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After recording return to:

Kevin B. McGoffin  
Attorney at Law  
127 E. Fairhaven Avenue  
Burlington WA 98233

9510030021

SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax

OCT - 3 1995

Amount Paid \$ 994.50  
Skagit Co. Treasurer  
By Deputy

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REAL ESTATE CONTRACT

This Contract, executed this 2nd day of October, 1995, by and between VICTOR A. SCHAEFER, a single person, as Seller, and AARON E. JOHNSON and MELINDA JOHNSON, husband and wife, as Purchasers.

The Seller agrees to sell, and the Purchaser agrees to purchase, upon the terms and conditions herein specified, the property in Skagit County, State of Washington, described as follows:

SEE ATTACHED EXHIBIT A.

The terms and conditions of this Contract are as follows:

1. The purchase price is SIXTY FIVE THOUSAND AND NO/100 DOLLARS (\$65,000.00), of which SEVEN THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$7,200.00) have been paid, the receipt whereof is hereby acknowledged as received by Seller at time of sale in the form of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00) in improvements done to property by Purchasers and TWO THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$2,200.00) in payments made to be applied to purchase price, and the balance of said purchase price shall be paid in monthly payments as follows (such payments including interest): THREE HUNDRED FIFTY AND NO/100 DOLLARS (\$350.00), or more, on the 15th day of October, 1995, and THREE HUNDRED FIFTY AND NO/100 DOLLARS (\$350.00), or more, on the fifteenth day of each and every month thereafter until the balance of said purchase price shall have been fully paid. The Purchaser further agrees to pay interest on the diminishing balance of said purchase price at the rate of seven percent (7%) per annum from the 2nd day of October, 1995, which interest shall be deducted from each installment payment and the balance of each payment applied in reduction of principal. All payments to be made hereunder shall be made at 1738 Cascade Vista, Burlington, WA 98233 or at such other place as the Seller may direct in writing. Purchasers may prepay, without penalty and after application of the monthly payment first to interest and then to principal, any principal sum; whereupon the principal and interest allocation shall be recomputed. In no event shall the amortization exceed thirty (30) years, at the end of which the entire remaining sum shall be due and payable in full.

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SKAGIT COUNTY WASHINGTON  
COUNTY CLERK  
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2. As to this Contract, the date of closing shall be October 2, 1995. Taxes for the current year, rents, insurance, interest, mortgage reserves, water and other utilities constituting liens shall be pro-rated as of date of closing. Conveyance taxes shall be paid by Seller. If Seller's title to said property is subject to an existing contract or contracts under which Seller is purchasing said property or to any mortgage or other obligation which Seller is to pay, the Seller agrees to make such payments in accordance with the terms thereof and, upon default, the Purchaser shall have the right to make any payments necessary to remove the default. Any payments so made shall be applied to the next payment due the Vendor under this Contract.

3. Purchaser agrees that full inspection of said property has been made and that neither the Seller nor Seller's assigns shall be held to any covenant respecting the condition of any improvements thereon nor shall the Purchaser or Seller, or the assigns of either, be held to any covenant or agreements concerning alterations, improvements or repairs, unless the covenant or agreement relied on is contained herein or is in writing and attached to and made a part of this Contract.

4. Purchaser agrees (1) to keep the premises in good repair, (2) to commit no waste, (3) to properly care for, cultivate and water any residual lawn and plantings, and (4) to pay all taxes and assessments hereafter becoming a lien on said property before the same shall become delinquent.

5. Purchaser agrees to keep the buildings and improvements on said premises continuously insured in a standard fire insurance company, with loss payable to the parties as their interest shall then appear, to the extent of the insurable value of said premises; to pay the premiums on all such insurance before delinquency and to place and maintain a current fire insurance policy in the escrow or in the possession of the Seller at all times.

6. If Purchaser fails to pay any taxes, assessments, fire insurance or utility bill which is a lien on the property, before delinquency, the Seller may pay the same and said payments shall become immediately due and payable by Purchaser with interest at the Contract rate. (If Real Estate Taxes, Insurance premiums, or assessments are included in the monthly payments and are increased on said property, then the monthly payments provided for in this Contract shall be increased by 1/12th of any such increase which may be accomplished by written notice from the Seller to the Purchaser or their assigns.)

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REAL ESTATE CONTRACT-2

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7. Purchaser shall have possession of said property and rents, if any, on execution of this contract, and shall continue in such possession so long as the terms of this Contract are fully complied with.

8. This Contract shall not be assignable or assumable and in the event the herein described property or any part thereof or any interest therein is sold, agreed to be sold or conveyed without the written permission of Seller, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, shall immediately become due and payable in full.

9. If personal property is included in this sale, Purchaser hereby grants to Seller a security interest in said property and all substitutions and additions and the proceeds of said property, and Seller shall have all of the remedies under the Washington State Uniform Commercial Code to secure the payment of the purchase price in this Contract.

10. Purchaser agrees to make all payments within five (5) days of the due date, and if not so made, Purchaser agrees to pay a late charge of \$25.00 on each delinquent payment.

11. In the event of default, the following provisions shall apply:


A. Purchaser's Default. Purchaser shall be in default under this Contract if Purchaser (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 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 (e) abandons the property for more than twenty (20) consecutive days (unless the property is otherwise occupied), or (f) conveys the property or any portion thereof without any prior written consent required herein of the Seller.

B. Seller's Remedies. In the event the Purchaser is in default under this Contract the

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REAL ESTATE CONTRACT-3

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Seller may, but is not required to, take the following courses of action:

(1) Suit For Delinquencies. The Seller may institute suit for any installment amounts or other sums due and payable under this Contract as of the date of the Judgment and any sums which have been advanced by Seller as of said date pursuant to the provisions of this Contract, together with interest on all of said amounts at the default rate from the date each such amount was advanced or due, as the case may be, to and including the date of collection;

(2) Acceleration. Upon giving the Purchaser not less than fifteen (15) days written Notice of its intent to do so (within which time any monetary default may be cured without regard to the acceleration) and if the default is in the nature of a failure to timely pay any principal, interest, insurance premium, tax or other sum of money required to be paid herein or any failure to obtain any consent of the Seller herein required for a conveyance of the Purchaser's title to the property, or if the Purchaser commits waste on the property, the Seller may declare the entire unpaid balance of the purchase price and all interest then due thereon and the prepayment premium to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the provisions of this Contract, 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;

(3) Forfeiture and Repossession. Seller may cancel and render void all rights, title and interest of the Purchaser and its successors in this Contract and in the property (including all of Purchaser's then existing rights, interest and estates therein and timber, crops and improvements thereon) by proceeding in accordance with RCW 61.30. 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

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and any person or persons having possession of the said property through or under the Purchaser. In the event the Purchaser or any person or persons claiming by, through or under the Purchaser remain in possession of the property more than ten (10) days after such forfeiture, 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;

(4) Specific Performance. 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;

(5) Entry upon Agricultural Property. The Seller shall have the right, following three (3) days prior written Notice to the Purchaser, to enter upon the real property from time to time to perform any one or more of the functions required of but not performed by the Purchaser in the agricultural provision of this Contract and to tend and care for any livestock and harvest, transport, store and sell any of the crops which may be grown on the property in such manner as the Seller shall elect, and, for the purposes of this Paragraph, the Purchaser grants to the Seller a security interest in all of its seeds and crops and the products and proceeds thereof which may now or at any time hereafter be located upon or in the property or be harvested therefrom. The exercise of these rights shall not affect the liabilities of the Purchaser; provided, however, should the Seller receive any sums as a result of its actions hereunder it shall apply the same to discharge the costs and expenses, including attorney's fees, reasonably incurred in taking said actions, together with interest thereon at the default rate from the date of expenditure to and including the date said proceeds are received, and the balance of such proceeds shall be applied against the purchase price principal last due and owing hereunder, including any prepayment premium

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applicable thereto. In the absence of receiving any such proceeds or if and to the extent the same are insufficient to reimburse the Seller for such amounts and interest, the Purchaser shall reimburse the Seller for such amounts and interest on demand, with said interest being calculated to and including the date of payment;

(6) 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 Purchaser's default and to the extent such remedies may be applicable to the type of collateral affected thereby;

(7) Receivership. 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 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 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

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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;

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

(9) Cumulative Remedies. Sellers' remedies are cumulative and the election of one remedy or more shall not bar any other remedy which Seller may have.

C. Purchaser's Remedies. In the event the Seller should 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

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damages caused by such default or pursue any other remedy which may be available to the Purchaser at law or in equity.

**D. Costs and Attorney's Fees.** If either party shall be in default under this Contract, the non-defaulting party shall have the right, at the defaulting party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, initiate a lawsuit, initiate a forfeiture proceeding 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 attorney's 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. If Seller institutes forfeiture proceedings, Seller shall be entitled to recover all costs and fees reasonable incurred in said proceedings and Seller shall be entitled to include said fees and costs in any Notice of Intent to Forfeit and demand payment of these fees and costs to cure any defaults. 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 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 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.

12. Any payments coming due during the time that a Notice of Intent to Forfeit is in effect shall be automatically included in said Notice of Intent to Forfeit and the Purchaser must pay said payment or payments in addition to the amounts called for in the Notice.

13. Any notice, demand or communication given by either party to this Contract to the other party shall be in writing and transmitted to the other party by certified mail, addressed to said party at their address shown below; provided, that either party may change their place of address by notice to the other party as provided in this Contract. The mailing and certifying of any such notice,

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demand or communication, as herein provided, shall be a sufficient service thereof. In the event statute requires another form of service or Notice, the statutory form of service or notice shall be utilized.

14. The Purchaser assumes all risk of loss or damage to the whole or any part of the property covered by this Contract, from any and all causes, and such loss or damage shall not affect any of the obligations of the Purchaser under this Contract. If any property is taken for public use, the portion of the condemnation award remaining after payment of reasonable expenses of procuring the same shall be paid to the Seller and applied as payment on the purchase price herein unless the Seller elects to allow the Purchaser to apply all or a portion of such condemnation award to the rebuilding or restoration of any improvements damages by such taking. In case of damage or destruction from a peril insured against, the proceeds of such insurance remaining after payment of the reasonable expense of procuring the same shall be devoted to the restoration or rebuilding of such improvements within a reasonable time unless Purchaser elects that said proceeds shall be paid to the Seller for application on the purchase price of this Contract.

15. The Seller and Purchaser agree that Seller need not provide title insurance to Purchaser, and if Purchaser desires same it will be at Purchaser's expense.

16. The Seller agrees, upon receiving full payment of the purchase price and interest in the manner above specified, to execute and deliver to Purchaser a Statutory Warranty Deed to said real estate excepting encumbrances of record at the time of this contract, if any, and those that may attach after date of closing through any person other than the Seller. Purchasers acknowledge that they take title to property as is and have inquired as to any encumbrances at the time of this contract.

17. It is agreed that said Deed and a signed copy of this Contract shall be placed in collection with Kevin B. McGoffin, Attorney at Law. Said Agent is hereby authorized when the terms of this Contract are fully complied with, to deliver said Deed and escrow papers, if any, to the Purchaser (or in the event of a forfeiture terminating this Contract, to return said Deed and escrow papers to the Seller). Each of the parties hereto agree to pay one-half of the setup fees and the escrow fees charged by the escrow agent, if any.

18. This Contract and all its terms shall be binding upon the parties hereto and their assigns and successors in interest.

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19. Signature by Attorney in Fact. Seller's signature hereupon by attorney in fact, Victor L. Schaefer, shall be binding upon Seller and Purchaser, and the parties waive any objection to the execution of this contract by the attorney in fact for Seller. A copy of the power of attorney document is attached hereto as Exhibit B and incorporated herein.

**PURCHASERS:**

  
\_\_\_\_\_  
AARON E. JOHNSON


  
\_\_\_\_\_  
MELINDA JOHNSON

Purchasers' address:  
655 N. Skagit  
Burlington, WA 98233

**SELLER:**

VICTOR A. SCHAEFER

By:

  
\_\_\_\_\_  
VICTOR L. SCHAEFER, Attorney in Fact for  
Victor A. Schaefer as evidenced in the  
Durable Power of Attorney attached hereto

Seller's address:  
1738 Cascade Vista  
Burlington, WA 98233

STATE OF WASHINGTON )  
 )  
County of Skagit ) ss.

On this day personally appeared before me VICTOR L. SCHAEFER, the Attorney in Fact for VICTOR A. SCHAEFER, who executed the within and foregoing instrument and acknowledged that the said instrument to be the free and voluntary act and deed of said trust for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument.

GIVEN under my hand and official seal this 2<sup>nd</sup> day of October, 1995.

KEVIN B. MCGOFFIN  
STATE OF WASHINGTON  
NOTARY --- PUBLIC  
My Commission Expires 10-15-97

K. B. McGoffin  
Notary Public in and for the  
State of Washington, residing  
at: Sedro-Woolley, WA  
My commission expires: 10-15-97.

STATE OF WASHINGTON )  
 )  
County of Skagit ) ss.

On this day personally appeared before me AARON E. JOHNSON AND MELINDA JOHNSON, husband and wife, who executed the within and foregoing instrument and acknowledged that the said instrument to be the free and voluntary act and deed of said trust for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 2<sup>nd</sup> day of October, 1995.

KEVIN B. MCGOFFIN  
STATE OF WASHINGTON  
NOTARY --- PUBLIC  
My Commission Expires 10-15-97

K. B. McGoffin  
Notary Public in and for the  
State of Washington, residing  
at: Sedro-Woolley, WA  
My commission expires: 10-15-97.

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EXHIBIT A

That portion of the East 155 feet of lot 4 and of the East 155 feet of the North 33 feet of Lot 5, in Block 137 "First Addition to Burlington" as per plat recorded in Volume 3 of Plats, Page 11, records of Skagit County, described as follows:

Beginning at a point on the West line of Skagit Street 683 feet South of the most northerly corner of Lot 1 of said Block 137; thence South  $89^{\circ}34'30''$  West parallel with the North line of Lot 4 of said Block 137, 155 feet; thence South  $0^{\circ}19'30''$  West parallel with the West line of said Skagit Street 134.98 feet, more or less, to a point 33 feet South (as measured at right angles) from the North line of Lot 5 of said Block 137; thence East along a line which is parallel to and 33 feet South of said North line to the East line of said Block 137 thence North along the East line to the point of beginning.

Situate in the County of Skagit, State of Washington.

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EXHIBIT "B"

**GENERAL POWER OF ATTORNEY**  
With Durable Provision

KNOW ALL PERSONS BY THESE PRESENTS, That Victor A. Schaefer

residing at 1738 Cascade Vista, City of Burlington  
 County of Skagit, State of Washington, 98233 made, constituted and  
 appointed, and by these presents do make, constitute and appoint Victor L. Schaefer

of the City of Burlington, County of Skagit, State of Washington  
 a true and lawful attorney for me and in my name, place and stead and for my  
 and benefit

to ask, demand, sue for, recover, collect and receive all such sums of money, debts, dues, accounts, legacies, bequests, interests, dividends, annuities and demands whatsoever, as are now or shall hereafter become due, owing, payable or belonging to me and have, use and take all lawful ways and means in my name, or otherwise for the recovery thereof, by attachments, arrests, distress or otherwise, and to compromise and agree for the same, and acquittances or other sufficient discharges for the same for me and in my name, to make, seal and deliver, to bargain, contract, agree for purchase, receive and take lands, tenements, hereditaments, and accept the seizin and possession of all lands, and all deeds and other assurances in the law therefor, and to lease, let, demise, bargain, sell, remise, release, convey, mortgage and hypothecate lands, tenements, and hereditaments, upon such terms and conditions, and under such covenants as he shall think fit. Also, to bargain and agree for, buy, sell, mortgage, hypothecate, and in any and every way and manner deal in and with goods, wares and merchandise, choses in action, and other property in possession or in action, and to make, do and transact all and every kind of business, of what nature and kind soever, and also for me and in my name, and as act and deed, to sign, seal, execute, deliver and acknowledge such deeds, leases and assignments of leases, covenants, indentures, agreements, mortgages, hypothecations, bottomries, charter parties, bills of lading, bills, bonds, notes, receipts, evidences of debt, releases and satisfaction of mortgage, judgments and other debts, and such other instruments in writing of whatever kind or nature, as may be necessary or proper in the premises.

GIVING AND GRANTING unto above said attorney full power and authority to do and perform all and every and thing whatsoever requisite and necessary to the execution of the powers herein granted, as fully to all intents and purposes as I might or could do if personally present, Victor A. Schaefer heroby ratifying and confirming all that above said attorney Victor L. Schaefer shall lawfully do or cause to be done by virtue of these presents.

This power of attorney: ~~XXXXXXXXXXXXXXXXXXXX~~ shall become effective upon ~~XXXXXX~~ I shall not be affected by disability of the principal, and shall otherwise continue in full force and effect until revoked by subsequent writing: ~~XXXXXXXXXXXXXXXXXXXX~~ the 16th day of August 1993.

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(Optional) The said Victor A. Schaefer further nominates Victor L. Schaefer as guardian of his estate and person for consideration by the court if protective proceedings for his estate or person are hereafter commenced.

In Witness Whereof, I have hereunto set my hand the 16th day of August 1993.

Victor A. Schaefer  
Victor L. Schaefer

Signed and Delivered in the Presence of

[Signatures]

STATE OF Washington  
County of Skagit

(INDIVIDUAL ACKNOWLEDGMENT)

I, Victor A. Schaefer, Notary Public in and for the State of Washington do hereby certify that on this 16th day of August, 1993, personally appeared before me Victor A. Schaefer

to be known to be the individual described in and who executed the within instrument and acknowledged that they signed the same as free and voluntary act and deed for the uses and purposes herein mentioned.

Signed and sworn to before me this 16th day of August, 1993.

[Signature]  
Notary Public in and for the State of Washington  
My appointment expires 12-15-95

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