all costs and expenses in connection with such suit, which sums shall be included in any judgment or decree entered in such suit.

If the seller shall bring suit to procure an adjudication of the termination of the purchaser's rights hereunder, and judgment is so entered, the purchaser agrees to pay a reasonable sum as attorney's fees and all costs and expenses in connection with such suit, and also the reasonable cost of searching records to determine the condition of title at the date such suit is commenced, which sums shall be included in any judgment or decree entered in such suit.

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

Gerald D. Jones (SEAL)
Freida D. Jones (SEAL)
[Signature] (SEAL)
[Signature] (SEAL)

STATE OF WASHINGTON, }
County of SKAGIT } ss

On this day personally appeared before me GERALD JONES AND FREIDA D. JONES

to me known to be the individualS described in and who executed the within and foregoing instrument, and acknowledged that
THEY signed the same as THEIR free and voluntary act and deed, for the uses and purposes
therein mentioned.

GIVEN under my hand and official seal this 28 day of October, 1981

[Signature]
Notary Public in and for the State of Washington,
residing at *Mont View*

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THIS SPACE RESERVED FOR RECOPDER'S USE



A TICOR COMPANY

Filed for Record at Request of

AFTER RECORDING MAIL TO:

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SCHEDULE "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN CONTRACT DATED OCTOBER 26, 1981 BETWEEN GERALD JONES AND FREIDA D. JONES, HUSBAND AND WIFE AS SELLER; AND GARY J. KAPPAHN AND JANE A. KAPPAHN, HUSBAND AND WIFE AS PURCHASER:

FURTHER THE PARTIES HERETO AGREE THAT THE REAL ESTATE WHICH IS THE SUBJECT OF THIS CONTRACT IS A COMMERCIAL PROPERTY, AT THE PRESENT TIME ONLY PARTIALLY TENANTED. SELLER AND PURCHASER AGREE TO COOPERATE FULLY AND WORK TOGETHER TOWARD SECURING FULL OCCUPANCY OF THE PREMISES WITH SATISFACTORY TENANTS. PENDING SECURING SUCH FULL TENANCY OF THE PREMISES, OR PENDING THE EXPIRATION OF SIX MONTHS FOLLOWING THE CLOSING DATE, WHICHEVER FIRST OCCURS, PURCHASER SHALL PAY TO SELLER THE SUM OF \$1,800.00 PER MONTH, SAID PAYMENTS TO COMMENCE NOVEMBER 15, 1981, WHICH MONTHLY PAYMENTS SHALL NOT BE APPLIED EITHER TO PRINCIPAL OR INTEREST; AND THE PARTIES AGREE THAT INTEREST WILL NOT COMMENCE TO RUN ON THE UNPAID BALANCE UNTIL THE DATE THAT SUCH FULL TENANCY IS SECURED, OR SIX MONTHS FROM DATE OF CLOSING, WHICHEVER FIRST OCCURS, AND THAT THE MONTHLY PAYMENTS THEREAFTER FALLING DUE SHALL BE IN THE FOLLOWING AMOUNTS: PRIOR TO THE PAYMENT OF THE ADDITIONAL \$20,000.00 LUMP SUM PAYMENT, THE SUM OF \$2,389.00 PER MONTH, OR MORE AT PURCHASER OPTION WITH WRITTEN CONSENT OF SELLER; FOLLOWING THE PAYMENT OF SAID \$20,000.00, THE SUM OF \$2,185.00 PER MONTH, OR MORE AT PURCHASERS OPTION WITH WRITTEN CONSENT OF SELLER; FOLLOWING THE PAYMENT OF THE \$15,000.00 LUMP SUM PAYMENT, THE SUM OF \$2,033.00 PER MONTH, OR MORE AT PURCHASERS OPTION WITH WRITTEN CONSENT OF SELLER, PROVIDED THAT THE ABOVE SCHEDULE IS PREDICATED UPON THE ASSUMPTION THAT THE SHELTER BAY PROPERTY WILL NOT BE SOLD UNTIL AFTER APRIL 1, 1982, AND IN THE EVENT SAID SALE IS CLOSED PRIOR TO SAID DATE, THE MONTHLY PAYMENT NEXT FALLING DUE AFTER APPLICATION OF THE \$15,000.00 PAYMENT SHALL BE REDUCED \$153.00 FROM THE FORMER EFFECTIVE RATE; AND PROVIDED FURTHER, THAT NOTWITHSTANDING ANY EARLIER CLOSING DATE OF THE SALE OF THE SHELTER BAY PROPERTY, PURCHASER SHALL NOT BE REQUIRED TO MAKE THE \$15,000.00 LUMP SUM PAYMENT UNTIL THE DATE THAT FULL TENANCY IS SECURED OR UNTIL SIX MONTHS FROM DATE OF CLOSING, WHICHEVER FIRST OCCURS. ALL MONTHLY PAYMENTS SHALL INCLUDE THE PAYMENT OF INTEREST COMPUTED ON THE DIMINSHING PRINCIPAL BALANCES, SAID INTEREST RATE TO BE 11-1/2%, WHICH INTEREST SHALL BE DEDUCTED FROM EACH INSTALLMENT PAYMENT AND THE BALANCE OF EACH PAYMENT APPLIED IN REDUCTION OF PRINCIPAL.

THE PURCHASER MAY NOT SELL OR ASSIGN ANY INTEREST IN THE REAL ESTATE OR PAY THIS CONTRACT IN EXCESS OF THE MONTHLY PAYMENTS AS STATED HEREIN, WITHOUT FIRST OBTAINING THE WRITTEN CONSENT OF THE SELLER; PROVIDED, SELLER AGREES THAT SUCH CONSENT WILL NOT BE UNREASONABLY WITHHELD AS TO ANY FINANCIALLY RESPONSIBLE ASSIGNEE OR PURCHASER.

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