

Filed for Record at Request of:  
After Recording Return to:

Michael M. Waller  
Zylstra Beekma & Waller, P.L.L.C.  
791 SE Barrington Drive  
Oak Harbor, WA 98277



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Skagit County Auditor

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## RESIDENTIAL LEASE AND OPTION TO PURCHASE

GRANTOR/LANDLORD: Dale Klutsenbaker and Lucille Klutsenbaker as Trustees of  
the Dale F. Klutsenbaker and Lucille E. Klutsenbaker Family  
Trust

GRANTEE/TENANT: Michael Sullivan and Tina Sullivan

PARTIAL LEGAL  
DESCRIPTION:

Ptn Lot 1, Sct 35, Twp 35N, R1, EWM

PARCEL NO.:

P32546

PHYSICAL  
ADDRESS:

11679 McCorkle Place  
Anacortes, Skagit County, Washington 98221

This Agreement hereinafter the "Lease" is entered into by and between Dale F. Klutsenbaker and Lucille E. Klutsenbaker, Trustees of the Dale F. Klutsenbaker and Lucille E. Klutsenbaker Family Trust, hereafter referred to as "Landlord" and Michael Sullivan and Tina Sullivan, husband and wife, hereafter referred to as "Tenant".

Landlord hereby leases to Tenant residential real estate located at 11679 McCorkle Place, Anacortes, Skagit County, Washington hereafter the "Premises" which is specifically described on Exhibit "A" attached hereto on the following terms and conditions:

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

FEB 25 2005

Residential Lease and Option to Purchase  
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Amount Paid \$  
By Skagit Co. Treasurer  
Deputy

1. **Term.** The term of the Lease shall be for the period beginning December 15, 2004 and ending December 31, 2007.
2. **Rent.** Tenant shall pay to Landlord the sum of Nine Hundred Twenty-Five Dollars (\$925.00) per month for the Premises. Payment shall be made on or before the 15th day of each month. There shall be a late charge of \$20.00 for each rental payment received after the 25th day of the month in which is due. Rent payments are to be made through the Whidbey Island Bank, Anacortes Branch, Collection Department, Collection Account No. 940889.
3. **Utilities.** Tenant shall pay for all services and utilities supplied to the Premises except water, which will be furnished by Landlord.
4. **Taxes, Insurance and Dues.** Landlord shall maintain casualty and liability insurance on the Premises in such amount as Landlord deems appropriate. Landlord shall pay and be responsible for all property taxes on the Premises and for owners' association dues during the term of the Lease.
5. **Subletting and Assignment.** The Tenant agrees not to sublet the Premises or to assign its interest in this Lease without the prior written consent of Landlord.
6. **Tenant's Obligations.** Tenant shall:
  - a. Keep the Premises in a clean and sanitary condition;
  - b. Properly dispose of rubbish, garbage, and waste in a clean and sanitary manner at reasonable and regular intervals and to assume all costs of extermination and fumigation for infestation caused by Tenant;
  - c. Properly use and operate all electrical, gas, heating, plumbing, facilities, fixtures, and appliances;
  - d. Not intentionally or negligently destroy, deface, damage, impair or remove any part of the Premises, its appurtenances, facilities, equipment, furniture, furnishings or appliances, nor to permit any member of Tenant's family, invitees, licensees or other persons acting under Tenant's control to do so; and
  - e. Not to permit a nuisance or common waste.
7. **Maintenance of Premises.** Tenant agrees to mow and water the grass and lawn, and keep the grass, lawn, flowers and shrubbery thereon in good order and condition, and keep the sidewalk surrounding said Premises free and clear of all obstructions; to replace in a neat and workmanlike manner all glass and doors broken during the occupancy thereon; to use due precaution against freezing of water or waste pipes and stoppage of same in and about said Premises that in case water or waste pipes are frozen or become clogged by reason of neglect



of Tenant, the Tenant shall repair the same at his own expense as well as all damage caused thereby. Except as otherwise provided in this Lease, Tenant shall, at Tenant's expense, maintain the entire Premises in good repair. All costs for repairs of more than \$200.00 for damage not caused by Tenant or by Tenant's guests or invitees shall be paid equally by Tenant and Landlord.

8. **Limitation on Liability of Landlord.** Tenant has been in possession of the Premises since 1997 and accepts the Premises in its present condition. The Landlord shall not be liable for any damages occasioned by failure of the Tenant to maintain the Premises as required by this Lease.
9. **Alternations.** Tenant agrees not to make alterations or do or cause to be done any painting or wallpapering to said Premises without the prior written consent of Landlord.
10. **Use of Premises.** Tenant shall not use said Premises for any purpose other than that of a residence and shall not use said Premises or any part thereof for any illegal purpose. Tenant agrees to conform to municipal, county and state codes, statutes, ordinances and regulations concerning the use and occupation of said Premises.
11. **Landlord's Obligations.** Landlord shall:
  - a. Immediately notify Tenant, by certified mail or updated posting, of any changes as to the identity or address of the Landlord;
  - b. Maintain all structural components in good repair, except that payment for all such repairs in excess of \$200.00 will be paid equally by Landlord and Tenant;
  - c. Provide a reasonable program for control of infestations by insects, rodents, and other pests at the initiation of tenancy, provided however, that Landlord shall not be held responsible where infestation is caused by Tenant.
  - d. Maintain all electrical, plumbing, heating and other facilities and appliance supplied by him in reasonably good working order, except that payment for all such repairs in excess of \$200.00 will be paid equally by Landlord and Tenant.
12. **Access.** Landlord shall have the right to place and maintain "for rent" signs in a conspicuous place on said Premises for thirty (30) days prior to the vacation of said Premises. Landlord reserves the right of access to the Premises for the purpose of:
  - a. Inspection;
  - b. Repairs, alterations or improvements;
  - c. To supply services; or



- d. To exhibit or display the Premises to prospective or actual purchasers, mortgagees, tenants, workmen, or contractors.

Access shall be at reasonable times except in case of emergency or abandonment.

13. **Surrender of Premises.** In the event of default in payment of any installment of rent or at the expiration of said term of this agreement, Tenant will quit and surrender the said Premises to Landlord.
14. **Costs and Attorneys Fees.** If, by reason of any default or breach on the part of either party in performance of this agreement, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this agreement shall be Island County Washington.
15. **Security and Damage Deposit.** The Tenant has deposited the sum of \$100.00, as security deposit and \$200.00, as damage deposit, receipt of which is hereby acknowledged, which sum shall be deposited by Landlord in a trust account with Whidbey Island Bank, Coupeville branch, whose address is 401 N. Main Street, Coupeville, WA 98239. Interest on the deposit shall belong to Landlord.

All or a portion of such deposit may be retained by Landlord and refund of any portion of such deposit is conditioned as follows:

- a. Tenant shall fully perform obligations hereunder and those pursuant to RCW 59.18, or as may be subsequently amended;
- b. Tenant shall occupy said Premises for term agreed to above;
- c. Tenant shall clean, repair and restore said Premises and return the same to Landlord in its initial condition, except for reasonable wear and tear, upon the termination of this tenancy and vacation of residence;
- d. Tenant shall surrender to Landlord the keys to Premises.

Any refund from deposit, as by itemized statement shown be due to Tenant, shall be returned to Tenant within fourteen (14) days after termination of this tenancy and vacation of the Premises.

16. **Non-Refundable Fees.** The sum of \$925.00 is to be retained by the Landlord as a non-refundable fee for last month's rent and is in addition to the security and damage deposit but not a part thereof.



17. **Option to Purchase.**

- a. For and in consideration of Two Thousand Five Hundred Dollars (\$2,500.00), Landlord gives and grants to Tenant, upon the condition, however, that there shall be no existing default on the part of Tenant under the Lease, the privilege of purchasing the Premises upon the price and terms set forth below. The Tenant's right to purchase the Premises shall be forfeited if rental payments at any time become delinquent in the amount of three (3) months rent (\$2,775.00) or more. The Tenant may exercise such option at any time during the last two months of the Lease term, that is between November 1, 2007 and December 31, 2007. The Tenant may exercise the option to purchase by serving notice in writing of its election to so purchase the property. Such notice of election to purchase shall state the date upon which the Tenant elects to complete said purchase (the closing date), however, the closing date shall be no sooner than January 1, 2008 and no later than April 1, 2008. Upon the closing of the purchase, the risk of loss of damage to the Premises by fire or other casualty shall be on the Tenant.
- b. Upon receipt of said written notice of election of the option to purchase, the Landlord shall submit to Tenant a preliminary commitment for title insurance showing merchantable title to the property, free and clear of any all encumbrances, except liens or encumbrances created by Tenant and subject to restrictive covenants and easements of record.
- c. At the time of closing, property taxes, rental and association dues shall be prorated. Tenant shall be responsible for all closing and escrow fees charged by the closing agent and all recording fees. Landlord shall be responsible for the real estate excise tax.
- d. The purchase price is One Hundred Eighty-Six Thousand Dollars (\$186,000.00). Tenant shall receive a credit on the purchase price of 40% of rental payments made during the term of the Lease. The purchase price so computed shall be paid in all cash at closing.
- e. This option is personal to the Tenant and may not be assigned by the Tenant without the prior written consent of the Landlord.
- f. The Deed shall be a Statutory Warranty Deed in a form requisite for recording and shall be executed and acknowledged so as to convey to the Tenant fee simple title to the leased property, subject only to the conditions set forth in this Section 17.

18. **Notices.** Any notice required or permitted hereunder must be in writing and will be effective upon the earlier of personal delivery or three days after being mailed by certified mail, return receipt requested, addressed to the Tenant at the Premises or at the Landlord at 513 E. Sunrise Boulevard, Oak Harbor, Washington 98277, or at such other place as the Landlord may from time to time designate.



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**Preparation of Agreement.** This agreement has been prepared by Michael M. Waller of Zylstra, Beeksma & Waller, P.L.L.C., attorneys at law, 791 S.E. Barrington Drive, Oak Harbor, Washington. Michael M. Waller represents Landlord. and Tenant understands that Mr. Waller and Zylstra, Beeksma & Waller do not represent Tenant. Tenant further understands that any legal advise it desires in connection with this transaction should be obtained from attorneys other than Zylstra, Beeksma & Waller, P.L.L.C. and acknowledges that it has obtained all legal advise it desires prior to signing this agreement

DATED this 16<sup>th</sup> day of ~~January~~ <sup>FEBRUARY</sup>, 2005.

LANDLORDS:

Dale F. Klutsenbaker, Trustee of the Dale F. Klutsenbaker and Lucille E. Klutsenbaker Family Trust  
Lucille E Klutsenbaker, Trustee of the Dale F. Klutsenbaker and Lucille E. Klutsenbaker Family Trust

DATED this 5<sup>th</sup> day of ~~January~~ <sup>February</sup>, 2005.

TENANTS:

[Signature]  
Michael Sullivan

2/5/5

Tina Sullivan 1/18/05  
Tina Sullivan



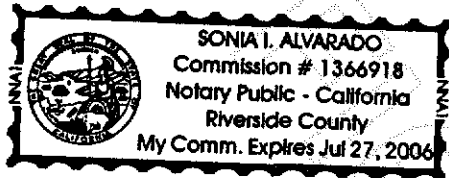
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STATE OF California )  
County of Riverside )ss.  
)

I certify that I know or have satisfactory evidence that **Dale Klutsenbaker** and **Lucille Klutsenbaker** signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 16<sup>th</sup> day of February, 2005.

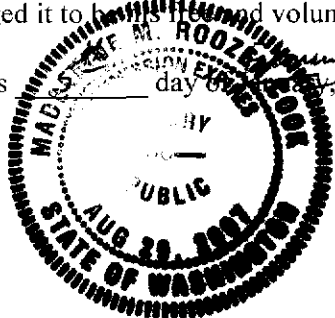


Sonia I. Alvarado  
(Signature)  
Sonia I. Alvarado  
(Print Name)  
Notary Public  
My Appointment Expires: July 27 2006

STATE OF WASHINGTON )  
County of Skagit )ss.  
)

I certify that I know or have satisfactory evidence that **Michael Sullivan** signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 18<sup>th</sup> day of January, 2005.

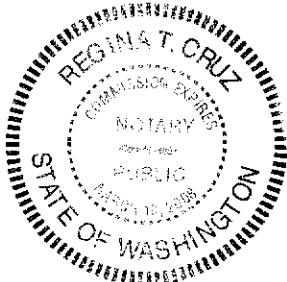


Madeleine M. Roosen Cook  
(Signature)  
Madeleine M. Roosen Cook  
(Print Name)  
Notary Public / My Appointment Expires: 8/29/07

STATE OF WASHINGTON )  
County of Island )ss.  
)

I certify that I know or have satisfactory evidence that **Tina Sullivan** signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 18<sup>th</sup> day of January, 2005.



Regina Cruz  
(Signature)  
Regina Cruz  
(Print Name)  
Notary Public / My Appointment Expires: 3/16/08



Exhibit "A"

LEGAL DESCRIPTION

That portion of Lot 1, Section 35, Township 35 North, Range 1 East of the Willamette Meridian, described as follows:

Beginning at a point on the Southwesterly side of the public highway where the same intersects the Southerly line of Lot 33 of Subdivision 1, Rancho San Juan Del Mar;  
thence along the Southwesterly line of said public highway 140 feet;  
thence Northeasterly across said highway parallel to the Southeast line of said Lot 33, 60 feet to the true point of beginning of this description;  
thence Northwesterly along the line of said public highway a distance of 30 feet;  
thence Northeasterly parallel to the Southeasterly line of said Lot 33 a distance of 225 feet;  
thence at right angles Southeasterly a distance of 120 feet;  
thence in a straight line to the true point of beginning.

End of Legal Description



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