



200412160116
Skagit County Auditor

12/16/2004 Page 1 of 7 2:50PM

When recorded return to:

John R. Cox & Associates, LLC
P.O. Box 456
Anacortes, WA 98221

EXHIBIT 1

OPTION TO PURCHASE REAL ESTATE

Grantor/Seller Name and Address: Michael Monti and Gretchen Monti
4738 E. Fairfield Street
Anaheim Hills, CA 92807

Grantee/Buyer Name and Address: John R. Cox & Associates, LLC

Property Description:

Tax Parcel No.: 4695-000-028-0000, P111766

County: Skagit

Street Address: 4124 Ellisport Place, Anacortes WA 98221

Option to Purchase Real Estate
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

DEC 16 2004

Amount Paid \$0
Skagit Co. Treasurer
By *Mam* Deputy

Legal Description:

As set forth in Attachment A hereto..

1. **Parties.** This agreement is made by Michael and Gretchen Monti (hereafter "Seller") and John R. Cox and Associates, LLC (hereafter "Cox" or "Buyer").
2. **Purchase Price:** The purchase price shall be the amount paid for the property by Seller to Jimmy and Masami Saiku (prior owner), plus Seller's closing costs upon acquisition of the property, plus property taxes paid from date of acquisition to date of closing to Cox, plus Cox's costs for feasibility study/engineering services.
3. **Terms of Sale.** The purchase price shall be paid all in cash at closing.
4. **Consideration.** John R. Cox & Associates, LLC, at the time of entering into this assignment and option agreement, has the right to acquire the subject property and has assigned its right to acquire this

Attachment A to
Options To Purchase Real
Estate

199810220111
Kathy Hill, Skagit County Auditor
10/22/1999 Page 1 of 4 3:54:18PM



When Recorded Return To:
ISLAND TITLE COMPANY
P.O. BOX 1228
ANACORTES, WA 98221

LPR-10

Statutory Warranty Deed

Assessor's Tax Parcel ID#: 4695-000-028-0000

THE GRANTOR **MAKINE HIGHTS, LLC**, a Washington Limited Liability Company

for and in consideration of ONE THOUSAND THIRTY TWO THOUSAND FIVE HUNDRED AND

NO/100 (\$121,500.00) DOLLARS

in hand paid, convey and warrants to JERRY R. SAITZ and KAREN SAITZ, husband and wife

the following described real estate, situated in the county of Skagit, State of Washington:

Lot 28, PLAT OF MAKINE HIGHTS, according to the plat thereof recorded in Volume 16 of plats, pages 173 through 175, records of Skagit County, Washington.

SUBJECT TO: Reservations, reservations and easements of record, including but not limited to CCR's amended September 7, 1999, and recorded September 13, 1999 in Skagit County, Washington under Auditor's file No. 199909130145.

ACCEPTED BY: *[Signature]*

DATED: October 18, 1999

MAKINE HIGHTS, LLC

Barry Z. Owen

32083
SKAGIT COUNTY WASHINGTON
Real Estate Tax

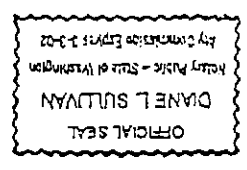
OCT 28 1999

Amount Paid \$ 235,850
By: *[Signature]*
SKAGIT COUNTY WASHINGTON

State of Washington
County of Skagit

I certify that I know or have satisfactory evidence that Barry Z. Owen is/are the person(s) who appeared before me, and said person(s) acknowledged that he signed this instrument, on each stated that he is authorized to execute the instrument and acknowledged it as of MAKINE HIGHTS, LLC to be the true and voluntary act of such party for the uses and purposes mentioned in the instrument.

[Signature]
Diane L. Sullivan
Notary Public in and for the State of Washington, residing at *[Address]*
My appointment expires: *[Date]*



property to the Seller hereunder in exchange for this option agreement. The parties agree that the assignment of rights is good and valuable consideration for this agreement. Contemporaneously with this agreement, Cox shall execute an Assignment of Cox's Rights to the Seller hereunder concerning the sales agreement between Cox, John R. Cox & Associates, LLC, and Third Party Seller, Jimmy and Masami Saiku. Said assignment shall be a simple assignment.

5. Option Period The option period commences on the 27th day of October, 2003, and ends on the 27th day of October, 2006. The option period runs for a total time period of two (2) years. At the end of the option period the option right terminates.

6. Possession. Cox shall not be entitled to possession of the subject property until closing of the sale, unless an express agreement is stated in writing either in this agreement or pursuant to a lease between the parties hereto.

7. Fees and Costs of Closing. Seller shall pay title insurance, excise taxes, and recording fees for the Statutory Warranty Deed. Parties shall split equally the escrow fees associated with the sale. Cox shall select the closing agent.

8. Closing Date. Closing shall occur on or before the expiration of the option period. Upon notice to Cox of Seller's intent not to employ John R. Cox and Associates, LLC as builder and designer of Seller's home, then closing shall occur within forty-five (45) days of such notice.

9. Encumbrances. Encumbrances to be discharged by the Seller shall be paid from Seller's funds at date of closing. The following shall not be deemed encumbrances or defects: rights reserved in federal patents or estate deeds, building or use restrictions consistent with current zoning, other government platting and subdivision requirements; utility easements and other easements not inconsistent with Cox's intended use; reserved oil and mineral rights.

10. Conveyance. Conveyance by Seller shall be conveyance of fee title pursuant to Statutory Warranty Deed. Title to the property shall be marketable. The following shall not cause the title to be unmarketable: Rights, reservations, covenants, conditions, and restrictions presently of record in general to the area; easements and encroachments not material affecting the value of or unduly interfering with Cox's reasonable use of the property; and reserved oil and/or mining rights.

11. Proration of Expenses. Property taxes shall be prorated as of date of closing, unless otherwise agreed in writing.

12. Risk of Loss. All risk of loss from damage or destruction of property, as the same relates to sale of the property, shall be borne by Seller.

13. Title Insurance. Seller shall provide Owner's Standard Title Insurance that shall be issued by First American Title Company and shall contain no exceptions other than those provided for in such standard form and encumbrances as delineated above. If title cannot be made so insurable prior to closing date, the Seller shall pay Cox the sums agreed under Paragraph 15 (B), unless Cox elects to waive such defects or encumbrances and proceed with purchase. Cox shall have no right to specific performance or damage as a consequence of Seller's inability to provide insurable title, except in the event of encumbrances arising through the Seller after date of this agreement.

14. Conditions to Exercise of Option. It is the intention of the parties hereto that the Seller shall enter into an agreement for design and construction of a single-family residence by John R. Cox &

200412160116
Skagit County Auditor



10-23-03
Three (3) days
2006
10/23/03

Associates, LLC concerning the subject property. The Seller and Cox agree that a construction agreement will be negotiated and executed by the parties within ninety days of the Seller's closing on the purchase of the lot from the present property owner, Jimmy and Masami Saiku. It is further agreed that construction on the residence shall begin within ~~twenty-four~~ ^{thirty-six} (24) months from such closing date. Upon the condition that Seller hereunder shall enter into the construction contract within ninety (90) days from Seller's closing on the lot and construction shall commence within twenty-four (24) months from the Seller's closing on the lot, then the option to purchase hereunder shall terminate. Termination of the option shall be provided in writing by Cox, which shall be in form suitable for recording with the Skagit County Auditor, which termination shall be given not later than substantial completion of the residence constructed by Cox for Seller. Cox agrees to subordinate its purchaser option in order to allow Seller to obtain construction financing.

15. Alternative Resolution and Notices. Seller is obligated to either successfully negotiate a design and construction agreement with Cox within ninety (90) days of Seller's closing of its purchase from the third party property owner listed above or state Seller's intent not to proceed with employment of Cox for such purposes. The parties wish to promote timely completion of contract negotiations or giving of notices hereunder.

A. If applicable, Seller agrees to timely give notice to Cox of Seller's intent not to employ Cox for the purpose of design and construction of the Seller's single family residence on the subject property. Such notice shall be given to Cox within ten (10) days of Seller's entry into a written construction agreement or design agreement with another designer or builder or sooner, at Seller's election. In no event shall notice be given later than 100 days from Seller's closing of purchase of the property from Third Party Seller. Upon receipt of such notice, Cox shall exercise its option to purchase hereunder, or, in the alternative, give notice of its intent to decline to exercise the option. If declined, then this agreement and the obligations of Seller terminate;

B. Seller may buyout Cox's option right by giving notice of its intent not to employ Cox for design or construction of the single-family residence. Seller shall pay Cox the sum of Fifty Thousand Dollars exactly (\$50,000.00) in order to permit Seller to retain the property and terminate the option agreement. Seller shall give notice of intent to buyout the option right in writing. Notice of intent to buyout the option right shall be given to Cox on or before 100 days from date of Seller's closing of purchase of the property from Third Party Seller. Upon such notice, Seller shall pay to Cox the said sum all in cash within thirty (30) days; and

C. If Seller fails to give notice of intent not to proceed with Cox as the designer/builder on or before one hundred (100) days from date of Seller's close of purchase on the subject property from the Third Party Seller, then Seller agrees to pay Cox, as a liquidated damage, the sum of Fifty Thousand Dollars (\$50,000.00) if Cox elects not to pursue specific performance of its option to purchase right hereunder. The parties agree that damages for Seller's breach of this agreement are not easily capable of calculation and that the establishment of liquidated damages payable by Seller to Cox is reasonable and necessary for the protection of Cox's rights under this agreement and as compensation for Cox's agreement to assign its purchase rights to Seller.

16. Attorneys' Fees. In the event that Cox commences proceedings or institutes suit to enforce any



10-25-03
[Signature]
10/25/03

rights hereunder, the prevailing party shall be entitled to costs, including expert witness fees and reasonable attorney's fees. In the event of a trial, the amount of such costs and fees shall be fixed by the court.

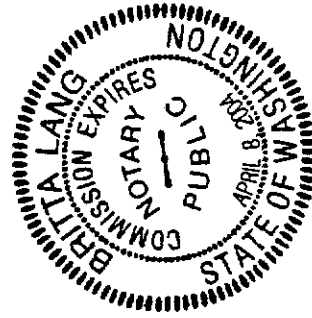
17. FIRPTA-Tax Withholding at Closing. The closing agent shall prepare a certification that the Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act. The Seller agrees to sign this certification if applicable. If the Seller is a foreign person and the transaction is not exempt from FIRPTA then closing agent shall withhold and pay the required sums to the Internal Revenue Service.

18. Complete Agreement of the Parties. This agreement contains the entire agreement between the parties and supersedes all prior understandings and negotiations. No modification of this agreement shall be effective unless the same is approved in writing and signed by both of the parties. This Agreement shall not be modified by course of dealing.

19. Assignment. The Seller may not assign their rights or delegate their duties under this option agreement without the prior written consent of Cox, unless expressly stated herein.

20. Condition of the Property. Cox and Seller agree that Cox has had adequate opportunity to inspect the premises prior to exercising of the option and Cox is completely satisfied with the condition of the property. Cox, upon exercise of the option, affirms that they accept the property "as is" in the condition upon the date of exercise of the Option. If this agreement is an option for the sale of residential real property, Cox acknowledges their right to receive a Residential Real Property Disclosure Form as required by RCW 64.06. Cox expressly waives the right to receive the disclosure statement by executing this agreement. Cox further understands that the Residential Lead Based Hazard Reduction Act (federal law) gives to Cox the right to receive a statement concerning lead based paint hazards in accordance with pamphlets issued by the United States Environmental Protection Agency. Cox acknowledges receipt of such disclosure by executing this agreement. Cox further acknowledges that no failure in the delivery of such disclosure forms shall confer any right to rescission of this option agreement nor in any way void this option agreement to the extent the same is permitted by applicable law. The Seller makes no warranties regarding the condition of the property except as expressly stated herein, if any. This provision concerns the Seller's understanding of the condition of the property at the time Seller acquired the assignment from Cox to purchase the property from the Third Party Seller. Seller agrees that Seller has had adequate opportunity to inspect the premises prior to taking the Assignment of Rights to acquire the property from the Third Party Seller and Seller is completely satisfied with the condition of the property. Seller understands that Seller acquires the rights by virtue of the assignment from Cox hereunder based on all of the written provisions in the Purchase and Sale Agreement and the addenda thereto between Cox and Third Party Seller. Otherwise, Seller accepts all rights by virtue of the assignment "as is." Seller further understands that Seller's recourse in the event of any problem, defect, or breach in respect to the assignment of rights under the Purchase and Sale Agreement with the Third Party Seller are strictly between the Seller and the Third Party Seller. Cox makes no warranties or representations concerning the Purchase and Sale Agreement, except the following:

A. Cox is informed and believes that the Purchase and Sale Agreement is valid as of date



DATED: 10/9/03

I certify that I know or have satisfactory evidence that John R. Cox & Associates, LLC is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as a Member of John R. Cox & Associates, LLC, to be the free and voluntary act of him the uses and purposes contained in the instrument.

State of Washington)
County of SKAGIT)
(ss)
()

Michael Mont Date: 10/25/03
MICHAEL MONT, (Seller)

John R. Cox & Associates, LLC Date: 10/9/03
John R. Cox, Member (Buyer)

Buyer: John R. Cox & Associates, LLC (Address) 902 8th St Anacortes (Phone) 360-293-9420
Seller: Grethen & Michael Mont (Address) 4735 E. Fairfield St., Anacortes (Phone) 360-293-9420
C.A. Hills

of making the assignment to the Seller hereunder;
B. Cox knows of no defenses of the Third Party Seller to its performance under the Purchase and Sale Agreement; and
C. Cox has a well-founded and reasonable belief that Cox has the right to assign its rights under the Purchase and Sale Agreement to Seller hereunder.
All sums due and payable by Seller to Cox under this agreement shall bear interest at the rate of twelve percent (12%) per annum or the maximum allowed by law, whichever is lower, from the date due.

BEITTA LANG, Notary Public
My commission expires: 10/9/03

LETTER OF ASSIGNMENT

October 9, 2003

For consideration of \$18,000.00 received from Michael and Gretchen Monti, John R. Cox & Associates LLC hereby assigns its Purchase and Sales Agreement dated July 22, 2003 for Lot 28 Marine Heights, 4124 Ellispport Place, Anacortes, WA (Skagit County parcel number P111766) to Michael and Gretchen Monti. This Letter of Assignment provides for a buy-back option as outlined in the Option to Purchase Real Estate by and between John R. Cox & Associates LLC and Michael and Gretchen Monti (Exhibit 1).

John R. Cox & Associates LLC / date
10/9/03

Michael Monti / date
10/25/03

Gretchen Monti / date
10/25/03



200412160116
Skagit County Auditor