



201704130037

When recorded return to:

Daniel & Valora Sandstrom, Members
Sandstrom Property Holdings LLC
3701 Bullock Court
Anacortes, WA 98221

Skagit County Auditor

\$85.00

4/13/2017 Page

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13 11:23AM

REAL ESTATE CONTRACT

I. SPECIFIC TERMS

A. PARTIES, PROPERTY, AND PURCHASE PRICE

Effective Date: April 1, 2017

Seller: SANDSTROM PROPERTY HOLDINGS LLC, a Washington LLC

Seller's Address: 3701 Bullock Court, Anacortes, WA 98221

Purchaser: JAMES ANDERSON MITCHELL, a single person

Purchaser's Address: 15270 Gibraltar Rd., Anacortes, WA 98221

Real Property Legal Description: Lot 13, Block 87, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, Pages 4-7, inclusive, in Skagit County, Washington.

Tax Parcel Number(s): Personal P55511/3772-087-013-0051

Property: ALL PERSONAL PROPERTY ON PREMISES

Title to be Conveyed: FEE SIMPLE

Form of Deed: FULFILLMENT DEED AND BILL OF SALE

Down Payment Upon Signing: \$22,000

Purchaser to Pay to Seller After Signing: \$170,000

TOTAL PURCHASE PRICE: \$192,000

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

2017/480

APR 13 2017

Amount Paid \$ 3,422.60
Skagit Co. Treasurer
By *MAM* Deputy

B. TERMS OF DEFERRED AMOUNT TO BE PAID TO SELLER

Interest Rate: 3.5% (percent) per annum
Interest Beginning Date: April 1, 2017
Installment Periods: Monthly
First Installment Date: April 1, 2017
Installment Amounts: \$763.38 (taxes, insurance, utilities and all other obligations are to be paid in addition to this amount)
Final Payment Date: March 1, 2027
Default Rate: 10% (percent) per annum
Late Charge: \$50
Address to Which Installment Amounts are to be Sent: 3701 Bullock Court, Anacortes, WA 98221

II. GENERAL TERMS

- 1. AGREEMENT OF SALE.** The Seller agrees to sell and the Purchaser agrees to purchase all that certain Real Property and Personal Property (collectively the "Property") described in this contract and all of the Seller's improvements, fixtures, and timber located on the Property, subject to any rights, titles, estates, leases, encumbrances, and other interests suffered or created by the Purchaser, all for the considerations and subject to the terms, covenants, and conditions herein contained.
- 2. PURCHASE PRICE.** The Purchaser agrees to pay the Purchase Price to the order of the Seller in the manner set forth in the Specific Terms. The deferred portion of the Purchase Price which the Purchaser is to pay to the Seller shall be paid in the Installment Amounts, commencing on the First Installment Date and continuing on the same day of each Installment Period thereafter until the Final Payment Date, at which time all outstanding principal, together with accrued and unpaid interest thereon, shall be due and payable.

Each payment of the Installment Amounts shall be first applied against the costs, expenses, and late charges for which the Purchaser is then liable, secondly against interest, and thirdly against the principal then due to the Seller. Interest shall commence on the date set forth in Specific Terms under Paragraph I(B), and continue to accrue until the Seller receives all of the principal, and any sums not paid within 15 days after their respective due dates shall bear the Late Charge set forth in the Specific Terms.

At any time during the term of this contract, the Seller or the Purchaser shall have the right to require that all subsequent payments of Installment Amounts and sums for any tax or insurance reserve accounts be made through an escrow or collection account, the costs of which shall be borne by the requesting party unless otherwise agreed.

- 3. PRIOR ENCUMBRANCES.** To the Seller's best knowledge, the Property has no prior encumbrances.
- 4. PREPAYMENTS.** The Purchaser may prepay the entire amount remaining due hereunder when that portion of the prepayment which is due to the Seller is accompanied by all interest then due to the Seller.

- 5. RETENTION OF TITLE AND SECURITY.** Except as otherwise provided in this Contract, the Seller's title to the Property and any substitutions hereof shall remain in the Seller until the Purchaser receives delivery of the Seller's deed. In addition, the Purchaser hereby grants to the Seller a security interest in all condemnation awards and insurance proceeds relating to the Property and all of the rights, titles, and interests in the Personal Property conveyed by this contract and subsequently acquired by Purchaser in substitution as security for the performance of the Purchaser's obligations, and the Purchaser hereby assigns to the Seller all rents and security deposits derived from or relating to the Property and, except for the initial partial month's and last month's rent, covenants not to collect any rents which are attributable to more than one month of the unexpired lease term.

The Purchaser agrees to deliver to the Seller such further assurances and UCC financing statements and statements of continuation which the Seller requests to further evidence, perfect, or confirm its rights under this agreement. The Purchaser agrees with the Seller that it shall comply with the terms of all leases of the Property, if any, and shall, upon written request, promptly notify the Seller of any alleged defaults therein by the Purchaser or any tenant.

After all sums evidenced by this contract due to the Seller have been paid, the Seller shall deliver its fulfillment deed and bill of sale to the Purchaser. In the event any escrow account is established for this contract, the deed and bill of sale shall be executed and placed with the escrow agent promptly following the opening of the escrow account with instructions to deliver them to the Purchaser at the appropriate time.

- 6. POSSESSION.** From and after the date of this Contract, the Purchaser may enter upon and take possession of the Property and, irrespective of the assignments and security interests granted in this Contract, enjoy the use, rents, issues, and profits thereof so long as such rights have not been affected by the exercise of any remedy of the Seller.
- 7. TAXES AND ASSESSMENTS.** In addition to the payments provided for in this Contract, and except as otherwise discharged through any reserve account, the Purchaser shall pay before delinquency all real and personal property taxes, all general and special assessments, and all other charges of whatsoever kind or nature levied or assessed by any lawful authority upon or against the Property or the use of the Property to the extent the same or any installments are attributable to the period following the date of this Contract. The prorated portion of such taxes, assessments, and charges which are attributable to any period prior to the date of this Contract, excluding taxes for such period assessed because of the reclassification of the use of the Property by the Purchaser, shall be paid before delinquency by the Seller. Such periods shall be determined by reference to the year in which the taxes, assessments, and charges are required to be paid.

If the Purchaser fails to so pay Real Property taxes or assessments and such failure is not rectified within 15 days following Seller's written demand to do so, and if such failure occurs two or more times during the term of this Contract, the Seller may, for the remaining term of this Contract, require the Purchaser to deposit with each Installment Amount an amount reasonably estimated by the Seller to be necessary to discharge the Real Property taxes and assessments next due, such estimates to be adjusted by the Seller to reflect the actual amount of such liabilities each time the Real Property is reassessed and a copy of such reassessment is given to the Seller. The amounts so paid which have not been applied against such liabilities shall be returned to the Purchaser with the delivery of the Seller's deed to the Purchaser. The Seller shall not be liable for interest on such deposits. If not retained in an escrow or collection account, these funds shall be maintained by the Seller in a segregated account and expended for no other purpose, with interest earned thereon, if any, being added to the sums so held; provided, however, this account may be commingled with any insurance reserve account under this Contract.

Either party shall have the right to contest in good faith any tax or assessment which is levied against the Property so long as the Property is not threatened with any tax forfeiture or sale as the result of such contest. So long as such contest is pursued in good faith, the nonpayment of the amounts in dispute shall not constitute a default under this Contract or afford the Seller the right to require tax reserve payments.

8. INDEMNIFICATION AND INSURANCE. The Purchaser shall indemnify and hold the Seller harmless for any losses, damages, costs, claims, and liabilities, including attorney's fees, caused by any negligent, reckless or intentional act of, or negligent or reckless failure to act by the Purchaser, or any of its agents, servants, employees, independent contractors, invitees, or licensees on, about, or with respect to the Property, and for any breach of this contract by the Purchaser or any of such persons, and this covenant of indemnification shall survive the delivery of the Seller's deed to the Purchaser.

The Purchaser shall, at its own cost and expense, keep the improvements on the Property insured against loss or damage by fire, windstorm, and all other casualties covered by "all risk" endorsements available in the state of Washington and with such additional coverages or endorsements as the Seller may reasonably require from time to time.

Damage to or destruction of the Property in whole or in part shall not constitute a failure of consideration or provide a basis for the rescission of this Contract, nor shall such circumstances relieve the Purchaser of its obligation to pay the remaining Installment Amounts when due.

In the event of any failure of the Purchaser to obtain or pay timely any premiums for any insurance required by this paragraph, and if such failure is not rectified within any required notice period for remedial advances under this Contract, the Seller may require the Purchaser to deposit with each Installment Amount an amount reasonably estimated by the Seller to be necessary to discharge the next ensuing premiums for the policies, such estimates to be adjusted by the Seller upon receipt of the premium invoices to reflect the actual amount of such liabilities.

The payments so made which have not been applied against such liabilities shall be returned to the Purchaser with the delivery of the Seller's deed to the Purchaser. The Seller shall not be liable for interest on these deposits.

9. UTILITIES. The Purchaser shall pay for the cost of all electric, power, gas, sewer, water, telephone, cable television, refuse disposal service, and any and all other utilities furnished to or used or consumed in, on, or about the Property by the Purchaser or by any person following the date of this contract, and Purchaser shall contract for the same solely in its own name. Any such services used prior to the date of this Contract by any person other than the Purchaser shall be the responsibility of the Seller.

10. CONDITION OF PROPERTY. Except as may be otherwise provided in any written agreement between the parties which is intended to survive the execution of this Contract, the Purchaser accepts the Property in the condition existing on the date of this contract and confirms that neither the Seller nor any agent or representative of the Seller has given or made any warranty or representation whatsoever concerning the physical condition of the Property or the uses or purposes to which the same may be placed.

11. RISK OF LOSS. The Purchaser shall bear the risk of loss for the complete or partial destruction or condemnation of the Property after the date of this Contract. No loss, damage, or destruction of all or part of the Property shall constitute a failure of consideration or a basis for the rescission of this Contract or relieve the Purchaser from its obligation to observe and perform all of the terms, covenants, and conditions of this Contract.

Each of the parties releases the other from all liability for damage caused by any act or neglect of the other party, its agents, servants, and employees, to any property which is the result of fire or other casualty covered by insurance carried at the time of such casualty; provided, however, these releases shall not apply to loss or damage resulting from the willful or premeditated acts of either of the parties hereto, their agents, servants, or employees; and provided further, nothing in this paragraph shall be interpreted or have the effect of relieving or modifying any obligation of any insurance company, and to the extent any such obligation is so relieved or impaired this provision shall be ineffective.

- 12. MAINTENANCE AND INSPECTION.** The Purchaser shall keep and maintain the Property in good repair, and shall not commit or suffer to be committed any waste or other willful damage to or destruction of the Property. The Purchaser shall not permit any hazardous or toxic substance, material, or waste to be located upon or generated, stored, transported to or from, disposed of, or used on the Property, or permit the Property to become contaminated with any substance in violation of any applicable federal, state, or local law.

The Purchaser shall not, without the prior written consent of the Seller, remove any Personal Property from the Real Property, and will keep and maintain the same in good order, repair, and condition; provided, however, the Purchaser shall have the right to promptly replace Personal Property with items of comparable worth and utility. The Purchaser shall replace any item of Personal Property which may become lost, broken, or beyond repair, and such after-acquired item shall be subject to all of the provisions hereof. No replacements or substitutions permitted or required in this paragraph may be subject to a security interest or conditional sales contract which would have priority over the Seller's security interest.

The Seller shall have the right, at all reasonable times and hours, to inspect the Property to ascertain whether the Purchaser is complying with all of the terms, covenants, and conditions of this contract.

- 13. ALTERATIONS AND LIENS.** Except as otherwise permitted in this contract for construction following an insured casualty or condemnation, or except for any maintenance or repairs required by this Contract, the Purchaser shall not, without the prior written consent of the Seller, make or permit any alterations, additions, or improvements to or of the Property, nor permit any demolition or removal of any such improvements.

The Seller may not unreasonably withhold its consent if the action proposed will not materially affect the value of the Property or violate any applicable laws or ordinances, or the terms of this Contract.

The Purchaser shall not cause, authorize, or permit any mechanics' or materialmen's liens to be placed upon the Property. The Purchaser shall indemnify and defend the Seller against all liens levied against the Property caused by or through the Purchaser. The Purchaser shall have the right to contest such liens so long as a foreclosure thereof is prevented, and if such contest is pursued in good faith the filing of the lien and withholding payment of the lien amount so disputed shall not constitute a default under this contract. No lien of any agent, contractor, subcontractor, or independent contractor of the Purchaser shall encumber any interest of the Seller in the Property.

In the event the Purchaser shall alter, repair, or improve the Real Property or erect or construct any new or additional buildings or improvements on the Real Property, whether acting with or without Seller's consent, all such alterations, repairs, improvements, replacements, and additions, including any new buildings and improvements, shall immediately be and become the property of the Seller and subject to all of the terms, covenants, and conditions of this Contract.

- 14. COMPLIANCE WITH LAWS AND RESTRICTIONS.** The Purchaser shall strictly observe, perform, and comply with all laws, ordinances, rules, and regulations of every governmental authority affecting the Property and the use of and activities on the Property and all easements, reservations, restrictions, covenants, and conditions of record affecting or pertaining to the Property, its use or activities conducted on the Property.

The Purchaser shall not use or permit any person to use the Property for or in connection with any unlawful purpose or in any manner which causes a nuisance, or in violation of any federal, state, or local statute or ordinance governing the use or improvement of the Property or any hazardous or toxic materials or wastes.

- 15. AGRICULTURAL PROVISIONS.** The Property is not to be used principally for agricultural or farming purposes.

- 16. CONDEMNATION.** If the Property in whole or in part is condemned or taken by power of eminent domain by any public or quasi-public authority, the Seller or the Purchaser or both may appear and defend or prosecute in any such proceeding.

All compensation or awards received from the condemning authority by either the Seller or the Purchaser shall be applied first to the payment of the expenses of litigation, next to the acquisition and installation costs of any replacements or restorations of condemned property requested by the Purchaser in writing not later than 15 days following the date possession is required to be surrendered by the condemning authority, next to the reduction of the unpaid balance of this contract in the inverse order of its maturity, next to any other sums then due to the Seller (including accrued and unpaid interest and reimbursable advances and expenses), and the surplus, if any, shall be paid to the Purchaser.

All of the replacements and restorations shall have the same purpose and function as the condemned property, and, except as otherwise consented to by the Seller in writing and except to the extent necessitated by the condemnation or then applicable law, none of the replacements or restorations may be materially different from the condemned property. Any condemnation awards used to restore or replace any of the Property shall be deposited in a disbursement account and disbursed in the manner specified herein for insurance proceeds following an insured casualty.

No total or partial taking of the Property by condemnation shall constitute a failure of consideration or provide a basis for the rescission of this Contract.

- 17. TRANSFER OF PURCHASER'S INTEREST.** If the Purchaser's title to the Property is conveyed to any person, the Seller may: (a) following any required notice, declare the entire remaining balance of the Purchase Price and all accrued and unpaid interest immediately due and payable, or (b) adjust the interest rate on this Contract, effective as of the date of the transfer. The Seller may elect one of these options by written notice to the Purchaser within 15 days after being advised in writing of the sale and the transferee, and if such election is not made within that period the above rights for the transaction so described shall be deemed waived.

If the Seller elects to adjust the interest rate, the entire outstanding balance of this Contract may be prepaid at the closing of such conveyance. For the purposes of this Contract, a "conveyance" of the "Purchaser's title" shall include a transfer by real estate contract, vendee's assignment, deed, forfeiture, foreclosure, sheriff's sale, trustee's sale, deed in lieu of any such involuntary sale, lease with purchase option or for a term in excess of three years (including extension options).

A conveyance of the Purchaser's title shall not include: (a) a lease or other transfer of possession of the Property for three years or less without options to purchase the Property or any interest therein; (b) a transfer to the Purchaser's spouse or children; (c) a transfer by devise, descent, or operation of law resulting from the death of any person comprising the Purchaser; (d) a transfer into an inter vivos trust in which the Purchaser is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Property; or (e) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or property settlement agreement in which a spouse of any person comprising the Purchaser retains or acquires the Property.

No transfer of the Property or any portion thereof shall release the transferring person from liability on this Contract unless such release is expressly acknowledged by the Seller in writing.

- 18. PURCHASER'S DEFAULT.** The Purchaser shall be in default under this contract if it: (a) fails to observe or perform any term, covenant, or condition herein set forth; (b) 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; (c) 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, or similar act; (d) 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; (e) abandons the Property for more than 30 consecutive days (unless the Property is otherwise occupied); or (f) conveys the Property or a portion thereof without any prior written consent of the Seller.
- 19. SELLER'S REMEDIES.** In the event the Purchaser defaults under this Contract the Seller may, at its election, take the following courses of action:

- (a) 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 the Seller as of said date pursuant to the provisions of this contract, and any other damages incurred by the Seller which are caused by the Purchaser's failure to comply with any provision or agreement herein; 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;
- (b) 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 or any failure to obtain any consent of the Seller required for a conveyance or encumbrance 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 to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the provisions of this contract, and 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;
- (c) 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 Purchaser's then existing rights, interests, and estates therein, and timber, crops, fixtures, and improvements thereon) by giving a Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and such 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. The entire balance of such sums due and to become due under this contract shall be paid from the proceeds of any sale ordered by a court pursuant to RCW 61.30.120, including interest at the Default Rate to and including the sale date and all expenses incurred by the Seller as a result of such sale.

Upon the forfeiture of this Contract the Seller may retain all payments made by the Purchaser and may take possession of the Property ten days following the date this Contract is forfeited and summarily eject the Purchaser and any person or persons having possession of the Property by, through or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. If the Purchaser or any person or persons claiming by, through, or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the Property more than ten days after such forfeiture, the Purchaser, or such person or persons, shall be deemed tenants at will of the Seller and the Seller 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 attorneys' fees. To the extent permitted by applicable statute, the Seller shall have the right to obtain a deficiency against the Purchaser following the forfeiture of this contract for damages caused by waste to the Property;

- (d) Judicial Foreclosure.** To the extent permitted by any applicable statute, the Seller may judicially foreclose this Contract as a mortgage, and in connection therewith, may accelerate all of the debt due under this contract if the defaults upon which such action is based are not cured within 15 days following the Seller's written notice to the Purchaser which specifies such defaults and the acts required to cure the same (within which time any monetary default may be cured without regard to the acceleration); provided, however, such cure period shall be extended for up to 30 additional days to the extent reasonably necessary to complete the cure of a nonmonetary default if the Purchaser commences such cure within 15 days following the Seller's notice and pursues it with due diligence.

The Seller may, but shall not be required to, waive any right to a deficiency judgment in its foreclosure complaint. The Purchaser at any foreclosure sale may (but shall not be obligated to), during any

UNIFORM COMMERCIAL CODE

redemption period, make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, use, preservation, and protection thereof; pay any taxes and assessments due during such period; insure the Property against loss by casualty; and pay utility bills, liens not extinguished by the foreclosure, and other amounts relating to the Property to the extent due during such redemption period, and all of such expenses and payments, together with interest thereon from the date paid to reimbursement at the rate provided by statute for any other redemption amounts, shall be included in the amount required to be paid by any person to redeem the Property. All such amounts shall bear interest at the Default Rate from and after the date they are so accelerated to and including the date of collection;

- (e) **Specific Performance.** The Seller may institute suit to specifically enforce any of the Purchaser's covenants under this Contract;
- (f) **Injunction.** The Seller may seek redress by mandatory or prohibitive injunction;
- (g) **Remedies Under the Uniform Commercial Code.** The Seller shall have and the Purchaser hereby grants to the Seller all of the rights and remedies contained in the Uniform Commercial Code in effect in the state of Washington as of the date of the Purchaser's default and to the extent such remedies may be applicable to the type of collateral affected thereby;
- (h) **Receivership.** The parties agree that in the event of default by the Purchaser in making any payments or in the performance of any of the other terms and conditions of this Contract, the period of time involved in repossessing the Property, forfeiting this Contract, or in obtaining possession of the Property by judicial process could cause irreparable damage to the Seller and to the Property.

Therefore, the Purchaser hereby expressly agrees that in the event of any default under this Contract which is not cured the Seller shall have the right to apply to the Skagit County Superior Court for the appointment of a receiver under Chapter 7.60 of the Revised Code of Washington (or any chapter supplemental thereto) to take charge of and maintain control of, manage, or operate the Property, to evict tenants therefrom who are not then in compliance with their leases, to lease any portion or all of the Property in the name of the Purchaser on such terms as the receiver may deem advisable, to make such alterations, repairs, and improvements to the Property as the receiver may deem advisable, and to receive all rents and income from the Property and issue receipts therefor, and out of the amounts that are so received to pay all of the debts and obligations for which the Purchaser is liable hereunder prior to or during the period of the receivership, including, without limitation, payments on or for this Contract, taxes, assessments, insurance premiums, utility bills, and cost of operating, maintaining, repairing, and managing the Property.

Any sums received by the receiver in excess of said amounts shall be retained by the receiver to discharge all remaining liabilities of the Purchaser under this contract until the entirety of such obligations have been satisfied, at which point any remaining excess shall be paid to the Purchaser without interest. Regardless of the application thereof, no sums requested by or paid to the receiver shall be deemed a partial cure for the purpose of requiring a notice of insufficient cure to be given to any person under RCW 61.30.090(3); and

- (i) **Property Rental.** If this Contract is forfeited or foreclosed, or in any other manner permitted by law, or by mutual agreement of the Purchaser and the Seller, and the Purchaser shall 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 Amounts 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 Property as provided by law.

- 20. PURCHASER'S REMEDIES.** In the event the Seller defaults 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.
- 21. REMEDIAL ADVANCES.** If either party to this Contract shall fail to timely pay and discharge any payments or sums for which it has agreed to be responsible herein and such failure constitutes a default under this Contract, the other party may pay, effect, or discharge such sums as are necessary to cure such default upon giving the party required to make such payments not less than 15 days' prior written notice (except in any instance in which the Purchaser fails to obtain or maintain any insurance required here or when immediate payment is required to avoid immediate hazards to persons or property or any foreclosure of or a similar action against or affecting any portion of the Property, in which case such notice may be given concurrently with or immediately following such payment).

The party making such payment may recover from the defaulting party, upon demand, or through offsetting the same against existing or future debts, the full cost and expense of so doing, including its reasonable attorneys' fees and together with interest on said expenditures and fees at the Default Rate from the date of expenditure to and including the date of collection or the due date of any sum against which such offset is effected.

- 22. 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; provided, however, except as provided in this contract with respect to the Purchaser's transfer of the Property, the Seller shall not have the right to accelerate the remaining balance of the Purchase Price in the event the Seller elects to forfeit the Purchaser's interest in the Property and such forfeiture is being enforced or is completed. In any action or proceeding to recover any sum or to enforce any remedy provided for herein, no defense of adequacy of security or that resort must first be taken against any particular security or any other person shall be asserted, and the Purchaser expressly waives any legal or equitable rights that the Purchaser may have with respect to marshaling of assets.

The Seller shall not be required to tender its deed or bill of sale as a condition precedent to the enforcement of any remedy hereunder. In the event any check is tendered which is not honored upon first presentation because of any stop payment directive or insufficient funds, the payee's rights shall be reinstated as if such check had not been delivered. No waiver of any rights of either party under this contract shall be effective unless specifically evidenced in a written agreement executed by the waiving party. Any forbearance, including, without limitation, a party's acceptance of any payment after the due date or any extension, shall not be considered a waiver of such party's right to pursue any remedy for any other existing or subsequent defaults of the same or a different nature or for breach of any other term, covenant, or condition.

- 23. COSTS AND ATTORNEYS' FEES.** If either party shall be in default under this contract, the nondefaulting 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 and expenses so incurred by the nondefaulting party, including, without limitation, collection agency charges; expenses of preparing, serving, mailing, posting, publishing, and recording any notices; title search expenses; and reasonable attorneys' costs and fees, and the failure of the defaulting party to promptly pay the same shall itself constitute a further and additional default.

In the event either party institutes, defends, or is involved with any action to enforce the provisions of this contract, the prevailing party in such action shall be entitled to reimbursement by the losing party for its court costs and reasonable attorneys' costs and fees, including such costs and fees that are incurred in connection with any forfeiture, foreclosure, public sale, action for specific performance, injunction, damages, waste,

deficiency judgment, unlawful detainer, or to contest the reasonableness of any person's costs or attorneys' fees, and any mediation, arbitration, bankruptcy, probate, appeal, or other proceeding. All reimbursements required by this paragraph shall be due and payable on demand, may be offset against any sum owed to the party so liable in order of maturity and shall bear interest at the Default Rate from the date of demand to and including the date of collection or the due date of any sum against which the same is offset.

24. **NOTICES.** Subject to the requirements of any applicable statute, any notices required or permitted by law or under this contract shall be in writing and shall be personally delivered or sent by first class certified or registered mail, return receipt requested, with postage prepaid, to the parties' addresses set forth in the Specific Terms of this contract. Either party may change such address for notice and, if payments are not made to an escrow or collection account, the Seller may change the address for payments, by designating the same to the other party hereto in the manner herein above set forth and by causing a copy of such change to be properly recorded. All notices which are so addressed and paid for shall be deemed effective when personally delivered or, if mailed, on the date of the deposit thereof in the US mail and irrespective of actual receipt of such notice by the addressee.
25. **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, including, but not limited to, the proper tender of each of the sums required by the terms hereof to be paid.
26. **PARAGRAPH HEADINGS.** The word or words appearing at the commencement of paragraphs and subparagraphs of this contract are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging, or restricting the language or meaning of those paragraphs or subparagraphs.
27. **GENDER AND NUMBER.** The use of any gender or neutral term shall include all genders, and the use of any number shall be construed as singular or plural, as the case may require. The terms "Purchaser" and "Seller" refer to either the singular or the plural, as the case may be.
28. **DEFINITIONS.** As used herein the term "Property" means all of the estate, right, title, and interest currently held and hereafter acquired by the Seller in and to the Real Property and Personal Property described here and the rights, easements, privileges, and appurtenances thereunto belonging or appertaining or held and enjoyed therewith, together with any repairs, improvements, replacements, and additions whether made, erected, or constructed by the Seller or the Purchaser prior to or subsequent to the date of this Contract. All capitalized terms in this Contract shall have the meanings ascribed here or set forth opposite the same in the Specific Terms of this Contract. References to the Seller's deed or fulfillment deed herein shall include assignments of a vendee's interest under a prior real estate contract, provided, however, any form of conveyance shall contain the warranties to which the Purchaser is entitled under this Contract or other agreement with the Seller.
29. **INVALIDITY.** In the event any portion of this Contract should be held to be invalid, such holding shall not affect the remaining provisions unless the court's ruling includes a determination that the principal purpose and intent of this Contract are thereby defeated. The intention of the Seller is to charge the Purchaser a lawful rate of interest, and in the event it is determined by any court that any rate exceeds the maximum permitted by law for a transaction of the character evidenced by these presents, the amounts so determined to be above the legal rate shall be applied against the last installments of principal due or, if such principal has been paid, or otherwise at the discretion of the then holder of this Contract, such excess shall be refunded to the Purchaser on demand without interest, and the interest rates specified hereunder shall be reduced to the maximum rate then permitted by law for the type of transaction to which this Contract pertains. The intention of the parties is to assess a legal rate of interest on default, and if the Default Rate is determined by any court to exceed the maximum rate of interest permitted by law for such purposes, the Default Rate shall be reduced to the highest rate so permitted, with any excess paid being applied against any debt of the defaulting party in inverse order of maturity, or if in excess of such debt, being refunded upon demand without interest.
30. **LEGAL RELATIONSHIPS.** The parties to this Contract execute the same solely as a seller and a buyer. No partnership, joint venture, or joint undertaking shall be construed from these presents, and, except as

specifically provided, neither party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other. No third party is intended to be benefitted by this Contract.

31. **SUCCESSORS.** Subject to the restrictions contained herein, the rights and obligations of the Seller and the Purchaser shall inure to the benefit of and be binding upon their respective estates, heirs, executors, administrators, successors, successors in trust, and assigns, provided, however, no person to whom this contract is pledged or assigned for security purposes by either party hereto shall, in the absence of an express, written assumption by such party, be liable for the performance of any covenant herein. Any assignee of any interest in this Contract, or any holder of any interest in the Property, shall have the right to cure any default in the manner permitted and between the time periods required of the defaulting party, but except as otherwise required by law, no notices in addition to those provided for in this contract need be given.
32. **APPLICABLE LAW.** This Contract shall be governed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought to interpret or enforce any provision of this contract shall be in Skagit County, Washington. All sums herein referred to shall be calculated by and payable in the lawful currency of the United States.
33. **ENTIRE AGREEMENT/COUNTERPARTS.** This Contract contains the entire agreement of the parties hereto and, except for any agreements or warranties otherwise stated in writing to survive the execution and delivery of this contract, supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither the Seller nor the Purchaser shall be liable to the other for any representations made by any person concerning the Property or regarding the terms of this contract, except to the extent that the same are expressed in this instrument. This Contract may be executed in counterparts and may be amended only by written instrument executed by the Seller and the Purchaser.
34. **TIME OF ESSENCE.** Time is of the essence to the performance of all of Purchaser's obligations.
35. **PROFESSIONAL ADVICE.** With respect to this Contract, the Seller has been represented by Olympic Legal Services, P.S. The Purchaser has received no representations from Seller's counsel. The Purchaser has had the opportunity to seek independent legal and tax counsel; he has either done so to his satisfaction, or by signing below confirms that he has intentionally waived his opportunity to do so. There is no joint representation

THE SELLER AND THE PURCHASER HEREBY AGREE TO THE TERMS HEREIN ABOVE SET FORTH AND THE COVENANTS AND CONDITIONS CONTAINED IN THE GENERAL TERMS, ALL OF WHICH ARE INCORPORATED BY THIS REFERENCE. IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE SPECIFIC TERMS (INCLUDING ANY EXHIBITS ATTACHED) AND THE GENERAL TERMS, THE FORMER SHALL CONTROL.

IN WITNESS WHEREOF, the Seller and the Purchaser have executed this Contract as of the Effective Date stated above.

PURCHASER

James Anderson Mitchell
JAMES ANDERSON MITCHELL

STATE OF WASHINGTON

ss.

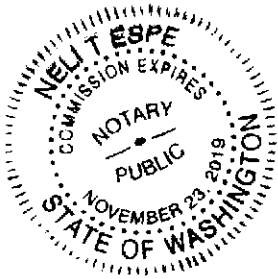
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that JAMES ANDERSON MITCHELL is the person who appeared before me, and JAMES ANDERSON MITCHELL acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Date: 02/19/2017

Neli T. Espe
NELI T. ESPE

[Print Notary Name]
Notary Public in and for the State of Washington
Residing at Anacortes
My appointment expires: 11/23/19



SELLER

SANDSTROM PROPERTY HOLDINGS LLC



By Daniel Sandstrom, its Member



By Valora Sandstrom, its Member

STATE OF WASHINGTON

ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that

are the persons who appeared before me, and both persons acknowledged that they signed this instrument, on oath stated that they are authorized to execute the instrument on behalf of Sandstrom Property Holdings LLC and they acknowledge it as the free and voluntary act of such parties for the uses and purposes mentioned in this instrument.

Date: 02/19/2017


NELI T. ESPE

[Print Notary Name]

Notary Public in and for the State of Washington

Residing at Anacortes, WA

My appointment expires: Nov 23, 2019

