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Skagit County Auditor

1/11/2006 Page

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Return Address:

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Document Title(s) (or transactions contained therein):

Tenancy in Common Agreement

Reference Number(s) of Document assigned or released: n/a

Grantor(s) (Last name first, then first name and initial(s)):

Linnemann, Mark D.
Diamond, Jaime A.

Grantee(s) (Last name first, then first name and initial(s)):

Linnemann, Mark D.
Diamond, Jaime A.

Legal Description (abbreviated: i.e., lot, block, plat or section, township, range):

Blocks 11, 12, 14, 15 and 16, Wood's Plat of North Anacortes

Full legal is on page 8 of document.

Assessor's Property Tax Parcel/Account Number(s):

3846-011-000-0009, P60868, 3846-012-000-0007, P60869, 3846-014-000-0003,
P60871

TENANCY IN COMMON AGREEMENT

This Tenancy in Common Agreement is dated as of this 20th day of DECEMBER, 2005, by and between MARK D. LINNEMANN and JAIME A. DIAMOND (collectively, the "Tenants").

RECITALS

A. Tenants own as tenants in common an undivided interest in certain real property located in Skagit County, Washington which is legally described in Exhibit A attached hereto and incorporated herein (the "Property").

B. Tenants wish to provide for the ownership and management of the Property and to restrict the right of each of them unilaterally to sell or otherwise transfer his or her interest in the Property as set forth below.

NOW, THEREFORE, the parties mutually agree as follows:

1. Definitions. The following definitions shall apply throughout this Agreement:

1.1 "Restricted Transfers" shall be deemed to have occurred whenever a Tenant (i) files a Petition for Relief under the United States Bankruptcy Code, (ii) makes an assignment of Tenant's interest for the benefit of creditors, (iii) becomes insolvent, (iv) subjects Tenant's interest to a judicial or non-judicial foreclosure sale, or (v) permits an interest to be transferred by Will or intestacy to any party other than those specified in Section 8.

1.2 "Property" shall mean all or any part of the land legally described in the attached Exhibit A, including all improvements, attached fixtures, and all rights and privileges in any way connected with the same, now or hereafter owned, held, or otherwise accruing to the benefit of Tenants.

1.3 "Proportionate Interest" shall mean the percentage undivided ownership interest in the Property of each Tenant as stated in Section 2.

1.4 "Tenant" shall mean the signatories to this document and any person or entity claiming by, under, or through any signatory.



1.5 "Extraordinary Actions" shall mean any of the following acts:

(a) The voluntary sale, lease, mortgage, pledge, or other encumbrance of the Property or conveyance of any legal or beneficial interest by a Tenant, whether inter vivos or otherwise, or entry into any contract or execution of any document or instrument purporting to bind a Tenant to do any of the foregoing.

(b) Make any capital improvement of or to the Property costing in excess of Five Thousand Dollars (\$5,000.00).

(c) Perform any maintenance of the Property costing in excess of Five Thousand Dollars (\$5,000.00), whether in a single transaction or a series of related transactions.

(d) Hire or otherwise contract for the services of a property manager, terminate such services, or fix the compensation of a property manager.

1.6 "Routine Management" shall mean all acts taken by a Tenant with respect to the operation, management, or other dealing with the Property other than Extraordinary Actions.

2. Tenants in Common; Proportionate Interests.

2.1 Interests. Tenants are tenants in common with respect to all right, title and interest in the Property, and each Tenant shall have an undivided one-half (1/2) interest in the Property.

2.2 Partition. No Tenant shall allow or cause the Property to be partitioned voluntarily or involuntarily, including by operation of law, for so long as this Agreement is in effect. No Tenant shall commence any action for partition of the Property pursuant to RCW 7.52 or any other law, or suffer or allow the commencement of any action for partition of the Property pursuant to RCW 7.52 or any other law. In no event shall the separation or dissolution of a marital community serve as the basis for a partition of the Property.

3. Routine Management Authority. Each Tenant shall have the power to undertake actions and to bind Tenants with respect to expenses incurred or actions taken in connection with the Routine Management of the Property.



4. Extraordinary Actions. No Extraordinary Action shall be taken without the prior written consent of Tenants, except as otherwise expressly provided herein.

5. Income, Losses and Expenses. Tenants shall share in the income or losses of the Property in proportion to their Proportionate Interest. Tenants shall each pay in proportion to his or her Proportionate Interest in the Property all costs and expenses in connection with any Routine Management and approved Extraordinary Action relating to the Property, including, but not limited to, taxes, assessments, insurance, maintenance, repairs, capital improvements, and professional services.

If the Property is damaged or destroyed by fire or other natural disaster, any proceeds of insurance shall be shared by Tenants in proportion to their Proportionate Interest, and Tenants agree to use all such insurance proceeds to repair or rebuild the Property, if practicable.

6. Property Manager. Tenants may retain a professional property manager to manage the Property. The property manager shall keep the books and records of the Property and shall manage the Property for the benefit of Tenants in accordance with their instructions. The financial accounts of the Property shall be kept on a monthly basis. The property manager shall issue an account of receipts and disbursements related to the Property as requested by Tenants.

7. Compensation of Tenants. No Tenant shall receive a salary or compensation for providing services to the Property without the prior written consent of Tenants.

8. Restrictions on Sales and Transfers. Neither Tenant shall sell or otherwise transfer all or any part of his or her interest in the Property without the prior written consent of the other Tenant, which consent may not be unreasonably withheld. Consent shall not be required to transfer a Tenant's interest to or in trust for the benefit of a sibling, a parent, a spouse, or a lineal descendant of a Tenant. However, any sale or transfer is conditioned upon the purchaser's or transferee's execution of a tenancy in common agreement with similar terms and conditions to this Agreement.

9. Right of First Refusal. If a Tenant desires to sell his or her interest in the Property or any portion thereof, such Tenant shall notify the other Tenant in writing, and shall state in the notice the price and terms of the proposed sale. The other Tenant shall then have an option for a period of thirty (30) days after receipt of such notice to purchase the interest so offered on a proportionate basis if



more than one Tenant wishes to purchase for a price and on the terms stated in the notice. If the option is not exercised within the thirty (30) day period, the selling Tenant shall then have the right for a period of sixty (60) days to sell the offered interest on terms not more favorable to the purchaser than those specified in the notice.

10. Restricted Transfer; Death or Dissolution. If a Restricted Transfer occurs with respect to a Tenant's Proportionate Interest, each Tenant shall have an exclusive option to purchase such Tenant's Proportionate Interest based upon his or her proportionate interest if more than one Tenant wishes to make the purchase.

10.1 Procedure. Such option shall be exercised by delivering written notice of an intention to exercise the option to Tenants and to the transferee of the restricted interest. The option must be exercised within thirty (30) days after receipt of a notice of a Restricted Transfer.

10.2 Price. The purchase price for the optioned interest shall be the fair market value of the Tenant's interest in the Property at the time of the Restricted Transfer. "Fair Market Value" shall be as Tenants agree, or if Tenants are unable to agree, shall be determined by appraisal as follows. If Tenants are unable to agree upon the fair market value of the Property within ten (10) days after receipt of the notice of the Restricted Transfer, they shall promptly select an appraiser. If Tenants are unable to agree upon the selection of an appraiser within fifteen (15) days after receipt of the demand, each Tenant shall appoint one appraiser and the appraisers shall select a third appraiser who shall determine the value of the Property. The determination of the value of the Property by the appraiser so selected shall be final and binding upon the parties.

11. Term. This Agreement shall continue in full force and effect until terminated in writing by Tenants.

12. Agreement to Sell Property. Tenants agree to sell all their interest in the Property upon the fourth (4th) anniversary of the execution of this Agreement, or earlier, if Tenants mutually agree in writing. Tenants shall list the Property with a licensed real estate agent. The sales price of the Property shall be determined by the process set forth in Subsection 10.2.

14. Notices. All notices required to be delivered shall be in writing and shall be deemed to have been duly given if delivered personally or sent by certified or registered mail, postage prepaid, to a Tenant's last known address.



15. Amendments. This Agreement may be amended or modified only by a written instrument executed by Tenants.

16. Sole Agreement. This Agreement supersedes any and all prior agreements of Tenants relating to the Property. This Agreement constitutes the sole and entire agreement of Tenants with respect to the Property.

17. Successors. This Agreement shall be binding upon Tenants and their heirs, executors, administrators, purchasers, successors and assigns.

18. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Washington.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the year and date first written above.



Mark D. Linnemann



Jaime A. Diamond

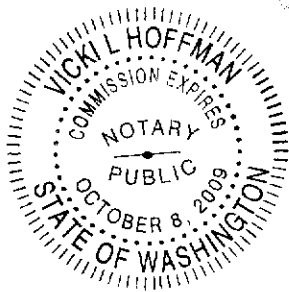


STATE OF WASHINGTON)

) ss.
COUNTY OF SKAGIT)

On this 20th day of DECEMBER, 2005, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MARK D. LINNEMANN, to me known to be the individual who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER my hand and official seal hereto affixed the day and year in this certificate first above written.



Vicki L Hoffman
(Signature of Notary)

VICKI L. HOFFMAN
(Print or stamp name of Notary)

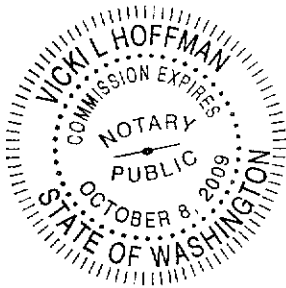
NOTARY PUBLIC in and for the State of Washington, residing at ANACORTES.
My appointment expires: 10-8-09.



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 20th day of DECEMBER, 2005, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JAIME A. DIAMOND, to me known to be the individual who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER my hand and official seal hereto affixed the day and year in this certificate first above written.



Vicki L. Hoffman
(Signature of Notary)

VICKI L. HOFFMAN
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at ANADORTES.
My appointment expires: 10-8-09.



EXHIBIT A

Legal Description

South Legal:

The combined total of the following described Parcels "X" and "Y" EXCEPT the North 10 acres thereof, the South line of said North 10 acres being measured parallel with the South line of the following described Parcel "X":

Parcel "X":

Blocks 11, 12, 14, 15 and 16 of "WOOD'S PLAT OF NORTH ANACORTES" as per plat recorded in Volume 2 of Plats, Page 37, records of Skagit County, Washington, TOGETHER WITH those vacated portions of Montesano, Dayton, Colfax and Snohomish Streets and Seattle and Tacoma Avenues that have reverted thereto by operation of law, EXCEPT county road rights-of-way and oil, gases, coal, ores, minerals and fossils of every kind or description which may be in or upon said land described herein

Parcel "Y":

The South 7 feet of the following described tract, as measured parallel with the South line of the following described tract:

Blocks 18 and 20 of "WOOD'S PLAT OF NORTH ANACORTES" as per plat recorded in Volume 2 of Plats, Page 37, records of Skagit County, Washington, TOGETHER WITH those vacated portions of Centralia and Snohomish Streets and Seattle and Tacoma Avenues that have reverted thereto by operation of law, EXCEPT county road rights-of-way and oil, gases, coal, ores, minerals and fossils of every kind or description which may be in or upon said land described herein.

Subject to matter of record.

