

2184
SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

JUN - 6 1977

Amount Paid \$ 1,280.00
Mel Halgren, Co. Treas.
By *M. Law* Deputy

REAL ESTATE CONTRACT
857720

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IT IS HEREBY MUTUALLY AGREED, by and between VERNON D. HANNAH, a single man, owning the property hereinafter described as his separate estate, of Route 1, Box 150, Anacortes, Skagit County, Washington, party of the first part and hereinafter referred to as Vendor, and ERNEST A. ARMSTRONG and ELIZABETH J. ARMSTRONG, husband and wife, of 4525 Anaco Beach Drive, Anacortes, Skagit County, Washington, parties of the second part and hereinafter referred to as Vendees, WITNESSETH:

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The Vendor hereby agrees to sell to the Vendees, their heirs or assigns, and the Vendees agree to purchase from the Vendor, his heirs, executors, administrators or assigns, the following described real property, situated in the County of Skagit, State of Washington, to-wit:

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Tracts 11 and 12, "ANACO BEACH", as per plat recorded in Volume 5 of Plats, page 4, records of Skagit County.

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ALSO the Southeasterly 20 feet of the following described tract:

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That portion of Tract 3, Plate 3, Anacortes Tidelands lying in front of Anaco Beach in Government Lot 3, Section 27, Township 35 North, Range 1 East, W.M., described as follows:

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Beginning at a point on the Northeasterly side of said Tract 3, which point is also the most Westerly corner of Lot 10, Anaco Beach, and thence running Southwesterly to a point on the Southwesterly side of said Tract 3, said point also being a point on the inner harbor line which is South 29° 23' 45" East 22.44 feet from the point of intersection of said inner harbor line and the West line of said Tract 3; thence South 29° 23' 45" East 54.32 feet along said Southwesterly side of said inner harbor line; thence Northeasterly to a point on the Northeasterly side of said Tract 3 which is South 50° 15' East 20 feet from the Most Westerly corner of Lot 11, Anaco Beach, and thence Northwesterly along said Northeasterly side 80 feet, more or less, to the Point of Beginning, all as shown on the official maps of Anacortes Tide Lands on file on the office of the Commissioner of Public Lands at Olympia, Washington.

ALSO that portion of Tract 3, Plate 3, Anacortes Tide Lands lying in front of part of Lot 3, Section 27, Township 35 North, Range 1 East, W.M., described by metes and bounds as follows:

Beginning at a point on the Northeasterly side of said Tract 3, which point is also the most Southerly point of Lot 12 of Anaco Beach; thence running Southwesterly to a point on the Southwesterly side of said Tract 3, also on the inner harbor line, which is South 29° 23' 45" East 144.65 feet from the intersection of said inner harbor line with the West line of said Tract 3; thence North 29° 23' 45" West along said inner harbor line, 67.89 feet; thence Northeasterly to a point on the Northeasterly side of said Tract 3 which is South 50° 15' East 20 feet from the most Westerly corner of Lot 11 of said Anaco Beach; thence South 50° 15' East 100 feet to said Point of Beginning.

The above described tide lands are as shown on the official

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1 maps of the Anacortes Tide Lands on file in the office
2 of the Commissioner of Public Lands at Olympia, Washington

3 SUBJECT TO:

4 Right in the general public to the unrestricted use of all
5 the waters of a navigable body of water not only for the
6 primary purpose of navigation, but also for corollary pur-
7 poses; including (but not limited to) fishing, boating,
8 bathing, swimming, water skiing and other related recreational
9 purposes, as those waters may affect the tidelands, shore-
10 lands, or adjoining uplands and whether the level of the water
11 has been raised naturally or artificially to a maintained or
12 fluctuating level, all as further defined by the decisional
13 law of this state. (Affects all of the premises subject to
14 such submergence.)

15 Reservation contained in deeds from the State of Washington
16 recorded under Auditor's File Nos. 375295 and 511409, reserving
17 to the grantor all oil, gases, coal, ores, minerals, fossils,
18 etc., and the right of entry for opening, developing and
19 working the same, and providing that such rights shall not be
20 exercised until provision has been made for full payment of
21 all damages sustained by reason of such entry;

22 Right of State of Washington or its successors, subject to
23 payment of compensation therefor, to acquire rights of way
24 for private railroad, skid roads, flumes, canals, water
25 courses or other easements for transporting and moving
26 timber, stone, minerals and other products from this and
27 other property, as reserved in deeds referred to above
28 (applies only to tidelands);

29 Right of the public to make all necessary slopes for cuts or
30 fills upon the lots, blocks and tracts of land shown on
31 the Plat in the reasonable, original grading of all the streets
32 and avenues shown thereon, as granted in the dedication of the
33 plat;

34 Reservation of easement in deed executed by M. R. Wood and
35 Georgie W. Wood, husband and wife, recorded August 2, 1932,
36 in Volume 161 of Deed Records, page 324, under Auditor's
37 No. 242024, as follows: Subject to easement for road as
38 existing through the East portion of Tracts 70, 71, 72 and
39 the Southerly portion of Tract 75, between which said
40 reservation or easement shall be automatically cancelled
41 and annulled whenever the City of Anacortes, any person or
42 persons, constructs a road supplanting and substituting for
43 all practical purposes another road of equal benefit to users
44 of present road as herein reserved;

45 Easement granted Puget Sound Power & Light Company to con-
46 struct, maintain, etc., an electric transmission line,
47 together with prohibition against blasting, dated December
48 1939, recorded February 6, 1940, under Auditor's No. 321628;
49 together with all and singular the tenements, hereditaments and
50 appurtenances thereunto belonging or in any wise appertaining.

51 The following are the terms and conditions of this contract:

52 1. Terms of Sale: The agreed price which the Vendor agrees

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to accept and which the Vendees agree to pay for said real property is the sum of ONE HUNDRED FORTY THOUSAND DOLLARS (\$140,000.00), which is made up of the following items:

1	(a) Home on estimated 43,380 square feet of land and adjoining tidelands	\$90,000.00
2	(b) Cement breakwater extending across upland frontage and leading back on both sides	20,000.00 3,000.00
3	(c) Railway and car	
4	(d) Work shop on cement floor, estimated 1500 square feet	12,000.00
5	(e) Work storage area on cement floor, estimated 1090 square feet	3,000.00 6,000.00
6	(f) Good will	6,000.00
6	(g) Covenant not to compete, hereinafter set forth	
7	TOTAL	\$140,000.00

8 Of said total sales price above set forth, the sum of TEN THOU-
9 SAND DOLLARS (\$10,000.00) has been paid down, leaving an unpaid
10 principal balance of \$130,000.00. The parties agree that no pay-
11 ments whatsoever shall be required of the Vendees for the first
12 six months of the payment schedule, to-wit, until January 1, 1978;
13 provided, that the interest so deferred, at the rate of eight percent
14 (8%) per annum, computed on the unpaid balance of \$130,000.00, in
15 the sum of \$5,200.00, shall be added to the principal balance, making
16 a total unpaid balance of \$135,200.00, which shall bear interest
17 from the 30th day of November, 1977, and shall be paid as follows:
18 NINE HUNDRED ONE and 33/100 DOLLARS (\$901.33) on or before the 1st
19 day of January, 1978, and \$901.33 on or before the 1st day of each
20 succeeding month thereafter through the 1st day of June, 1979, it
21 being understood and agreed that said payments represent monthly
22 interest payments only on the unpaid balance hereinabove recited for
23 an eighteen month period; ONE THOUSAND SEVENTY-TWO and 76/100 DOLLARS
24 (\$1,072.76) on or before the 1st day of July, 1979, and \$1,072.76
25 on or before the 1st day of each succeeding month thereafter, until
26 the total balance owing hereunder, together with interest, has been
27 paid, it being understood and agreed that the amount of said payments
28 has been computed to amortize the unpaid balance owing hereunder
29 in twenty-five years from the date of this agreement. All unpaid
30 portions of purchase price shall bear interest at the rate of eight
31 per cent (8%) per annum, said interest to be computed and paid
32 monthly and as hereinabove set forth, and all payments hereafter
made as herein provided shall be applied first to the payment of
interest owing to the date of such payment and the balance applied
to principal. No excess payments shall be made on this contract
prior to June 1, 1979; from and after said date the Vendees are
given the privilege of paying in excess of the payments herein pro-
vided for and may pay the whole balance owing at any time, without
penalty; provided, that such excess payments, short of payment in full,
shall not relieve the Vendees of making regularly the monthly pay-
ments as herein provided.

2. Title Insurance: The Vendor shall provide the Vendees with purchaser's policy of title insurance as soon as the same is procurable from the title insurance company, and in any event on or before two (2) years from the date of this contract, said policy to show the real property herein described and title thereto in the Vendor to be free and clear of all liens and encumbrances of record, except as herein specifically set forth.

3. Responsibility for Taxes and Assessments: The Vendees hereby agree to pay before delinquency all taxes, assessments and other claims which may hereafter become a lien upon said property; provided, the 1977 real estate taxes shall be pro-rated as of the 31st day of May, 1977; and Vendor agrees to pay any advance personal property taxes required by the Skagit County Treasurer, which would otherwise be payable in the year 1978.

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1 4. Risk of Loss: It is understood and agreed that any loss,
2 damage or destruction to the premises, or the buildings and
3 improvements situated thereon, or the taking of the same for pub-
4 lic use, shall not in any way or manner relieve the Vendees from
5 the full payment of the purchase price herein to be paid by them,
6 and in the event any such loss, damage or injury shall occur,
7 the same shall be that of the Vendees, and they shall not, by
8 reason thereof, have the right to rescind this contract.

9 5. Representation of Vendees: The Vendees hereby acknowledge
10 that they have been given full opportunity to inspect the premises,
11 and that, in making this purchase, they are relying solely upon
12 their own examination and inspection thereof, and not upon any repre-
13 sentations or warranties of the Vendor or his agents. The Vendees
14 further agree to take good care of said property and premises
15 while in their possession pursuant to the terms of this contract,
16 and agree to keep the improvements on said property in good condi-
17 tion and repair at their own expense, and shall not permit or com-
18 mit any waste thereof, nor allow any liens or encumbrances to be
19 placed against said property during the running of this agreement.

20 6. Insurance: The Vendees hereby agree to keep the improve-
21 ments on said property insured against loss by fire in an insurance
22 company or companies satisfactory to the Vendor, for the full
23 insurable value thereof, with loss payable to the Vendor herein
24 as his interests appear, said insurance policy or policies and all
25 renewals thereof, together with proof of payment of premium thereon,
26 to be delivered to the possession of the Vendor.

27 7. Reimbursement for Advances by Vendor: It is agreed that
28 in the event the Vendees fail or neglect to pay taxes, provide
29 insurance or pay any claim which might be a lien on said property
30 or premises and which the Vendees are obligated to pay, that then
31 and in such case the Vendor, at his election, may pay or procure
32 the same, and all sums so paid out by the Vendor shall be due
and payable on demand, together with interest from the date of
such advancement at the rate of 10% per annum, all without preju-
dice to any other right the Vendor might have by reason of such
default.

33 8. Fulfilment Deed: The Vendor covenants and agrees to
34 convey said property and premises to the Vendees by good and suffi-
35 cient deed when the total balance owing hereunder, together with
36 interest, has been paid in full and this contract fully performed
37 by the Vendees, free and clear of all liens and encumbrances, except
38 as herein specifically set forth, excepting, however, such warranty
39 shall not extend to or cover any taxes, assessments or other liens
40 which, by the terms of this contract, the Vendees are obligated to
41 pay.

42 9. Possession: The Vendees shall be granted immediate pos-
43 session of the real property and premises herein above described,
44 subject to the following:

45 (a) The Vendor shall have sixty (60) days from the date
46 of this contract to remove all of their tools, equipment,
47 supplies and personal property from the premises;

48 (b) Vendor at present is working on a 40 foot Snow Ball
49 Industries boat owned by William Wilson, which will be
50 completed on or before one (1) month from the date
51 of this agreement, and Vendor shall be allowed sufficient
52 access to the boat repair area of the property in order
to complete his work on said boat.

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1 10. Miscellaneous:

- 2 (a) Vendor shall retain all of his accounts receivable still
3 owing due to his operation of Hannah Builders, and
4 Vendor shall pay all accounts payable owing by Hannah
5 Builders up to the date of this contract.
- 6 (b) Vendees agree to immediately discontinue the use of the
7 name Hannah Builders and to assume some other name
8 distinct from that of the Vendor.
- 9 (c) Vendor covenants with the Vendee that he will not own,
10 operate or work for a ship building or ship repair
11 facility in Skagit, Island, Snohomish or Whatcom Counties
12 for a period of two (2) years from the date of this
13 agreement, it being understood by the parties that the
14 Vendor shall have some minor boat repair activities in
15 San Juan County which will not be allowed to compete
16 with Vendees' activities so long as this real estate
17 contract is fully complied with by the Vendee.
- 18 (d) Vendees agree and fully understand that except for the
19 limited continued activities of the Vendor hereinabove
20 referred to in completing one boat under repair that
21 the Vendees shall be fully responsible for all activities
22 of the boat repair, boat building and shipyard on the
23 premises from and after the date of closing of this
24 transaction; and Vendees further agree to hold the Vendor
25 harmless from and indemnify him against any loss, damage
26 or liability incurred by him from and after said date
27 as a result of the Vendees' activities.
- 28 (e) Vendor agrees to assume and discharge any liability
29 involved in his work to the date of this agreement and
30 for his work in connection with the repair of the 40 foot
31 Snow Ball Industries boat of William Wilson.

32 11. Forfeiture: Time is of the essence of this contract, and
if the Vendees shall become delinquent in their payments owing under
this contract for three or more monthly payments, cumulative, not
consecutive, or shall fail to keep up and/or perform any of the
covenants and agreements herein contained on the part of the Vendees
to be performed, then the Vendor shall have the right and election to
declare this contract canceled and terminated; and if the Vendees
shall fail to make good such default within thirty (30) days after the
Vendor shall have served a written notice of declaration of for-
feiture by delivering said notice to the Vendees or mailing same by
registered mail to said Vendees at their last known address, then
and in that event all of the rights of the Vendees in and to the
property described herein and all rights under this contract shall
immediately and utterly cease and terminate, and the property
described herein shall revert to and revest in the Vendor without
further action on the part of the Vendor and without any right of
the Vendees to reclamation or compensation for money paid or for
improvements made on said premises, as fully, perfectly and abso-
lutely as if this agreement had never been made, and all money
theretofore paid to the Vendor under this contract shall thereupon
be forfeited without process of law, and shall be retained by and
belong to the Vendor as the accrued and reasonable rent of said
premises from this date to the time of such forfeiture and as
the liquidated damages to the Vendor for the Vendees' failure to
complete this contract. Upon Vendor's election to bring a suit to

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1 enforce any covenant of this contract, including suit to collect
2 any payment required hereunder, the Vendees agree to pay a
3 reasonable sum as attorney's fees and all costs and expenses in con-
4 nection with such suit, which sums shall be included in any judgment
5 or decree entered in such suit. If the Vendor shall bring suit to
6 procure an adjudication of the termination of the Vendees rights
7 hereunder, and judgment is so entered, the Vendees agree to pay
8 a reasonable sum as attorney's fees and all costs and expenses in
9 connection with such suit, and also the reasonable cost of search-
10 ing records to determine the condition of title at the date such
11 suit is commenced, which sums shall be included in any judgment or
12 decree entered in such suit.

13 12. Contract Binding on Heirs: The provisions of this agree-
14 ment shall inure to and be binding upon the parties hereto, their
15 heirs, executors, administrators and assigns.

16 13. Assignment: It is a condition hereof that the Vendees
17 shall not sell or assign this contract, or any interest therein,
18 without first obtaining the written consent of the Vendor so to
19 do; provided, however, such consent shall not be unreasonably
20 withheld as to any financially responsible assignee.

21 14. Waiver: Acceptance by the Vendor of any instalment
22 after it has become due and payable, or waiver of any other condi-
23 tion herein at any time, shall not be deemed to affect or alter
24 the obligations of the Vendees or the rights of the Vendor with
25 respect to any subsequent payment or default hereunder.

26 WITNESS our hands and seals this 2nd day of June, 1977.

27 Vernon D. Hannah (SEAL)
28 VENDOR

29 Ernest J. Christensen (SEAL)

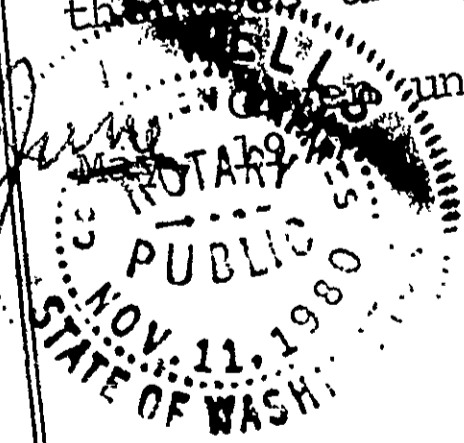
30 Elizabeth J. Christensen (SEAL)
31 VENDEES

32 STATE OF WASHINGTON)
COUNTY OF SKAGIT) :SS

On this day personally appeared before me VERNON D. HANNAH, to
me known to be the individual described in and who executed the
within and foregoing instrument, and acknowledged that he signed
and sealed the same as his free and voluntary act and deed, for
the purposes and purposes therein mentioned.

under my hand and official seal this 2nd day of

W. V. Wells
Notary Public in and for the State of
Washington, residing at Anacortes



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IT IS UNDERSTOOD AND AGREED by and between the signatories hereto that HANNAH BUILDERS is and has been a co-partnership consisting of Alvan J. Hannah, Helen V. Hannah, and Vernon D. Hannah, and that the partnership has operated as a business on the real estate described in the contract to which this agreement is attached.

By their signatures hereto affixed, Alvan J. Hannah and Helen V. Hannah consent to the sale of the property described in the Real Estate Contract to which this Agreement is attached and the business properties situated thereon.

Dated this 2nd day of June, 1977.

Alvan J. Hannah
Helen V. Hannah
Vernon D. Hannah

857720

Received for record at June 6, 1977 3:29 P
at request of Skagit Co. Title
Luella Henry, Auditor Skagit Co., Washington
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