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411 Main Street
Mount Vernon, Washington 98273



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Skagit County Auditor

6/18/2003 Page 1 of 7 11:23AM

LAND TITLE COMPANY OF SKAGIT COUNTY

**REAL ESTATE CONTRACT
(Residential Short Form)**

GRANTORS: Douglas J. Barnet and Kimberly J. Barnet, husband and wife

GRANTEES: Martin Manrique, a single person

LEGAL DESCRIPTION:

Lot 1, Short Plat No. PL02-0752, approved May 5, 2003 and recorded May 6, 2003, under Auditor's File No. 200305060130 and being a portion of the South 163.4 feet of Tract "E", "BIG LAKE WATER FRONT TRACTS, SKAGIT COUNTY, WASHINGTON," as per Plat recorded in Volume 4 of Plats, page 12.

TOGETHER WITH a non-exclusive easement for ingress, egress, and utilities over, under, and across the Northerly 30 feet of Lot 1 of said Short Plat No. PL02-0752.

Situate in the County of Skagit, State of Washington

ASSESSOR'S PROPERTY TAX PARCEL OR ACCOUNT NO.: 3862-000-068-0208/P62067

REFERENCE #s OF DOCUMENTS ASSIGNED/RELEASED: NONE

CONVEYANCE:

1. **PARTIES AND DATE.** This Contract is entered into on June 17, 2003 by Douglas J. Barnet and Kimberly J. Barnet, husband and wife (as "Sellers"); and Martin Manrique, a single person (as "Buyer").

2. **SALE AND LEGAL DESCRIPTION.** Sellers agree to sell to Buyer and Buyer agree to purchase from Sellers the following described real estate in Skagit County, State of Washington:

Lot 1, Short Plat No. PL02-0752, approved May 5, 2003 and recorded May 6, 2003, under Auditor's File No. 200305060130 and being a portion of the South 163.4 feet of Tract "E", "BIG LAKE WATER FRONT TRACTS, SKAGIT COUNTY, WASHINGTON," as per Plat recorded in Volume 4 of Plats, page 12.

TOGETHER WITH a non-exclusive easement for ingress, egress, and utilities over, under

and across the Northerly 30 feet of Lot 1 of said Short Plat No. PL02-0752.

Situate in the County of Skagit, State of Washington

3. **PERSONAL PROPERTY.** There is no personal property included in the sale. No part of the purchase price is attributed to personal property.

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

	\$75,000.00	Total Price
Less	\$7,500.00	Down Payment
Results in	\$67,500.00	Amount Financed by Sellers

(b) **PAYMENT OF UNDERLYING OBLIGATION.** Buyer and Sellers agree that the property is currently the subject of a Deed of Trust in favor of Skagit State Bank, which Deed of Trust is recorded under Skagit County Auditor File No. 200301080132. Buyer and Sellers agree that the monthly installment payments and balloon payment payable by Buyer, pursuant to this contract, shall be paid to Skagit State Bank, Contract Collection Department, 301 East Fairhaven Avenue, Burlington, Washington 98233 until the time for payment of the balloon balance, as provided in Section (c) below. Each month, the payment made by Buyer, pursuant to the terms in Paragraph (c) below, shall be applied in reduction of principal and interest on this underlying obligation.

(c) **PAYMENT OF AMOUNT FINANCED BY SELLERS**

Buyer agrees to pay the sum of Five Hundred Twenty-Three Dollars and Thirty-Five Cents (\$523.35) per month and the first payment date will be Aug. 1st, 2003 with interest from 6-17-03, 2003. Interest will be at the rate of seven percent (7%) simple interest per annum. Payments will be made on the first day of each succeeding month thereafter.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL NOT LATER THAN MAY 19, 2004.

Payments are applied first to late charges, then to interest, and then to principal. Payments shall be made to Skagit State Bank in Burlington, Washington.

5. (a) **OBLIGATIONS TO BE PAID BY SELLERS.** The Sellers agree to continue to pay from payments received hereunder the following obligation: That certain Deed of Trust dated December 20, 2002, recorded under Skagit County Auditor File No. 200301080132 (also identified in Paragraph 4(b) above).

(b) **FAILURE OF SELLERS TO MAKE PAYMENTS ON PRIOR ENCUMBRANCES.** If Sellers fail to make any payments on any prior encumbrance, Buyer may give written notice to Sellers that unless Sellers make the delinquent payments within 15 days, Buyer will make the payments together with any late charge, additional interest, penalties, and costs assessed by the holder of the prior encumbrance. The 15-day period may be shortened to avoid the exercise of any remedy by the holder of the prior encumbrance. Buyer may deduct the amounts so paid plus a late charge of 5% of the amount so paid and any attorney fees and costs incurred by Buyer in connection with the delinquency from payments next becoming due Sellers on the purchase price. In the event Buyer makes such delinquent payments on three occasions, Buyer shall have the right to make all payments due thereafter direct to the holder of such prior encumbrance and deduct the then balance owing on such prior encumbrance from the then balance owing on the purchase price and reduce periodic payments on the balance due Sellers by the payments called for in such prior encumbrance as such payments become due.



6. **OTHER ENCUMBRANCES AGAINST THE PROPERTY.** Subject to matters shown Schedule B II: B 1-9; and Schedule B-1: A, B, and C of the Preliminary Commitment for Title Insurance under Order No. 107129-PE.

7. **FULFILLMENT DEED.** Upon payment of all amounts due Sellers, Sellers agree to deliver to Buyer a Statutory Warranty Fulfillment 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 Sellers herein. Any personal property included in the sale shall be included in the fulfillment deed.

8. **LATE CHARGES.** If any payment on the purchase price is not made within five (5) 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 Sellers and the first amounts received from Buyer after such late charges are due shall be applied to the late charges.

9. **NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES.** Sellers warrant 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.

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

11. **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 Sellers' 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 Sellers under the Contract.

12. **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 Sellers, or full insurable value, whichever is lower. All policies shall be held by the Sellers and be in such companies as the Sellers may approve and have loss payable first to any holders of underlying encumbrances, then to Sellers 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 Sellers shall determine. In the event of forfeiture, all rights of Buyer in insurance policies then in force shall pass to Sellers.

13. **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 Sellers' interest under this Contract, Sellers may pay such items and Buyer shall forthwith pay Sellers the amount thereof plus a late charge of 5% of the amount thereof plus any costs and attorney fees incurred in connection with making such payment.



14. **CONDITION OF PROPERTY.** Buyer accepts the property in its present condition and acknowledges that Sellers, their 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.

15. **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.

16. **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 Sellers.

17. **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 practices. In the event a forfeiture action is instituted, Buyer consents to Sellers' entry on the premises to take any reasonable action to conserve soil, crops, trees and livestock.

18. **CONDEMNATION.** Sellers 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 Sellers may direct.

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

(a) **Suit 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 Buyers' 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 Buyers 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 Sellers or other person to whom paid and entitled thereto; (iv) all improvements made to and unharvested crops on the property shall belong to the Sellers; and (v) Buyer shall be required to surrender possession of the property, improvements, and unharvested crops to the Sellers 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 Sellers reasonable attorney 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. Sellers may thereupon institute suit for payment of such balance, interest, late charge, and reasonable attorney fees and costs.

(e) **Judicial Foreclosure.** Sue to foreclose this contract as a mortgage, in which event Buyer may be liable for a deficiency.

20. **RECEIVER.** If Sellers have instituted any proceedings specified in Paragraph 20 and Buyer is receiving rental or other income from the property, Buyer agrees that the appointment of a receiver for the property is necessary to protect Sellers' interest.

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

22. **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.

23. **ATTORNEYS' FEES AND COSTS.** In the event of any breach of this Contract, the party responsible for the breach agrees to pay reasonable attorney 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 attorney fees and costs incurred in such suit or proceedings.

24. **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 P.O. Box 2179, Mount Vernon, Washington 98273 and to Sellers at 19395 Conway Hill Road, Mount Vernon, Washington 98274, 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 Sellers shall also be sent to any institution receiving payments on the Contract.

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

26. **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 Sellers and the Buyer.

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

29. **DUE ON SALE.** If Buyer, without written consent of Sellers, (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) permit a forfeiture or foreclosure or trustee or sheriff's sale of any of the Buyer's interest in the property or this Contract, Sellers 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 Sellers 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 Sellers 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.

INITIALS:

Martin

(Buyers Initials)

MM

DB

(Sellers Initials)

31. **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 Sellers and Buyer.

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

SELLERS

Douglas J. Barnet

Douglas J. Barnet

Kimberly J. Barnet

Kimberly J. Barnet

BUYER

Martin Manrique

Martin Manrique

#2940
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUN 18 2003

Amount Paid \$ 1147.50
By DB Skagit Co. Treasurer Deputy

State of Washington)
County of Skagit)ss

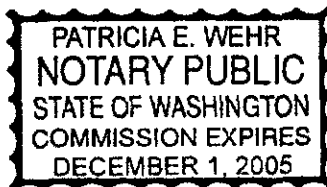
I certify that I know or have satisfactory evidence that Douglas J. Barnet and Kimberly J. Barnet, husband and wife, are the persons who appeared before me, and they acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes in the instrument.

Dated: June 17th, 2003.

Patricia E. Wehr

Notary Public

My Commission expires 12-1-05



200306180062

Skagit County Auditor

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Martin Manrique, a single person, signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be the free and voluntary act of him for the uses and purposes mentioned in the instrument.

DATED: June 17th, 2003.

Patricia E. Wehr

Notary Public

My commission expires: 12-1-05

