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Kathy Hill, Skagit County Auditor

1/7/2000 Page 1 of 5 9:30:42AM

Name Industrial Credit Union
Address P.O. Box 1767
City, State, Zip Bellingham, WA 98227

FIRST AMERICAN TITLE CO.
ACCOMMODATION RECORDING ONLY
M 7171

REAL ESTATE CONTRACT
(RESIDENTIAL SHORT FORM)

TRANSNATION TITLE INSURANCE COMPANY



Reference # (If applicable):

Grantor(s) SELLER: Industrial Credit Union Additional on pg. _____

Grantee(s) BUYER: Richard (Hostley) Additional on pg. _____

Legal Description (abbreviated): Lots 21 and 22, "WHITE FALLS ESTATES"

Volume 8 of Plats, Page 75, Skagit County Additional legal(s) on page _____

Assessor's Tax Parcel ID# 4039 000 021 0002 AND 4039 000 022 0001

ANY OPTIONAL PROVISION NOT INITIALED BY ALL PERSONS SIGNING THIS CONTRACT - -
WHETHER INDIVIDUALLY OR AS AN OFFICER OR AGENT - - IS NOT A PART OF THIS
CONTRACT.

1. PARTIES AND DATE THIS CONTRACT IS ENTERED INTO ON Dec 30, 1999
between Industrial Credit Union of Whatcom County as "Seller" and
Richard Hostley, an unmarried individual as "Buyer".

2. SALE AND LEGAL DESCRIPTIONS. Seller agrees to sell to Buyer and Buyer agrees to purchase
from Seller the following described real estate in Skagit County, State of
Washington:

Lots 21 and 22, "WHITE FALLS ESTATES",
as per Plat recorded in Volume 8 of Plats,
Page 75, records of Skagit County, WA.
Situate in Skagit County, State of Washington.

3. PERSONAL PROPERTY. Personal property, if any included in the sale is as follows:
—none—

33312
SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
JAN 07 2000

No part of the purchase price is attributed to personal property.

4. (a) PRICE. Buyer agrees to pay:
\$ 8,100.00 Total Price
Less (\$ _____) Down Payment 0.00
Less (\$ _____) Assumed Obligation (s)
Results in \$ 8,100.00 Amount Financed by Seller.
Amount Paid \$ 12393
By OW Skagit Co. Treasurer Deputy

(b) ~~ASSUMED OBLIGATIONS. Buyer agrees to pay the above Assumed Obligation(s) by
assuming and agreeing to pay that certain _____ dated _____
recorded as AF# _____. Seller warrants the unpaid balance of said
obligation is \$ _____ which is payable \$ _____ on or
before the _____ day of _____, 19____ interest
at the rate of _____% per annum on the declining balance thereof; and a like
amount on or before the _____ day of each and every _____
thereafter until paid in full.~~

Note: Fill in the date in the following two lines only if there is an early cash out date.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE
IN FULL NOT LATER THAN _____, 19____.

ANY ADDITIONAL ASSUMED OBLIGATIONS ARE INCLUDED IN ADDENDUM.

12. **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. If real estate taxes and penalties are assessed against the property subsequent to date of this Contract because of a change in use prior to the date of this Contract for Open Space, Farm, Agricultural or Timber classifications approved by the County or because of a Senior Citizen's Declaration to Defer Property Taxes filed prior to the date of this Contract, Buyer may demand in writing payment of such taxes and penalties within 30 days. If payment is not made, Buyer may pay and deduct the amount thereof plus 5% penalty from the payments next becoming due Seller under the Contract.

13. **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 balances owed on obligations assumed by Buyer plus 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.

14. **NONPAYMENT OF TAXES, INSURANCE AND 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 items and Buyer shall forthwith pay Seller the amount thereof plus a late charge of 5% of the amount thereof plus any costs and attorney's fees incurred in connection with making such payment.

15. **CONDITION OF PROPERTY.** Buyer accepts the property in its present condition and acknowledges that Seller, his agents and subagents have made no representation or warranty concerning the physical condition of the property or the uses to which it may be put other than as set forth herein. Buyer agrees to maintain the property in such condition as complies with all applicable laws.

16. **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.

17. **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. Buyer shall not remove commercial timber without the written consent of Seller.

18. **AGRICULTURAL USE.** If this property is to be used principally for agricultural purposes, Buyer agrees to conduct farm and livestock operations in accordance with good husbandry practices. In the event a forfeiture action is instituted, Buyer consents to Seller's entry on the premises to take any reasonable action to conserve soil, crops, trees and livestock.

19. **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.

20. **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 cancelled; (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 the 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) **Acceleration of Balance Due.** Give Buyer written notice demanding payment of said delinquencies and payment of a late charge of 5% of the amount of such delinquent payments and payment of Seller's reasonable attorney's fees and costs incurred for services in preparing and sending such Notice and stating that if payment pursuant to said Notice is not received within thirty (30) days after the date said Notice is either deposited in the mail addressed to the Buyer or personally delivered to the Buyer, the entire balance owing, including interest, will become immediately due and payable. Seller may thereupon institute suit for payment of such balance, interest, late charge and reasonable attorney's fees and costs.

(e) **Judicial Foreclosure.** Sue to foreclose this contract as a mortgage, in which event Buyer may be liable for a deficiency.

21. **RECEIVER.** If Seller has instituted any proceedings specified in Paragraph 20 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.



22. BUYER'S REMEDY FOR SELLER'S DEFAULT. If Seller fails to observe or perform any term, covenant or condition of this Contract, Buyer may after 30 days' written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.

23. 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.

24. ATTORNEYS' 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 foreclosure proceedings arising out of this Contract shall be entitled to receive reasonable attorneys' fees and cost incurred in such suit or proceedings.

25. NOTICE. Notices shall be either personally served or shall be sent certified mail, return receipt requested and by regular first class mail to Buyer at P.O. Box 173, Rockport, WA 98283 and to seller at P.O. Box 1767, Bellingham, WA 98227

26. TIME FOR PERFORMANCE. Time is one of the essence in performance of any obligations pursuant to this Contract.

27. 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.

28. OPTIONAL PROVISION - - SUBSTITUTION AND SECURITY ON PERSONAL PROPERTY. Buyer may substitute for any personal property specified in paragraph 3 herein other personal property of like nature which Buyer owns free and clear of any encumbrances. Buyer hereby grants Seller a security interest in all personal property specified in Paragraph 3 and future substitutions for such property and agrees to execute a financing statement under the uniform Commercial Code reflecting such security interest.

29. OPTIONAL PROVISION - - 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.

30. OPTIONAL PROVISION - - DUE ON SALE. If Buyer, without written consent of Seller, (a) conveys, (b) sells, (c) leases, (d) assigns, (e) contracts to convey, sell, lease or assign, (f) grants an option to buy the property, (g) permits a foreclosure or trustee or sheriff's sale of any of the Buyer's interest in the property or this Contract, Seller may at any time thereafter raise the interest rate on the balance of the purchase price or declare the entire balance of the purchase price due and payable. If one or more of the entities comprising the Buyer is a corporation, any transfer or successive transfers in the nature of items(a) through (g) above of 49% or more of the outstanding capital stock shall enable Seller to take the above action. A lease of less than 3 years (including options for renewals), a transfer to a spouse or child of Buyer, a transfer incident to a marriage dissolution or condemnation, and a transfer by inheritance will not enable Seller to take any action pursuant to this Paragraph; provided the transferee other than a condemnor agrees in writing that the provisions of this paragraph apply to any subsequent transaction involving the property entered into by the transferee.

31. OPTIONAL PROVISION - - PRE-PAYMENT PENALTIES ON PRIOR ENCUMBRANCES. If Buyer elects to make payments in excess of the minimum required payments on the purchase price herein, and Seller, because of such prepayments, incurs prepayment penalties on prior encumbrances, Buyer agrees to forthwith pay Seller the amount of such penalties in addition to payments on the purchase price.

SELLER
INITIALS: _____
BUYER
INITIALS: _____

SELLER
INITIALS: RL
Industrial Credit Union
by [Signature]
W. Williams

BUYER
INITIALS: _____
Richard Hosley



~~32. OPTIONAL PROVISION -- PERIODIC PAYMENTS ON TAXES AND INSURANCE. In addition to the periodic payments on the purchase price, Buyer agrees to pay Seller such portion of the real estate taxes and assessments and fire insurance premium as will approximately total the amount due during the current year based on Seller's reasonable estimate.~~

~~The payments during the current year shall be \$ _____ per _____. Such "reserve" payments from Buyer shall not accrue interest. Seller shall pay when due all real estate taxes and insurance premiums, if any, and debit the amounts so paid to the reserve account. Buyer and Seller shall adjust the reserve account in April of each year to reflect excess or deficit balances and changed costs. Buyer agrees to bring the reserve account balance to a minimum of \$10 at the time of adjustment.~~

~~SELLER INITIALS: BUYER~~

33. ADDENDA. Any addenda attached hereto are a part of this Contract.
34. ENTIRE AGREEMENT. This Contract constitutes the entire agreement of the parties and supercedes all prior agreements and understandings, written or oral. This Contract may be amended only in writing executed by Seller and Buyer.

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

SELLER BUYER
Industrial Credit Richard Hosley
Union of Whatcom County Richard Hosley
by Bob Comley
V.P. Lending

35. ADDITIONAL SECURITY. In consideration of seller financing the entire purchase price without a down payment from Buyer, Buyer hereby pledges a 1984 Prowler fifth wheel, VIN# 1EC5F3521E2339677 as addition security to this contract.

STATE OF WASHINGTON }
COUNTY OF Whatcom } ss.
I certify that I know or have satisfactory evidence that Richard Hosley is the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in the instrument.
Dated: 12/30/99
Signature: [Signature]
Title: Notary
My appointment expires: 2/19/03

STATE OF WASHINGTON }
COUNTY OF Whatcom } ss.
I certify that I know or have satisfactory evidence that Bob Comley of Industrial Credit Union is the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was (were) authorized to execute the instrument and acknowledged it as the Vice President of No to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.
Dated: 12/30/99
Signature: [Signature]
Title: Notary
My appointment expires: 2/19/99

UNOFFICIAL DOCUMENT

