



Filed for record at request of

LAND TITLE COMPANY OF SKAGIT COUNTY

SCHACHT & HICKS
ATTORNEYS AT LAW
PO BOX 1165
MOUNT VERNON WA 98273

P90779

LAND TITLE COMPANY OF SKAGIT COUNTY

Grantor: WELTS, DAVID A.
Grantee: NICKEL, GLENN K. and NICKEL, KAREN R.

Abbreviated Legal:

p1n Gov Lot 5, Sec 7, Township 35 North, R 8, E. W.M.
West 1/2 of NE 1/4 and p1n E 1/2 of the NW 1/4, Sec. 18,
Township 35 N. Range 8

Additional legal on page: EXHIBIT A
Assessor's tax parcel number:

portion of: 350818-1-001-0008, 350818-1-001-0115 and
350807-0-007-0023

SKAGIT COUNTY WASHINGTON

Real Estate Public Tax
34203
MAR 8 2000

REAL ESTATE CONTRACT

Amount Paid \$2907.00
Skagit Co. Treasurer
Deputy

1. PARTIES AND DATE. This contract is entered
into on February 29, 2000, between DAVID A. WELTS, a single
man, as "Seller," and GLENN K. NICKEL and KAREN R. NICKEL,
husband and wife, as "Buyer."

2. SALE AND LEGAL DESCRIPTION. Seller agrees to
sell to Buyer and Buyer agrees to purchase from Seller the
following described real estate in Skagit County, state of
Washington:

That certain tract of land listed and described on
EXHIBIT "A" attached hereto and by reference made
a part hereof.

3. TERMS. The following are the terms by which the purchase price shall be paid. The purchase price is the sum of One Hundred Ninety-Thousand Dollars (\$190,000.00), of which the sum of Four Thousand Five Hundred Ten and 11/100 Dollars (\$4,510.11) has been paid, and the balance of said purchase price in the sum of One Hundred Eighty-five Thousand Four Hundred Eighty-nine and 89/100 Dollars (\$185,489.89) shall be paid in installments of One Thousand Four Hundred Eighty-nine and 60/100 Dollars (\$1,489.60), or more, at Buyer's option, on or before the 1st day of April, 2000, and a like amount on or before the 1st day of each and every month thereafter until paid in full. Interest shall accrue from the date hereof the rate of nine percent (9%) per annum on the declining principal balance with payments being first applied to interest and the balance to principal. All sums of principal and interest shall be due and payable within five (5) years from the date hereof. See Paragraph 8 for the adjustment of one payment based upon Buyer's payment of unprorated taxes otherwise payable by Seller.

4. FULFILLMENT DEED. Upon payment of all amounts due Seller, Seller agrees to deliver to Buyer a Statutory Warranty Deed in fulfillment of this contract. The covenants of warranty in said deed shall not apply to any encumbrances assumed by Buyer or to defects in title arising subsequent to the date of this contract by, through or under persons other than the Seller herein. Any personal property included in the sale shall be included in the fulfillment deed.

5. LATE CHARGES. If any payment on the purchase price is not made within ten (10) days after the date it is due, Buyer agrees to pay a late charge equal to 15% of the amount of such payment. Such late payment charge shall be in addition to all other remedies available to Seller and the first amounts received from Buyer after such late charges are due shall be applied to the late charges. Buyer additionally commencing on the 11th day subsequent to the due date shall pay interest at the rate of twelve percent (12%) per annum on the principal balance then due until all defaults have been cured.

6. NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES. Seller warrants that entry into this contract will not cause in any prior encumbrance (a) a breach, (b) accelerated payments, or (c) an increased interest rate; unless (a), (b) or (c) has been consented to by Buyer in writing.

7. POSSESSION. Buyer is entitled to possession of the property from and after the date of this contract.



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8. TAXES, ASSESSMENTS AND UTILITY LIENS. Buyer agrees to pay by the date due all taxes and assessments becoming a lien against the property after the date of this contract. Buyer may in good faith contest any such taxes or assessments so long as no forfeiture or sale of the property is threatened as the result of such contest. Buyer agrees to pay when due any utility charges which may become liens superior to Seller's interest under this contract. If real estate taxes and penalties are assessed against the property subsequent to the date of this contract because of a change in use prior to the date of this contract for open space, Farm, Agricultural or Timber classifications approved by the Country or because of a senior citizen's Declaration to Defect Property Taxes filed prior to the date of this contract, Buyer may demand in writing payment of such taxes and penalties within 30 days. If payment is not made, Buyer may pay and deduct the amount thereof plus 15% penalty from the payments next becoming due Seller under the contract.

The 2000 real property taxes were not prorated as of the date of closing because the property had been divided by boundary line adjustment and the Skagit County Assessor could not segregate the taxes prior to closing. The parties agree that each shall pay the tax applicable upon the properties retained or purchased pursuant to the boundary line adjustment and this Real Estate contract. Buyer shall be given a purchase payment credit for one-third of the first half 2000 taxes immediately following the receipt of the segregated tax statements.

9. INSURANCE. Buyer agrees to keep all buildings now or hereafter erected on the property described herein continuously insured under fire and extended coverage or policies in an amount sufficient to repair any damage or replace any structure destroyed. All policies shall be held by the Seller and be in such companies as the Seller may approve and have loss payable first to any holders of underlying encumbrances, then to Seller as their interests may appear and then to Buyer. Buyer may within 30 days after loss negotiate a contract to substantially restore the premises to their condition before the loss. If the insurance proceeds are sufficient to pay the contract price for restoration or if the Buyer deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless the underlying encumbrances provide otherwise. Otherwise, the amount collected under any insurance policy shall be applied upon any amounts due hereunder in such order as the Seller shall determine. In the event of forfeiture, all



rights of Buyer in insurance policies then in force shall pass to Seller.

10. NONPAYMENT OF TAXES, INSURANCE AND UTILITIES
CONSTITUTING LIENS. If Buyer fails to pay taxes or assessments, insurance premiums or utility charges, whether or not they constitute liens superior to Seller's interest under this contract, Seller may pay such items and Buyer shall forthwith pay Seller the amount thereof plus a late charge of 15% of the amount thereof plus any costs and attorney's fees incurred in connection with making such payment or in collecting the sums paid from Buyer.

11. CONDITION OF PROPERTY. Buyer accepts the property in its present condition and acknowledges that Seller, his agents and subagents have made no representation or warranty concerning the physical condition of the property or the uses to which it may be put other than as set forth herein. Buyer agrees to maintain the property in such condition as complies with all applicable laws.

12. RISK OF LOSS. Buyer shall bear the risk of loss for destruction or condemnation of the property. Any such loss shall not relieve Buyer from any of Buyer's obligations pursuant to this contract.

13. WASTE. Buyer shall keep the property in good repair and shall not commit or suffer waste or willful damage to or destruction of the property. Buyer shall not remove commercial timber without the written consent of Seller.

14. CONDEMNATION. Seller and Buyer may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property. Buyer may within 30 days after condemnation and removal of improvements negotiate a contract to substantially restore the premises to their condition before the removal. If the condemnation proceeds are sufficient to pay the contract price for restoration or if the Buyer deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless underlying encumbrances provide otherwise. Otherwise, proceeds of the award shall be applied in payment of the balance due on the purchase price, as Seller may direct.



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15. DEFAULT. If the Buyer fails to observe or perform any term, covenant or condition of this contract, Seller may:

(a) Sue for Installments. Sue for any delinquent periodic payment; or

(b) Specific Performance. Sue for specific performance of any of Buyer's obligations pursuant to this contract; or

(c) Forfeit Buyer's Interest. Forfeit this contract pursuant to RCW 61.30 as it is presently enacted and may hereafter be amended. The effect of such forfeiture includes: (i) all right, title and interest in the property of the Buyer and all persons claiming through the Buyer shall be terminated; (ii) the Buyer's rights under the contract shall be cancelled; (iii) all sums previously paid under the contract shall belong to and be retained by the Seller or other person to whom paid and entitled thereto; (iv) all improvements made to and unharvested crops on the property shall belong to the Seller; and (v) Buyer shall be required to surrender possession of the property, improvements and unharvested crops to the Seller 10 days after the forfeiture; or

(d) Acceleration of Balance Due. Give Buyer written notice demanding payment of said delinquencies and payment of a late charge of 15% of the amount of such delinquent payments and payment of Seller's reasonable attorney's fees and costs incurred for services in preparing and sending such Notice and stating that if payment pursuant to said notice is not received within thirty (30) days after the date said Notice is either deposited in the mail addressed to the Buyer or personally delivered to the Buyer, the entire balance owing, including interest, will become immediately due and payable. Seller may thereupon institute suit for payment of such balance, interest, late charge and reasonable attorney's fees and costs.

16. NON-WAIVER. Failure of either party to insist upon strict performance of the other party's obligations hereunder shall not be construed as a waiver of strict performance thereafter of all of the other party's obligations hereunder and shall not prejudice any remedies as provided herein.



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17. ATTORNEY'S FEES AND COSTS. In the event of any breach of this contract, the party responsible for the breach agrees to pay reasonable attorney's fees and costs, including costs of service of notices and title searches, incurred by the other party. The prevailing party in any suit instituted arising out of this contract and in any RCW 61.30 forfeiture proceedings arising out of this contract shall be entitled to receive reasonable attorney's fees and costs incurred in such suit or proceedings.

18. NOTICES. Notices shall be either personally served or shall be sent certified mail, return receipt requested and by regular first class mail to Buyer at: 7660 N E Cape Horn Road, Concrete WA 98237 and to Seller at: P. O. Box 1108, Mount Vernon, Washington, or such other address as either party may specify in writing to the other party. Notices shall be deemed given when served or mailed. Notice to Seller shall also be sent to any institution receiving payments on the contract.

19. TIME FOR PERFORMANCE. Time is of the essence in the performance of any obligations pursuant to this contract.

20. SUCCESSORS AND ASSIGNS. Subject to any restrictions against assignment, the provisions of this contract shall be binding on the heirs, successors and assigns of the Seller and the Buyer.

21. ALTERATIONS. Buyer shall not make any substantial alteration to the improvements on the property without the prior written consent of Seller, which consent will not be unreasonably withheld.

22. DUE ON SALE. If Buyer, 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 Buyer's interest in the property or this contract, Seller may at any time thereafter either raise to twelve percent (12%) per annum the interest rate on the balance of the purchase price or declare the entire balance of the purchase price due and payable.



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23. BOUNDARY LINES. Seller does not warrant against any adverse possession or prescriptive rights claims of any third parties affecting this property. Seller's deed to Buyer shall likewise not warrant against adverse possession or prescriptive rights claims made or potentially made by third parties. Buyer shall have no claim against Seller for any adverse possession or prescriptive rights claims made by any third party affecting this property.

24. FIRST RIGHT OF REFUSAL: Seller grants to Buyer a right of first refusal to purchase the real property described in Exhibit "B". Seller shall give Buyer a copy of any purchase offer received by Seller which Seller intends to accept. Buyer shall have ten (10) days from the date Buyer receives the offer to elect to exercise the first right of refusal, which election notice must be in writing and delivered to Seller personally. Buyer shall then be required to have fully concluded the transaction by closing escrow within forty-five (45) days of Buyer's receipt of the offer. The first right of refusal to purchase shall terminate and be of no further force and effect if Buyer has not in fact purchased the property within ten (10) years of the date of the Real Estate Contract granting such right.

25. RECREATIONAL EASEMENT: Buyer shall have an easement over and across the real estate described in Exhibit B for the purpose of recreation, including hunting, hiking and other non-damaging recreational uses. This easement shall terminate on the sooner of: 1) ten (10) years from the date of the Real Estate Contract, 2) Seller's sale of the property described in Exhibit "B" to a third party, 3) Buyer's use of the property for commercial purposes, or 4) upon an event which causes damage to the property during Buyer's use.

26. DNR REQUIREMENTS: Buyer recognizes that timber harvest activities have previously been performed on the property. It is uncertain what actions are required to comply with the rules and regulations of the Department of Natural Resources and Forest Practices Act. Buyer in any event agrees to perform that which is necessary to comply with the rules and regulations and hold Seller harmless from any such laws, rules and/or regulations.

27. PARTIAL FULFILLMENT: Buyer may elect to subdivide and sell portions of the real property. Seller agrees to execute partial fulfillment deeds provided Buyer: 1) pays the Seller forty percent (40%) of the gross sales price of any such parcel, 2) such sale does not land lock any of the remaining real property, 3) prevent the later and

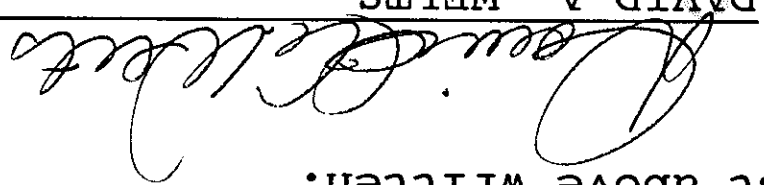


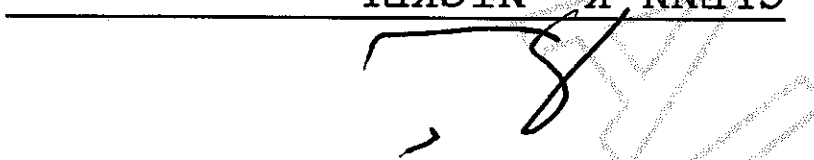
4) further subdivision and sale of the remaining property, and that the amount remaining due Seller upon the Real Estate Contract is not greater than seventy percent (70%) of the fair market value of the remaining property.

28. MISCELLANEOUS: The parties have undertaken certain activities preparatory to this sale. Seller shall pay all costs incurred through Skagit Surveyors resulting from surveying. Buyer shall pay and hold Seller harmless from all costs incurred or arising as a result of the boundary line adjustment, lot certifications and lifting of Skagit County's moratorium.

29. ENTIRE AGREEMENT. This contract constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral. This Contract may be amended only in writing executed by Seller and Buyer.

IN WITNESS WHEREOF, the parties have signed this Contract the day and year first above written.


DAVID A. WELTS,
SELLER

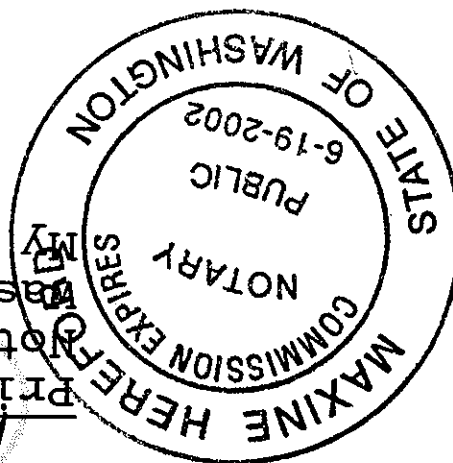

GLENN K. NICKEL

KAREN R. NICKEL
BUYER



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Maxine Hereford
Printed name: Maxine Hereford
Notary Public in and for the state of
Washington, residing at Stanwood
My appointment expires: 6/19/2002

DATED: February 29, 2000.

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

STATE OF WASHINGTON
COUNTY OF SKAGIT

)
) ss.
)

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SUBJECT TO EXCEPTIONS ATTACHED

The West 1/2 of the Northeast 1/4 and that portion of the East 1/2 of the Northwest 1/4 lying Southerly of the South Skagit Highway, as conveyed to Skagit County by deed recorded July 3, 1953, under Auditor's File No. 490199, all in Section 18, Township 35 North, Range 8 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of Government Lot 5, Section 7, Township 35 North, Range 8 East, W.M., lying Southerly of the South Skagit Highway.

Situate in the County of Skagit, State of Washington.

PARCEL "A":

EXCEPTIONS:

A. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

Grantee: Georgia-Pacific Corporation, a Georgia

Purpose:

For the purpose of use, maintenance, and reconstruction of the existing roads for the purpose of hauling and removing forest products and other valuable materials from, and of providing access to, lands now owned or hereafter acquired by the parties, and for purposes of land management and other administrative activities in connection therewith

Area Affected:

The existing roads on lands owned by the Smiths in the East 1/4 of the Northwest 1/4 of Section 18, Township 35 North, Range 8 East, W.M.

Dated:

February 13, 1973

Recorded:

October 31, 1973

Auditor's No.:

792754

B. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

Grantee:

David G. Chamberlain and Randy R. Bartelt
The purpose of moving specialized logging equipment, logging trucks or other equipment used for growing, harvesting, or managing timber

Area Affected:

As depicted on Exhibit "A" attached thereto

Dated:

July 26, 1993

Recorded:

August 4, 1993

Auditor's No.:

9308040047

C. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

Grantee:

State of Washington, acting by and through the Department of Natural Resources
For the purpose of construction, reconstruction, use and maintenance of a road or roads for the purpose of hauling forest products and other valuable materials from lands now owned or hereafter acquired by the parties hereto, and to provide access to said lands for land management and administrative activities

Area Affected:

As depicted on map attached thereto

Dated:

August 16, 1993

Recorded:

August 24, 1993

Auditor's No.:

9308240056

EXHIBIT A - pa



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EXCEPTIONS CONTINUED:

D. NOTICE OF SIX YEAR MORATORIUM ON NON-FORESTRY USE OF SAID PREMISES, AS FOLLOWS:

Recorded: April 19, 1995, July 21, 1995, July 30, 1996 and November 20, 1998
Auditor's Nos.: 9504190026, 9507210061, 9607300038 and 9811200016

E. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

Grantee: Puget Sound Power & Light Company, a Washington corporation
Purpose: An underground electric transmission and/or distribution system
Area Affected: Being located as constructed or to be constructed on the above-described property, generally described as follows: On the existing access road on the above described property

Dated: June 20, 1995
Recorded: July 17, 1995
Auditor's No.: 9507170106

F. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

Grantee: San Juan Cellular Limited Partnership, by US West New Vector Group, Inc., its General Partner
Purpose: A non-exclusive easement for ingress, egress, installation, and maintenance of utilities over, across and through Grantor's property. The installation of utilities shall be limited to power and telephone only.
Area Affected: The "existing access road"

Dated: June 16, 1995
Recorded: July 24, 1995
Auditor's No.: 9507240002

G. 2000 general real estate taxes payable to Skagit County.



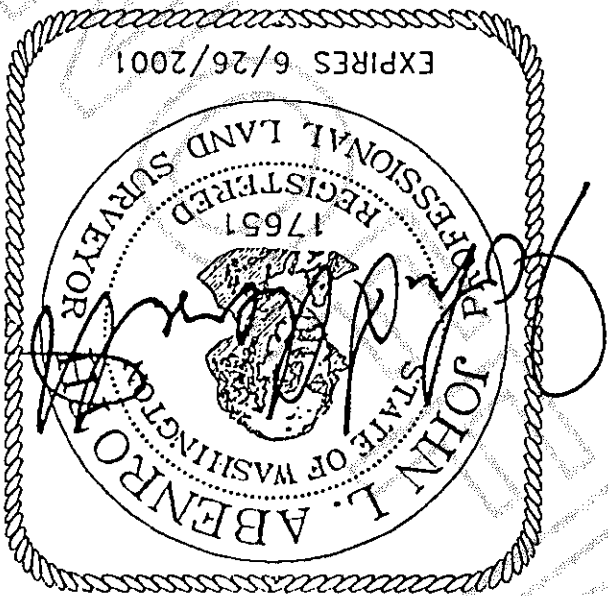
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EXHIBIT "B"

12/29/99



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Situated in Skagit County, Washington.

Containing 50.0 Acres.

TOGETHER WITH the northeast quarter of the northeast quarter of Section 18, Township 35 North, Range 8 East, W.M.

That portion of Government Lot 6, Section 7, Township 35 North, Range 8 East, W.M. lying southerly of the South Skagit Highway;

December 29, 1999

LEGAL DESCRIPTION
FOR
DAVID WELTS
OF PROPERTY TO BE RETAINED

Skagit
Surveyors & Engineers LLC
806 Metcalf St., Sedro-Woolley, WA 98284 Phone: (360) 855-2121 FAX: (360) 855-1658