

WHEN RECORDED RETURN TO
MARTIN S. CABELLO, JR.
P.O. Box 49
Sedro Woolley WA 98284



200602170133
Skagit County Auditor

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CHICAGO TITLE CO.
1137853

Escrow # IMV1594 MKP

ANY OPTIONAL PROVISION NOT INITIALED BY ALL PERSONS SIGNING THIS CONTRACT -- WHETHER INDIVIDUALLY OR AS AN OFFICER OR AGENT -- IS NOT A PART OF THIS CONTRACT .

Chicago Title Company - Island Division
REAL ESTATE CONTRACT
(RESIDENTIAL SHORT FORM)

1. **PARTIES AND DATE.** This Contract is entered into on FEBRUARY 17, 2006 between MARTIN S. CABELLO, JR., a single man, as his separate estate as "Seller" and ALLING INVESTMENTS, INC, a Washington corporation 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:

Abbreviated legal description: Ptn Tracts 4 and 5, TROWBRIDGE ADDITION TO THE TOWN OF SEDRO WOOLLEY. See legal description attached hereto and by reference made a part hereof.

Tax Account No.: 4175-000-004-0403 P77332

3. **PERSONAL PROPERTY.** Personal property, if any, included in the sale is as follows:

No part of the purchase price is attributed to personal property.

4. (a) **PRICE.** Buyer agrees to pay:
\$ 110,000.00
Less (\$ 10,000.00)
Less (\$ NONE)
Results in \$ 100,000.00

Total Price
Down Payment
Assumed Obligation(s)
Amount Financed by Seller.

(b) **ASSUMED OBLIGATIONS.** Buyer agrees to pay the above Assumed Obligation(s) by assuming and agreeing to pay that certain Contract N/A dated N/A recorded as

AF# N/A Seller warrants the unpaid balance of said obligation is \$ N/A which is payable \$ N/A on or before the N/A day of N/A, 19 N/A, including N/A interest at the rate of N/A % per annum on the declining balance thereof; and a like amount on or before the N/A day of each and every Month N/A thereafter until paid in full.

NOTE: Fill in the date in the following two lines only if there is an early cash out date.
NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL NOT LATER THAN N/A, 19 N/A.

ANY ADDITIONAL ASSUMED OBLIGATIONS ARE INCLUDED IN ADDENDUM.

#782
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

FEB 17 2006

(c) **PAYMENT OF AMOUNT FINANCED BY SELLER.**

Buyer agrees to pay the sum of \$ 100,000.00 as follows:
\$ 700.00 or more at Buyer's option on or before the 17th day of JUNE
2006 , Including INTEREST FREE interest from N/A at the rate of 0.% per annum
(including/plus)
on the declining balance thereof; and a like amount or more on or before 17th day of each
and every Month thereafter until paid in full.
(month/year)

Note: Fill in the date in the following two lines only if there is an early cash out date.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL
NOT LATER THAN AUGUST 17, 2006

Payments are applied first to interest and then to principal. Payments shall be made at
P.O. BOX 49, SEDRO WOOLLEY, WA 98284
or such other place as the Seller may hereafter indicate in writing.

5. **FAILURE TO MAKE PAYMENTS ON ASSUMED OBLIGATIONS.** If Buyer fails to make any payments on
assumed obligation(s), Seller may give written notice to Buyer that unless Buyer makes the delinquent payment(s)
within fifteen (15) days, Seller will make the payment(s), together with any late charge, additional interest, penalties
and costs assessed by the Holder of the assumed obligation(s). The 15-day period may be shortened to avoid the
exercise of any remedy by the holder of the assumed obligation(s). Buyer shall immediately after such payment by
Seller reimburse Seller for the amount of such payment plus a late charge equal to five percent (5%) of the amount
so paid plus all costs and attorneys' fees incurred by Seller in connection with making such payment.

6. (a) **OBLIGATIONS TO BE PAID BY SELLER.** The Seller agrees to continue to pay from payments received
hereunder the following obligation(s), which obligation(s) must be paid in full when Buyer pays the purchase price in
full:

That certain Deed of Trust N/A dated N/A, recorded as AF# N/A.
(Mortgage, Deed of Trust, Contract)

ANY ADDITIONAL OBLIGATIONS TO BE PAID BY SELLER ARE INCLUDED IN ADDENDUM.

(b) **EQUITY OF SELLER PAID IN FULL.** If the balance owed the Seller on the purchase price herein
becomes equal to the balances owed on prior encumbrances being paid by Seller, Buyer will be deemed to have
assumed said encumbrances as of that date. Buyer shall thereafter make payments direct to the holders of said
encumbrances and make no further payments to Seller. Seller shall at that time deliver to Buyer a fulfillment deed in
accordance with the provisions of Paragraph 8.

(c) **FAILURE OF SELLER TO MAKE PAYMENTS ON PRIOR ENCUMBRANCES.** If Seller fails to make any
payments on any prior encumbrance, Buyer may give written notice to Seller that unless Seller makes 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 attorneys' fees and costs incurred by Buyer in connection with the
delinquency from payments next becoming due Seller 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 Seller by the payments
called for in such prior encumbrance as such payments become due.

7. **OTHER ENCUMBRANCES AGAINST THE PROPERTY.** The property is subject to encumbrances
including the following listed tenancies, easements, restrictions and reservations in addition to the obligations
assumed by Buyer and the obligations being paid by Seller:

Exceptions

ANY ADDITIONAL NON-MONETARY ENCUMBRANCES ARE INCLUDED IN ADDENDUM.

8. **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.

9. **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.

10. **NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES.** Seller warrants 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.

11. **POSSESSION.** Buyer is entitled to possession of the property from and after the date of this Contract, or.

13. **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.

14. **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 attorneys' fees incurred in connection with making such payment.

15. **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.

16. **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.

17. **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 Seller.

18. **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 Seller's entry on the premises to take any reasonable action to conserve soil, crops, trees and livestock.

19. **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.

20. **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 attorneys' 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.

See addendum to additional terms.

24. **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.

25. **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 2501 Northwoods Loop Road Mount Vernon WA 98273

to Seller at P.O. Box 49 Sedro Woolley WA 98284

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 any institution receiving payments on the Contract.

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

27. **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.

28. **OPTIONAL PROVISION -- SUBSTITUTION AND SECURITY ON PERSONAL PROPERTY.** Buyer may substitute for any personal property specified in Paragraph 3 herein other personal property of like nature which Buyer owns free and clear of any encumbrances. Buyer hereby grants Seller a security interest in all personal property specified in Paragraph 3 and future substitutions for such property and agrees to execute a financing statement under the Uniform Commercial Code reflecting such security interest.

SELLER

INITIALS:

BUYER

29. **OPTIONAL PROVISION -- ALTERATIONS.** Buyer shall not make any substantial alteration to the improvements on the property without the prior written consent of Seller, which consent will not be unreasonably withheld.

SELLER

INITIALS:

BUYER

MSU

TRA
HBA

30. **OPTIONAL PROVISION -- 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 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 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.

SELLER

INITIALS:

BUYER

MSU

TRA
HBA

31. **OPTIONAL PROVISION -- PRE-PAYMENT PENALTIES ON PRIOR ENCUMBRANCES.** If Buyer elects to make payments in excess of the minimum required payments on the purchase price herein, and Seller, because of such prepayments, incurs prepayment penalties on prior encumbrances, Buyer agrees to forthwith pay Seller the amount of such penalties in addition to payments on the purchase price.

SELLER

INITIALS:

BUYER

32. **OPTIONAL PROVISION -- PERIODIC PAYMENTS ON TAXES AND INSURANCE.** In addition to the periodic payments on the purchase price, Buyer agrees to pay Seller such portion of the real estate taxes and assessments and fire insurance premium as will approximately total the amount due during the current year based on Seller's reasonable estimate.

The payments during the current year shall be Not Applicable per Not Applicable. Such "reserve" payments from Buyer shall not accrue interest. Seller shall pay when due all real estate taxes and insurance premiums, if any, and debit the amounts so paid to the reserve account. Buyer and Seller shall adjust the reserve account in April of each year to reflect excess or deficit balances and changed costs. Buyer agrees to bring the reserve account balance to a minimum of \$10 at the time of adjustment.

SELLER _____ INITIALS: _____ BUYER _____

33. **ADDENDA.** Any addenda attached hereto are a part of this Contract.

34. **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.

Martin S. Cabello, Jr. 2/17/06
MARTIN S. CABELLO, JR. Date

ALLING INVESTMENTS, INC

T.R. Alling PRESIDENT 2/17/06
By Terence R. Alling Date

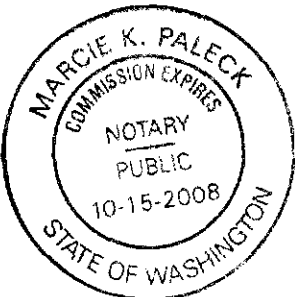
Holly B. Alling Secretary 2/17/06
By Holly B. Alling Date

STATE OF WASHINGTON
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that MARTIN S. CABELLO, JR. the person(s) who appeared before me, and said person(s) acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes therein mentioned in this instrument.

Dated: February 17 2006

Marcie K. Paleck
Marcie K. Paleck
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: October 15, 2008



STATE OF WASHINGTON
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that Terence R. Alling and Holly B. Alling the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument, on oath stated that they are authorized to execute the instrument and acknowledged it as the President and Vice President of ALLING

The West 37 feet of the South 99 feet of Tract 4 and the East 3 feet of the South 100 feet of Tract 5, TROWBRIDGE ADDITION TO THE TOWN OF SEDRO WOOLLEY, according to the plat thereof recorded in Volume 3 of Plats, page 33, records of Skagit County, Washington;

EXCEPT the South 5 feet of the West 37 feet of the South 99 feet of Tract 4 and the East 3 feet of the South 100 feet of Tract 5, TROWBRIDGE ADDITION TO THE TOWN OF SEDRO WOOLLEY, according to the plat thereof recorded in Volume 3 of Plats, page 33, records of Skagit County, Washington, as conveyed to the State of Washington by deed recorded July 21, 1992 under Auditor's File No. 9207210015, records of Skagit County, Washington;

Situated in Skagit County, Washington.

ADDENDUM TO REAL ESTATE CONTRACT

Purchaser and Seller agree that this is an interest free loan. Purchaser agrees to pay \$700.00 towards the principal beginning on June 17, 2006. All parties agree that any funds paid towards the encumbrance shall be credited to the Purchaser at the time of final payment. Provided however, if not sooner paid, the entire unpaid principal balance shall be all due and payable on or before August 17, 2006.

Additional Terms under Paragraph 20 of this Real Estate Contract:

The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

Initials: _____

TRA ~~HEA~~ MN