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REAL ESTATE CONTRACT

5558  
SKAGIT COUNTY WASHINGTON  
Real Estate Equalization Tax

NOV 23 1994

Amount Paid \$1,147.50  
By Skagit Co. Treasurer  
KK Deputy

AMERICAN TITLE CO.

44211 THIS AGREEMENT, made and entered into this 26<sup>th</sup> day of October, 1994, by and between JOHANN M. GRUENER and M. J. GRUENER, husband and wife, and HANSROLF GRUENER, a single man on date of acquiring title, as his separate property, hereinafter entitled "SELLER", and RONALD CHAD ALDRIDGE, a single man, hereinafter entitled "PURCHASER".

W I T N E S S E T H :

That the Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase of the Seller the following described real estate with the appurtenances, situate in the County of Skagit, State of Washington:

The West 103 feet 4 inches of the following described tract:

Beginning at a point 10 feet East and 50 feet South of the Northwest corner of the NE 1/4 of the NE 1/4 of Section 24, Township 35 North, Range 4 East W.M.; thence East along the South boundary of abandoned Puget Sound & Baker River Railroad right of way 310 feet; thence South 195.7 feet; thence West 310.2 feet; thence North 192 feet to the point of beginning.

The purchase price is Seventy-five Thousand and no/100 (\$75,000.00) Dollars and the balance of said purchase price shall be paid as follows:

28<sup>th</sup> Five Hundred Sixty-two and 50/100 (\$562.50) Dollars on the day of November, 1994 and Five Hundred Sixty-two and 50/100 (\$562.50) Dollars on the 28<sup>th</sup> day of each and every month thereafter until the entire purchase price, including interest on the unpaid portion thereof at the rate of nine per cent per annum has been fully paid. The monthly payments applied first to accrued interest and the balance to principal. Purchaser may increase the monthly payments at his option.

Notwithstanding the above payment schedule, the entire balance of principal and interest shall be paid in full on or before the 28<sup>th</sup> day of October, 2014.

Payments shall be paid to the order of Seller at Skagit State Bank.

The seller has provided for the Purchaser a standard form of a purchaser's policy of title insurance, insuring the Purchaser against any liens or defects in the title of the Seller not hereinbefore specifically set out to be assumed by the Purchaser.

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

Interest to begin on the 26<sup>th</sup> day of October, 1994.

The delinquent payments shall bear interest at the highest legal rate until paid.

The Purchaser is entitled to take possession of said premises on date of closing unless otherwise determined by the parties.

The Purchaser agrees to pay before delinquency all taxes and assessments that may as between Purchaser and Seller hereafter become a lien on said premises.

The Purchaser agrees until full payment of the said purchase price, to keep all buildings on said described premises insured to the full insurable value thereof against loss or damage by fire in some company acceptable to the Seller and for the Seller's benefit as interest may appear and to pay all premiums therefore and to deliver all policies and renewals thereof to the Seller. Purchaser shall notify Seller on date of payment.

The Purchaser agrees that full inspection of said described premises has been made, and that neither the Seller nor assigns shall be held to any covenant respecting the condition of any improvements on said premises nor to any agreement for alterations, improvements or repairs, unless the covenant or agreement relied on be in writing and attached to and made a part of this contract.

In case the Purchaser shall fail to make any payment hereinbefore provided by the Purchaser to be made, the Seller may make such payment and any amount so paid by the Seller, together with interest thereon, from the date of payment until repaid at the highest legal rate shall be repayable by the Purchaser on demand all without prejudice to any other right the Seller might have by reason of such default.

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The Purchaser shall have the right to make delinquent payments due by the Seller or others on prior contract, mortgages or encumbrances which are liens on this property, and by such payment have credit allowed Purchaser on this contract as of date of payment.

The Seller agrees, on full payment of said purchase price in manner hereinafter specified, to make, execute and deliver to the Purchaser a good and sufficient warranty deed of said described premises, subject to the provisions herein provided for.

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 or those of any prior encumbrances, or (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, or (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, wage earner's, reorganization or similar act, or (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, or (unless the property is otherwise occupied), or (f) conveys the property or a portion thereof without any prior written consent required herein of the Seller.

In the event the Purchaser is in default under this contract the Seller may, at its election, take the following course of action:

a. 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;

(b) Upon giving the Purchaser not less than fifteen (15) days' written notice of its intention 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 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) 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 and improvements thereon) by giving a Notice of Intention to Forfeit pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default herein specified has not been fully cured within ninety (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 ten (10) days following the date this contract is forfeited and summarily eject the Purchaser and any person or persons having possession of the said property by, through or under the Purchaser who were 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 were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the property more than ten (10) 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 attorney's fees;

(d) The Seller may institute suit to specifically enforce any of the Purchaser's covenants hereunder, and the same may include redress by mandatory or prohibitive injunction;

(e) 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;

(f) The parties hereto recognize and 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 or the possible acceleration of the debts secured by the prior encumbrances. 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 Superior Court of the county in which the real property is situated 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, farm, or operate the property, to evict tenants therefrom who are not then in compliance with their leases, to lease any

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portion of 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 therefrom 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, prior encumbrances, taxes, assessments, insurance premiums, utility bills and costs 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; and

(g) 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 (2) 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.

In the event the Seller shall default in any of its obligations under this contract and such default continues for fifteen (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.

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 said failure constitutes a default under this contract, or shall by any other act or neglect violate the terms and any conditions of this contract or of any prior encumbrances the other party hereto may pay, effect or discharge such sums as are necessary to cure such default. Upon affording the party required to make such payment not less than fifteen (15) days' prior written notice (except in any instance in which the Purchaser fails to obtain or maintain any insurance required herein or when immediate payment is required to avoid immediate hazards to

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persons or property or any foreclosure of or a similar action against or affecting any portion of the property, in which cases 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 attorney's fees and together with interest on such 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.

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 hereby expressly waives any legal or equitable rights that the Purchaser may have with respect to marshaling the 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 waivering party. Any forbearance, including, without limitation, a party's acceptance of any payment after the due date or any extension thereof, shall not be considered a waiver of such party's right to pursue any remedy hereunder for subsequent defaults of the same or a different nature or for breach of any other term, covenant or condition hereof.

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 and expenses so incurred by the non-defaulting party, including, without limitation, arbitration and court costs, collection agency charges, notice expenses, title search expenses, and reasonable attorneys' fees (with or without arbitration or litigation), and the failure of the defaulting party to promptly pay the same shall in itself constitute a further and additional default. In the event either party hereto institutes any action (including arbitration) to enforce the provisions of this contract, the prevailing party in such action shall be entitled to

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reimbursement by the losing party for its court costs and reasonable attorney's fees, including such costs and fees that are incurred on appeal. 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.

Any notices required or permitted by law or under this contract shall be in writing and shall be sent by first class certified or registered mail, return receipt requested, with postage prepaid, to the parties' address 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 hereinabove 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 two (2) business days following the deposit thereof in the U.S. mail, irrespective of actual receipt of such notice by the addressee.

Time is specifically declare 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.

The Purchaser assumes all hazards to or destruction of any improvements now on said land, or hereafter to be placed thereon and of the taking of said premises or any part thereof for public use. Purchaser shall not commit or permit waste to any improvements on said land, and shall maintain the same in as good a state of repair as when received, ordinary wear and tear excepted.

If the Purchaser's title to the property or any portion thereof is conveyed to any person, the Seller may, at its option: (a) following any required notice, declare the entire remaining balance of the purchase price and all accrued and unpaid interest thereon 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 said options by written notice to the Purchaser within fifteen (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, and subject to any restrictions and prepayment requirements contained in any prior encumbrance, the entire outstanding balance of this contract may be prepaid at the closing of such conveyance with the repayment premium. 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 (3) years (including extension options), and, if the Purchaser is a corporation or partnership, a voluntary or involuntary transfer of any share or partnership interest which results in a change of fifty percent (50%) or more of the voting control of such entity (from the composition thereof as of the date of this contract). A "conveyance" of the "Purchaser's title" shall not include (i) a lease or other transfer of possession of the property for three (3) years or less without options to purchase the property or any interest therein; (ii) a transfer to the Purchaser's spouse or children; (iii) a transfer by devise, descent, or operation of law resulting from the death of any person comprising the Purchaser; (iv) 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 (v) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or property settlement agreement in which a spouse of 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.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 26<sup>th</sup> day of October, 1994.

Johann M. Gruener

Ronald Chad Aldridge  
(Purchaser)

M. J. Gruener

Hansrolf Gruener  
(Seller)

STATE OF WASHINGTON )  
COUNTY OF SKAGIT ) SS.

On this day personally appeared before me JOHANN M. GRUENER, M. J. GRUENER, and HANSROLF GRUENER, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 26<sup>th</sup> day of October, 1994.

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Mary E. Swan  
Notary Public  
My Commission expires: 11/23/94



STATE OF WASHINGTON )  
COUNTY OF SKAGIT ) ss.

On this day personally appeared before me RONALD CHAD ALDRIDGE, to me known to be the individual described in and 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 this 21<sup>st</sup> day of October, 1994.

Mary E. Swan  
Notary Public  
My Commission expires: 11/23/94



JERRY MCINTURFF  
SKAGIT COUNTY AUDITOR  
94 NOV 23 AM 1:29  
RECORDED  
REQUEST OF Y. H. H.

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