


Recorded at the Request of:
Gary T. Jones
Jones & Smith
415 Pine Street
Mount Vernon, WA 98273

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200308110205
Skagit County Auditor
8/11/2003 Page 1 of 6 11:25AM

LAND TITLE COMPANY OF SKAGIT COUNTY

TENANTS IN COMMON AGREEMENT

THIS AGREEMENT, made and entered into on the 25th day of June, 2003, by and between CLEM D. THEIN, an unmarried man, residing at 19233 Landing Road, Mount Vernon, WA 98273 ("CLEM"), and STEVEN THEIN and KIM THEIN, husband and wife, residing at 19233 Landing Road, Mount Vernon, WA 98273 ("STEVE").

RECITALS:

CLEM owns 36.8 acres in the farmstead, contiguous with the residence where he and STEVE reside.

The primary improvements, consisting of a house and outbuildings, are within the below-described premises, which are the subject matter of this Agreement, to wit:

That portion of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 9, Township 33 North, Range 3 East, W.M., described as follows:

Beginning at a point on the North line of said subdivision 375.2 feet East of the Northwest corner thereof, said point being on the Easterly line of the County Road; thence following said road South $39^{\circ}35'$ East 190.7 feet; thence South $24^{\circ}46'$ East 151.8 feet; thence South $8^{\circ}14'$ West 134.1 feet; thence North $89^{\circ}56'$ East 417.4 feet; thence North $0^{\circ}24'$ East 417.4 feet, more or less to the North line of said Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$; thence South $89^{\circ}56'$ West 583.5 feet along the North line of said Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ to the point of beginning.

P15569, P114432

Situate in the County of Skagit, State of Washington.

STEVE and CLEM have agreed to remodel the house; and

In recognition of the financial contribution to be made by STEVE and the joint living arrangement undertaken January 1, 2000, STEVE and CLEM intend to create an equality of interest in the subject real estate by combining the described real estate and present improvements, and STEVE'S financing for a substantial expansion and renovation of the house.

CLEM and STEVE intend to provide for their mutual security and the right to use and occupy the premises and agree to accommodate the disruption which will be necessary to undertake the substantial expansion and renovation of the house. It is the intent of the parties at all times to protect the personal and financial security of CLEM for his continued quiet enjoyment of the premises as a resident; now, therefore, in consideration of the mutual covenants and promises contained in this agreement,

THE PARTIES DECLARE AS FOLLOWS:

1. STEVE will, in consultation with CLEM, develop a detailed plan and submit permit applications necessary for construction of the substantial renovation and expansion of the residence for the purpose of making it suitable for their joint residence, including STEVE'S wife, Kim. All costs associated with the planning, permitting, and construction contemplated by the parties shall be paid for by STEVE from his own funds or from funds borrowed primarily in STEVE'S name and to be repaid by STEVE from his earnings.

2. As a further assurance to CLEM that the obligations financed by third parties will not interfere with his continued ownership, possession, and quiet enjoyment of his home, STEVE agrees to establish and maintain an insurance program which includes life insurance, payable at death to CLEM or CLEM'S designee, to satisfy all debt obligations associated with the improvement of the

premises, and STEVE shall pay all premiums associated with the insurance coverage. In addition, STEVE will establish a disability insurance program which will provide income sufficient to pay the installment payments required to service the debt in the event of his disability which prevents earning income sufficient to meet the monthly installment or balloon payment obligation established for the expansion and renovation of the residence.

3. When the plans and permitting are in a form satisfactory to CLEM and the financing therefore, including insurance offered by STEVE as security for that financing, are in a form satisfactory to CLEM, he agrees to convey, by Quit Claim Deed, a one-half (1/2) interest in the premises described above. This conveyance shall be without prejudice to his continued ownership in fee simple of all associated remaining real property, timber, and improvements in the Northwest 1/4 of the Northwest 1/4 of Section 9.

4. STEVE shall contribute payment of real property tax charged to "Improvements", and CLEM will contribute real property tax charged to land. STEVE will purchase and pay the premium for a standard extended coverage homeowner's insurance policy, insuring both cotenants and any lender against damage due to fire, windstorm, and other hazards, in addition to premises liability.

5. Except as herein set forth, neither STEVE, nor CLEM, shall sell, dispose of, transfer, or encumber the subject matter real property or their respective interests. Notwithstanding the foregoing:

(a) There shall be free transferability of interests between STEVE and CLEM on such terms as the parties may mutually accept;

(b) Each individual owner may, during his lifetime, transfer all or any part of his interest to his spouse;



(c) Each individual owner may, at death, either by Will or by operation of law, transfer his interest to one (1) or more persons; PROVIDED, that if a fiduciary, including, but not limited to, a testamentary trustee, guardian, executor, or administrator shall be holder of legal title to such interest, such of the cotenants, then the share of STEVE shall be charged with the remaining balance of any construction loan secured by the premises, and, if such loan is equal to or greater than one-half (1/2) of the net sale proceeds, then STEVE shall not be compensated for his cotenants share beyond the debt relief received and release from the obligation to insure against death fiduciary shall be subject to all of the terms of this agreement.

(d) If the subject property is sold with the mutual consent of the cotenants, then the share of STEVE shall be charged with the remaining balance of any construction loan secured by the premises, and, if such loan is equal to or greater than one-half (1/2) of the net sale proceeds, then STEVE shall not be compensated for his cotenant's share beyond the debt relief received and release from the obligation to insure against death and disability, as herein provided.

6. Neither STEVE, nor CLEM, shall directly or indirectly make application to, or petition any court for, partition of the premises.

7. If any part or provision of this agreement shall be determined to be invalid or unenforceable, the remaining portion of this agreement which can be separated from the invalid or unenforceable provisions shall nevertheless continue in full force and effect.

8. This agreement embodies the full understanding of the owners. This agreement may not be changed orally. Any modifications of this agreement must be in writing, signed by all of the parties hereto.



9. Except as otherwise specifically stated, this agreement shall bind and inure to the benefit of the parties to this agreement, their legal representatives, successors, and assigns.

10. This agreement supersedes all agreements previously made between the parties relating to the subject matter. There are no other understandings or agreements between them.

11. No delay or failure by a party to exercise any right under this agreement, and no partial or single exercise of that right shall constitute a waiver of that or any other right otherwise expressly agreed.

12. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHERE the parties have signed and sealed this agreement.

Clem D. Thein
CLEM THEIN

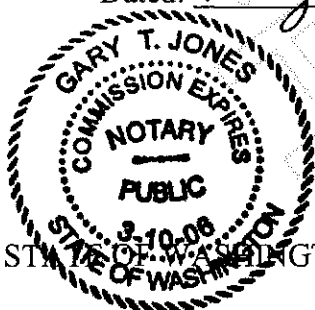
Steven D. Thein
STEVEN THEIN

Kim E. Thein
KIM THEIN

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that CLEM D. THEIN 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.

Dated: August 8, 2003



Signature: [Signature]
Printed Name: GARY T. JONES
My Commission Expires: 3/10/2006

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

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

Dated: August 8, 2003

Signature: [Signature]
Printed Name: GARY T. JONES
My Commission Expires: 3/10/2006



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