



200304280197

Skagit County Auditor

4/28/2003 Page

1 of

6 3:32PM

AFTER RECORDING MAIL TO:

Name SILVER LAKE HOLDINGS INC.,
Address 7337 MILLER ROAD
City, State, Zip ANACORTES, WA 98221
00072669

Filed for Record at Request of First American Title of Skagit County

FIRST AMERICAN TITLE CO.

726 b9E
ANY OPTIONAL PROVISION NOT INITIALED BY ALL PERSONS SIGNING THIS CONTRACT --
WHETHER INDIVIDUALLY OR AS AN OFFICER OR AGENT -- IS NOT A PART OF THIS
CONTRACT.

REAL ESTATE CONTRACT (Residential Short Form)

1. PARTIES AND DATE. This Contract is entered into on April 25, 2003 between BETTY MORGAN TRUSTEE and BETTY MORGAN and BETH L. CLELAND FORMERLY BETH LOUISE MORGAN and LORI J. YANDLE as "Seller" and SILVER LAKE HOLDINGS INC., A Washington Corporation 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 portion of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 8, Township 34 North, Range 2 East, W.M., lying Northwesterly of the right-of-way of State Highway No. 20 and Northeasterly of the Skagit County road right-of-way known as the Miller Road.

#1983
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

APR 28 2003

Amount Paid \$ 710.50
Skagit Co. Treasurer
By Deputy

Assessor's Property Tax Parcel Account Number(s):

3. PERSONAL PROPERTY. Personal property, if any, included in the sale is as follows:
N/A

No part of the purchase price is attributed to personal property.

4. (a) PRICE. Buyer agrees to pay:

\$ 5,000.00

\$ 500.00

\$ (N/A)

\$ 4,500.00

Total Price

) Down Payment

) Assumed Obligation(s)

Amount Financed by Seller.

(b) ASSUMED OBLIGATIONS. NOT APPLICABLE.

(c) **PAYMENT OF AMOUNT FINANCED BY SELLER.**

Buyer agrees to pay the sum of **\$4,500.00** as follows:

\$1,500.00 or more at buyer's option on or before the **FIRST** day of **JUNE, 2003**, **without** interest and a like amount or more on or before the **FIRST** day of each and every **month** thereafter until paid in full.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL NOT LATER THAN AUGUST 1, 2003.

Payments are applied first to interest and then to principal. Payments shall be made to **MORGAN TURNER PROPERTIES LLC at PO BOX 568 ANACORTES WA 98221** or such other place as the the Payee Morgan Turner Properties may hereafter indicate in writing.

5. **FAILURE TO MAKE PAYMENTS ON ASSUMED OBLIGATIONS. NOT APPLICABLE.**

6. **OBLIGATIONS TO BE PAID BY SELLER: NOT APPLICABLE.**

7. **OTHER ENCUMBRANCES AGAINST THE PROPERTY. NOT APPLICABLE.**

8. **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.

9. **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 5% 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.

10. **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.

11. **POSSESSION.** Buyer is entitled to possession of the property from and after the date of this Contract, or closing, whichever is later, subject to any tenancies described in Paragraph 7.



12. **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 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 County or because of a Senior Citizen's Declaration to Defer 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 5% penalty from the payments next becoming due Seller under the Contract.

13. **INSURANCE.** Buyer agrees to keep all buildings now or hereafter erected on the property described herein continuously insured under fire and extended coverage policies in an amount not less than the balances owed on obligations assumed by Buyer plus the balance due Seller, or full insurable value, whichever is lower. 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.

14. **NONPAYMENT OF TAXES, INSURANCE AND UTILITIES CONSTITUTING LIENS.** If Buyer fails to pay taxes or assessments, insurance premiums or utility charges constituting liens prior 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 5% of the amount thereof plus any costs and attorney's fees incurred in connection with making such payment.

15. **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.

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

17. **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.

18. **AGRICULTURAL USE.** If this property is to be used principally for agricultural purposes, Buyer agrees to conduct farm and livestock operations in accordance with good husbandry operations. In the event a forfeiture action is instituted, Buyer consents to Seller's entry on the premises to take any reasonable action to conserve soil, crops, trees and livestock.

19. **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 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.

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

- (a) Suit of Installments. Sue for any delinquent periodic payment; or
- (b) Specific Performance. Sue for specific performance of any Buyer's obligations pursuant to this Contract; or
- (c) Forfeit Buyer's Interest. Forfeit this Contract pursuant to Ch.61.30, RCW, 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 are the Contract shall be canceled; (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.
- (d) Acceleration of Balance Due. Give Buyer written notice demanding payment of said delinquencies and payment of a late charge of 5% of the amount of such delinquent payments and payment of Seller's reasonable attorneys' 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 attorneys' fees and costs.
- (e) Judicial Foreclosure. Sue to foreclose this contract as a mortgage, in which event Buyer may be liable for a deficiency.

LPB-44 (9/92)



21. RECEIVER. If Seller has instituted any proceedings specified in Paragraph 20 and Buyer is receiving rental or other income from the property. Buyer agrees that the appointment or a receiver for the property is necessary to protect Seller's interest.

22. BUYER'S REMEDY FOR SELLER'S DEFAULT. If Seller fails to observe or perform any term, covenant or condition of this Contract, Buyer may, after 30 days' written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.

23. 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.

24. ATTORNEYS' FEES AND COSTS. In the event of any breach of this Contract, the party responsible for the breach agrees to pay reasonable attorneys' 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 forfeiture proceedings arising out of this Contract shall be entitled to receive reasonable attorneys' fees and costs incurred in such suit or proceedings.

25. 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 PO BOX 5945 BELLINGHAM WA 98227, and to Seller at MORGAN TURNER PROPERTIES LLC PO BOX 568 ANACORTES WA 98221, or such other addresses 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.

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

27. 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.

28. OPTIONAL PROVISION -- SUBSTITUTION AND SECURITY ON PERSONAL PROPERTY. NOT APPLICABLE.

29. OPTIONAL PROVISION -- 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.

SELLER	INITIALS:	BUYER
BETTY MORGAN TRUSTEE		SILVER LAKE HOLDINGS INC.
LORI J. YANDLE		
BETTY MORGAN		
BETH L. CLELAND		

30. OPTIONAL PROVISION -- 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 sheriffs sale of any of the Buyer's interest in the property or this Contract. Seller may at any time thereafter either raise the interest rate on the balance of the purchase price or declare the entire balance of the purchase price due and payable. If one or more of the entities comprising the Buyer 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 3 years (including options for renewals), a transfer to a spouse or child of Buyer, 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.

SELLER	INITIALS:	BUYER
<u>B.A.M.</u>		<u>RL</u>
<u>B.A.M.</u>		
<u>B.T.M.-C.</u>		
<u>BY</u>		

31. OPTIONAL PROVISION -- PRE-PAYMENT PENALTIES ON PRIOR ENCUMBRANCES. NOT APPLICABLE.

32. OPTIONAL PROVISION -- PERIODIC PAYMENTS ON TAXES AND INSURANCE. NOT APPLICABLE.

33. ADDENDA. Addendum A attached hereto and by this reference incorporated herein



33. ADDENDA. Addendum A attached hereto and by this reference incorporated herein

34. 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 and sealed this Contract the day and year first above written.

SELLER

Betty Morgan 4-19-03
BETTY MORGAN TRUSTEE

Lori J. Yandle 4/19/03
LORI J. YANDLE, FORMERLY LORI JEANNE MORGAN

Betty Morgan 4-19-03
BETTY MORGAN

Beth L. Morgan Cleland
BETH L. CLELAND FORMERLY BETH LOUISE MORGAN

BUYER

Richard Whitton
SILVER LAKE HOLDINGS INC.

BY: Richard W. Ertson

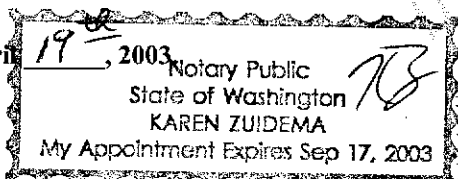
4/25/03

STATE OF WASHINGTON
COUNTY OF SKAGIT

} ss

I certify that I know or have satisfactory evidence that BETTY MORGAN and BETH L. CLELAND FORMERLY BETH LOUISE MORGAN and LORI J. YANDLE, are the persons who appeared before me, and said person acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: April 19, 2003



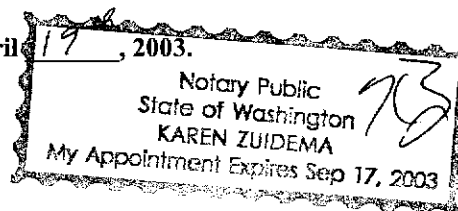
Notary Public in and for the State of Washington
Residing at Anacortes, WA
My appointment expires: 9/17/03

STATE OF WASHINGTON
COUNTY OF SKAGIT

} ss

I certify that I know or have satisfactory evidence that BETTY MORGAN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Sole Surviving Trustee of The Grace W. Turner Living Trust Dated November 6, 1969 to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: April 19, 2003.



Notary Public in and for the State of Washington
Residing at Anacortes, WA
My appointment expires: 9/17/03



ADDENDUM A TO REAL ESTATE CONTRACT
MORGAN/CLELAND/YANDLE, SELLER
SILVER LAKE PROPERTIES, BUYER

1. Due to the death of Earl Morgan, Betty Morgan is the sole remaining Trustee of the Grace W. Turner Living Trust dated November 6, 1969.
2. Beth Louise Morgan has attained the age of 35 and is now known as Beth L. Cleland.
3. Lori Jeanne Morgan has attained the age of 35 years and is now known as Lori. J. Yandle.



200304280197

Skagit County Auditor