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Skagit County Auditor

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REAL ESTATE CONTRACT

ISLAND TITLE COMPANY
A21155V

PT# NE 35-35-1
350135-1-006-010B

THIS CONTRACT is made and entered into between GARY W. ROVETTO and KATY L. ROVETTO, husband and wife, and RONALD B. ROVETTO, a single man (hereinafter collectively called "Seller"), and WILLIAM D. COLEBURN and DENISE L. COLEBURN, husband and wife (hereinafter collectively called "Purchaser").

WITNESSETH: That Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Seller real estate with appurtenances in Skagit County, Washington and legally described as set forth on Exhibit A which is attached hereto and incorporated by reference herein. Said sale shall be upon the following terms and condition:

A. Price, Payment and Closing Date.

1. **Price and Payment Terms.** The purchase price is \$300,000, payable as follows:

(a) The down payment shall be the \$10,000 earnest money deposit previously placed with the closing agent.

(b) A \$10,000 balloon payment will be made on or before February 15, 2002, which is 90 days from the closing date.

(c) The balance of \$280,000 shall bear interest at the rate of 8% per annum starting May 15, 2002, which is six (6) months from the closing date.

(d) Monthly payments on the contract will commence on May 15, 2002 in the amount of \$2054.54 or more per month.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

#44028

NOV 28 2001

Amount Paid \$ 4590⁰⁰
Skagit Co. Treasurer
By Deputy

(e) A balloon payment of \$100,000 shall be made on or before November 15, 2006. Assuming that the monthly payments have been made in a timely manner at the rate stated above, the principal balance and accrued interest at the time of said payment should be \$ _____. After the \$100,000 payment, the balance owing as of the date will be \$ _____.

(f) Commencing December 15, 2006, the monthly payments shall be \$1280.56 or more per month.

(g) On or before November 15, 2011, the remaining principal balance and accrued interest shall be paid in full.

(h) All payments hereunder shall be made to the Seller's account at SKAGIT STATE BANK 3661073340, or at such other place as Seller may direct in writing.

2. **Date of Closing.** Unless the parties otherwise agree in writing, the date of closing for the purposes of this contract shall be November 15, 2001.

B. **Taxes and Assessments.** The real property taxes shall be prorated as of the date of closing and Purchaser assumes and agrees to pay all real property taxes, and assessments if applicable, on or before their due date.

C. **Insurance.** 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 wind storm 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 a copy of all policies and renewals thereof to the Seller. This clause shall not apply to the buildings that may be removed by Purchaser as provided for below.

D. **Inspection.** 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. Purchaser assumes any and all responsibility for the negotiation of easements proposed by Kevin Welch and/or any other neighboring property owner.

E. **Assumption of Hazards.** The Purchaser assumes all hazards of damage to or destruction of any improvement now on



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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 expenses 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.

F. Title Insurance. Seller agrees after closing to provide Purchaser with a Purchaser's Policy of Title Insurance in standard form insuring the Purchaser to the full amount of said purchase price against loss or damage by reason of defect in the Seller's title to said real estate as of the date of closing and containing no exceptions other than the following:

1. Printed general exceptions appearing in said policy form.
2. Liens or encumbrances by which the terms of this contract the Purchaser is to assume or as to which the conveyance hereunder is to be made subject.

G. Fulfillment Deed. Seller agrees, upon receipt of full payment of the purchase price and interest in the manner above specified, and when all other terms, conditions, and covenants of this contract have been met, to convey the above described real property to Purchaser by Statutory Warranty Deed, excepting any part thereof which may hereafter be taken for public use, free and clear of encumbrances except those which may attach after the date hereof through any person other than the Seller or Seller's successors and assigns.

H. Possession, Repair, and Changes. 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 foregoing notwithstanding, Purchaser may remove structures that are considered not to be an improvement to the property and shall remove all



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garbage (i.e.: bottles, cans, useless building materials, etc.). The garden located on the property shall be considered an improvement and not be removed without prior approval by Seller. Within 12 months from the date of closing, Purchaser agrees to put in a septic system, bring in electrical power, and improve the water system so the drinking water is "potable". All of the foregoing shall be accomplished in accordance with local and county ordinances and according to any applicable code. Purchaser agrees they will cut no marketable timber with the exception of timber clearing required for roads and a building site and as required for safety to buildings or the buildings inhabitants. In no event shall the marketable timber cut be more than 10% of the marketable timber on the subject property at the time of closing.

I. Failure to Pay Insurance or Other Charges. 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 12 percent per annum thereon from the 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.

J. Transfer of Purchaser's Interest. If the Purchaser's title to the property or any portion thereof is conveyed to any person without the written consent of Seller, the Seller may, at Seller's option, declare the entire remaining balance of the purchase price and all accrued and unpaid interest thereon immediately due and payable. The foregoing notwithstanding Seller agrees that if Purchaser negotiates a sale of a portion of said property Seller will negotiate in good faith to give a deed release provided that:

1. That any and all costs connected with said subdivision are born by Purchaser.

2. That said subdivision will be a legal subdivision and that the property to be retained by Purchaser that is subject to Seller's security interest will be in accord with the zoning laws of Skagit County, Washington.

3. That at the time of said deed release, Purchaser will pay an additional 50% of the then remaining principal balance owing on the contract.

K. Purchaser's Default. The Purchaser shall be in default under this contract if it:



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1. Fails to observe or perform any term, covenant, or condition herein set forth or those of any prior encumbrances, or
2. Fails or neglects to make any payment of principal or interest or any other amount required to be discharged by the Purchaser precisely when obligated to do so, or
3. Becomes or is declared insolvent or makes an assignment for the benefit of creditors, or files any debtor's petition or any petition is filed against it under any bankruptcy, wage earner's plan, reorganization or similar act, or
4. Permits the property or any part thereof or its interest therein to be attached or in any manner restrained or impounded by process of any court, or
5. Abandons the property for more than 30 consecutive days (unless the property is otherwise occupied), or
6. Conveys the property or a portion thereof without any prior written consent required herein of the Seller.

L. Seller's Remedies. In the event the Purchaser is in default under this contract, the Seller may, at their election, take the following courses of action:

1. **Suit for Delinquencies.** The Seller may institute suit for any installment amounts or other sums due and payable under this contract as of the date of the judgment and any sums which have been advanced by Seller as of said date pursuant to the provisions of this contract, together with interest on all of said amounts at the default rate from the date each such amount was advanced or due, as the case may be, to and including the date of collection;
2. **Acceleration.** Upon giving the Purchaser not less than 15 days written notice of its intent to do so (within which time any monetary default may be cured without regard to the acceleration), and if the default is in the nature of a failure to timely pay any principal, interest, insurance premium, tax, or other sum of money required to be paid herein or any failure to obtain any consent of the Seller herein required for a conveyance of the Purchaser's title to the property, or if the Purchaser commits waste on the property, the Seller may declare the entire unpaid balance of the purchase price and all interest then due thereon and the prepayment premium to be immediately due and payable and institute suit to collect such amounts, together with interest on all of said sums at the default rate from the due date or date of each such advance to and including the date of collection;



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3. **Forfeiture and Repossession.** The Seller may cancel and render void all rights, titles, and interests of the Purchaser and its successors in this contract and in the property (including all of the Purchaser's then existing rights, interests, and estates therein and timber, crops, and improvements thereon) by giving a Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default therein specified has not been fully cured within 90 days thereafter and the Seller records a Declaration of Forfeiture pursuant to RCW 61.30.040-070. Upon the forfeiture of this contract, the Seller may retain all payments made hereunder by the Purchaser and may take possession of the property 10 days following the date this contract is forfeited and summarily eject the Purchaser and any person or persons having possession of said property by, through, or under the Purchaser who was properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. In the event the Purchaser or any person or persons claiming by, through, or under the Purchaser who was properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than 10 days after such forfeiture, the Purchaser, or such person or persons, shall be entitled to institute an action for summary possession of the property, and may recover from the Purchaser or such person or persons in any such proceedings the fair rental value of the property for the use thereof from and after the date of forfeiture, plus costs, including the Seller's reasonable attorney's fees.

4. **Specific Performance.** The Seller may institute suit to specifically enforce any of the Purchaser's covenants here-under, and the same may include redress by mandatory or prohibitive injunction;

5. **Property Rental.** In the event this contract is forfeited as herein provided or in any other manner permitted by law, or by mutual agreement of the Purchaser and the Seller, and the Purchaser shall thereafter remain in possession of the property beyond any period otherwise permitted by law, the Purchaser agrees that it will occupy the property as a tenant at will, and the Purchaser shall be obligated to pay, and hereby promises to pay during the period of such tenancy at will, a fair market rental in the amount then agreed to by the parties or, in the absence of such agreement or until such agreement is reached, an amount equal to two times the installment amount as and when provided for in the specific terms hereof, and the Seller shall have, in addition to all other remedies for the collection of rentals and the recovery of possession that are available to landlords under the laws of the State of Washington, the right to institute and maintain an action for summary possession of the property as provided by law.



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M. Purchaser's Remedies. In the event the Seller should default in any of its obligations under this contract and such default continues for 15 days after the Purchaser gives the Seller written notice specifying the nature thereof and the acts required to cure the same, the Purchaser shall have the right to specifically enforce this contract, institute suit for its damages caused by such default, or pursue any other remedy which may be available to the Purchaser at law or in equity.

N. Cumulative Remedies, Waivers. The remedies stated herein are cumulative and not mutually exclusive and the Seller or the Purchaser may pursue any other or further remedies to enforce their respective rights under this contract.

O. Costs and Attorney's Fees. If either party shall be in default under this contract, the non-defaulting party shall have the right, at the defaulting party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce its rights under this contract. The defaulting party hereby promises to pay all costs, expenses, and attorney's fees so incurred by the non-defaulting party, and the failure of the defaulting party to promptly pay the same shall in itself constitute a further and additional default.

P. Time of Performance. Time is specifically declared to be of the essence of this contract and of all acts required to be done and performed by the parties hereto.

DATED:

11/23/01

Gary W. Rovetto
GARY W. ROVETTO, Seller

DATED:

11/23/01

Katy L. Rovetto
KATY L. ROVETTO, Seller

DATED:

11-26-01

Ronald B. Rovetto
RONALD B. ROVETTO, Seller

DATED:

11-27-01

W. Dave Coleburn
W. DAVE COLEBURN

DATED:

11-27-01

Denise Coleburn
DENISE COLEBURN



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TERRITORY OF GUAM)
) ss

I certify that I know or have satisfactory evidence that GARY W. ROVETTO and KATY L. ROVETTO signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: Nov. 23, 2001



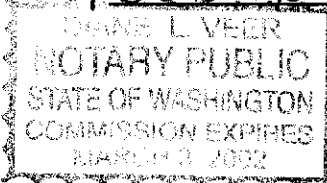
Patricia J. Castro
Notary Public in and for the Territory of Guam, residing at 509 San Vitores Rd., Tamuning, Guam.
My appointment expires: PATRICIA J. CASTRO 30, 2003.

PATRICIA J. CASTRO
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: Mar. 30, 2003
P.O. Box 12096, Tamuning, Guam 96931

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that RONALD B. ROVETTO signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: Nov. 26, 2001

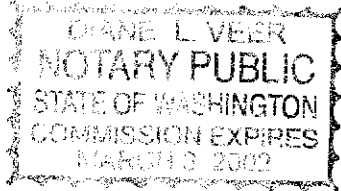


Dwayne L. Veer
Notary Public in and for the State of Washington, residing at Sharon St.
My appointment expires: 3-3-02.

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that W. DAVE COLEBURN and DENISE COLEBURN signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: Nov. 27, 2001



Dwayne L. Veer
Notary Public in and for the State of Washington, residing at Sharon St.
My appointment expires: 3-3-02.



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EXHIBIT A

PARCEL A:

The North Half of the Northwest Quarter of the Northeast Quarter of Section 35, Township 35 North, Range 1 East of the Willamette Meridian, Skagit County, Washington;

PARCEL B:

TOGETHER with a non-exclusive easement for ingress, egress and road and utility purposes over the following described parcels:

1. The South 20 feet and the East 30 feet of the North Half of the South Half of the Northwest Quarter of the Northeast Quarter of Section 35, Township 35 North, Range 1 East of the Willamette Meridian;
2. The North 20 feet and the East 40 feet of the South Half of the South Half of the Northwest Quarter of the Northeast Quarter of Section 35, Township 35 North, Range 1 East of the Willamette Meridian;
EXCEPT the East 20 feet thereof;
3. The South 40 feet of the South Half of the South Half of the Northeast Quarter of the Northeast Quarter of Section 35, Township 35 North, Range 1 East of the Willamette Meridian;
EXCEPT any portion thereof lying within the County Road;

PARCEL C:

TOGETHER WITH a non-exclusive easement for road, travel and utility purposes over the following described parcel:

A 30-foot wide strip in the North Half of the South Half of the Northwest Quarter of the Northeast Quarter of Section 35, Township 35 North, Range 1 East of the Willamette Meridian, being 15 feet on each side of the following described centerline:

Beginning at a point 15 feet West of the Northeast corner of said North Half;
thence South parallel to the East line of said North Half to a point 15 feet North of the South line of said North Half;
thence West parallel to said South line for a distance of 320 feet;
thence North parallel to the East line of said North Half to a point on the North line of said North Half;

Situated in Skagit County, Washington.



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