

Filed for Record at the Request of:

Alan R. Souders
Attorney at Law
913 Seventh Street
P.O. Box 1950
Anacortes, WA 98221



200308280235
Skagit County Auditor

8/28/2003 Page 1 of 6 3:47PM

DOCUMENT TITLE: Real Estate Contract

REFERENCE NUMBER OF RELATED DOCUMENT: N/A

GRANTOR: Hugh Michael Andersen and Sandra Andersen

GRANTEE: Robert F. Scarzafava and Kelley F. Scarzafava

LEGAL DESCRIPTION: HENSLER'S 1ST TO ANA. LTS 1 & 2 BLK 3

ASSESSOR'S TAX/PARCEL ID: 3794-003-002-0006 / P57317

REAL ESTATE CONTRACT

1. **PARTIES AND DATE.** This Contact is entered into this 27th day of August, 2003, between Hugh Michael Andersen and Sandra Andersen, husband and wife (hereinafter collectively referred to as "Seller") and Robert F. Scarzafava and Kelley F. Scarzafava, husband and wife (hereinafter collectively referred to 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:

Lots 1 and 2, Block 3, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES", as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington.

Tax/Parcel ID Number: 3794-003-002-0006 / P57317

3. **PERSONAL PROPERTY.** No part of the purchase price is attributed to personal property.

4. **TERMS OF SALE**

(a) **PURCHASE PRICE.** Buyer agrees to pay seller a total purchase price of two hundred eighty thousand dollars (\$280,000.00).

(b) **PAYMENT OF PURCHASE PRICE.** Buyer agrees to pay one thousand five hundred dollars \$1,500.00 down at Closing and the balance of the Purchase Price in monthly installments to Seller of two thousand six hundred sixty-one dollars and forty-nine cents (\$2,661.49), or more at Buyer's option, with interest from the date of Closing at the rate of eight percent 8% per annum on

the declining principal balance. Monthly installments shall be due and payable on or before the 10th day of each month, commencing on September 10, 2003. The first monthly payment shall be prorated so as to consist of principal in the amount of \$804.82, plus interest at the rate of \$61.89 per day from the Closing Date until September 9, 2003, end dates inclusive. There shall be no earnest money, nor prepayment penalties. Payments shall be applied first to interest and then to principal. Payments shall be made at Skagit State Bank, 1400 Commercial Avenue, Anacortes, Washington, 98221 or such other place as the Seller may hereafter indicate in writing.

5. OTHER ENCUMBRANCES AGAINST THE PROPERTY. The property is subject to the encumbrances indicated on the Owner's Title Insurance Policy acquired in connection with this transaction, and additionally the following listed tenancies, easements, restrictions and reservations in addition to the obligations assumed by Buyer and the obligations being paid by Seller:

Three-year lease of 2502 Commercial Avenue, Suite 1.

6. 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.

7. 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.

8. POSSESSION. Buyer is entitled to possession of the property from and after the date of this Contract, subject to any tenancies described in Paragraph 5.

9. 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, specifically including the Second Half 2003 Property Tax payable to the Skagit County Treasurer. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. DEFAULT. If the Buyer fails to observe or perform any term, covenant or condition of this Contract, Seller 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 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 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.

(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 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 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.

17. **RECEIVER.** If Seller has instituted any proceedings specified in Paragraph 16 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 Seller's interest.

18. **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.

19. **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.

20. **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.

21. **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 3916 West Third Street, Anacortes, Washington 98221, and to Seller at 11103 Happy Valley Road, Anacortes, Washington 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 Skagit State Bank, 1400 Commercial Avenue, Anacortes, Washington 98221, or such other institution Seller may hereafter designate in writing as the recipient of payments on this Contract.

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

23. **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.

24. **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 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 five years or less (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.

INITIALS: **SELLER**
 BUYER

MA
B

SA
BA

25. **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.

SELLERS:

BUYERS:

Hugh Michael Andersen
HUGH MICHAEL ANDERSEN

Robert F. Scarzafava
ROBERT F. SCARZAFAVA

Sandra Andersen
SANDRA ANDERSEN

Kelley F. Scarzafava
KELLEY F. SCARZAFAVA



ACKNOWLEDGEMENTS

STATE OF WASHINGTON)
 : ss
COUNTY OF SKAGIT)

On this day personally appeared before me HUGH MICHAEL ANDERSEN AND SANDRA ANDERSEN, to me known to be the individuals described in and who executed the foregoing document consisting of 6 pages, of which this is the last, and acknowledged that they signed same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 27 day of August, 2003.



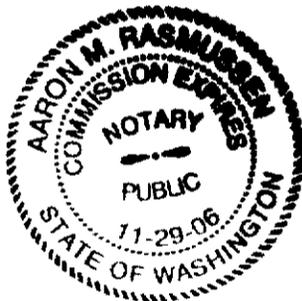
Aaron M. Rasmussen

Print Name: AARON M. RASMUSSEN,
NOTARY PUBLIC in and for the State of
Washington, residing at ANACORTES.
My appointment expires 11-29-06.

STATE OF WASHINGTON)
 : ss
COUNTY OF SKAGIT)

On this day personally appeared before me ROBERT F. SCARZAFAVA AND KELLEY F. SCARZAFAVA, to me known to be the individuals described in and who executed the foregoing document consisting of 6 pages, of which this is the last, and acknowledged that they signed same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 27 day of August, 2003.



Aaron M. Rasmussen

Print Name: AARON M. RASMUSSEN,
NOTARY PUBLIC in and for the State of
Washington, residing at ANACORTES.
My appointment expires 11-29-06.

4409
SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID
AUG 28 2003
Amount Paid \$ 4984.00
Skagit County Treasurer
By: *mm* Deputy



200308280235
Skagit County Auditor