

WHEN RECORDED RETURN TO:

AVIS, LLC
Scott Waldal
P.O. Box 25
Arlington, WA 98223



200606220110

Skagit County Auditor

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Chicago Title Insurance Company

425 Commercial Street – Mount Vernon, Washington 98273 IC39304/IMV1883

DOCUMENT TITLE(s):

1. **RIGHT OF FIRST REFUSAL TO PURCHASE REAL ESTATE**

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

☐ Additional numbers on page _____ of the document

GRANTOR(s):

1. **DUKES HILL RESOURCE, INC.**

☐ Additional names on page _____ of the document

GRANTEE(s):

1. **AVIS, LLC**

☐ Additional names on page _____ of the document

ABBREVIATED LEGAL DESCRIPTION:

PTN S/2 GOV'T LOT 3, AND PTN. NE SW, SEC. 7, T35N, R5E W.M.

☒ Complete legal description is on page 2 of the document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

350507-0-035-0006 P38620

This cover sheet is for the County Recorder's indexing purposes only.
The Recorder will rely on the information provided on the form and will not read the document to
verify the accuracy or completeness of the indexing information provided herein.

RIGHT OF FIRST REFUSAL TO PURCHASE REAL ESTATE

DUKES HILL RESOURCE, INC., a Washington Corporation, Grantor hereby grants to AVIS, LLC, a Washington Limited Liability Company, Grantee, exclusive rights of refusal to acquire the property described below. The rights of refusal granted hereunder shall be governed by the terms stated below.

RECITALS OF PARTIES

A. The Grantor is DUKES HILL RESOURCE, INC., a Washington Corporation (hereinafter *Dukes Hill* or *Grantor*), who is the Seller under a Purchase & Sale Agreement by and between the parties hereto and dated April 19, 2006. The said Agreement provided for a right of first refusal on the subject property to Grantee.

B. The property that is the subject hereof is described as follows:

~~Parcel Nos: P101465~~

Parcel No. P38620

LEGAL DESCRIPTION: HIGHWAY 9/PRAIRIE, ACRES 7.56, (SWFC) THE SOUTH HALF OF GOVERNMENT LOT 3 AND THE SOUTH 22 ACRES OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 35 NORTH, RANGE 5 EAST, W.M. EXCEPT THAT PORTION LYING WEST OF THE EAST LINE OF SECONDARY STATE HIGHWAY 9; AND EXCEPT THAT PORTION LYING EAST OF A CREEK ALONG THE EAST LINE OF GOVERNMENT LOT 3 OF SAID SECTION 7 AND EXCEPT THE SOUTH 214 FEET, AKA PARCEL "A" OF SURVEY RECORDED UNDER AP#200308070022.

See legal description attached hereto.

C. It is the intention of the parties that the rights of refusal granted herein shall be binding on the parties, and on the heirs of the Grantor.

AGREEMENT

4. Recitals Incorporated. Grantors and Grantee agree that the above recitals are true and correct and are made a part of this agreement.
5. Property. The property is described above, which legal description is incorporated by this reference.
6. First Refusal Right to Purchase. For the term of two (2) years from the date of this



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agreement, Grantor grants Grantee the right to purchase the subject property for \$270,000.00. Grantor agrees that if the Grantor receives and intends to accept an offer to purchase the subject property, then the Grantor shall request an unconditional, *bona fide*, written offer from the prospective purchaser stating the purchase price and the material terms of the proposed purchase. Immediately upon receiving the offer, the Grantor shall transmit a notice, setting forth in reasonable detail all material terms for the contemplated sale, to Grantee. Such notice shall be given to Grantee by certified mail to the last known address of Grantee. It shall be the obligation of Grantee to keep the Grantor informed as to their whereabouts and current mailing address. As part of the notice given by the Grantor to the Grantee, the Grantor shall specify the title company which shall be acting as escrow agent in regard to the third party offer.

- NINETY 8
- a. Within ~~twenty~~ ^{NINETY} days following mailing of the notice of the offer to Grantee, they shall give notice of their intent to exercise their right of first refusal. Such notice of intent to exercise the right of first refusal shall be given in writing to the escrow agent specified in the notice sent by Grantor. In the event that Grantee decline to exercise the right of first refusal or fails to respond to the escrow agent within the twenty day period, then this right of first refusal shall terminate.
- b. The terms of the offer received from the third party shall apply in respect to this right of first refusal only for the purpose of establishing the selling price of the property. If the third party offer calls for seller financing of the transaction, then the provision of seller financing to the either party hereto hereunder shall be solely at the option of the Grantor.

- NINETY (90) 8
7. Exercise of Right. Grantor shall give at least ~~Twenty~~ ⁽⁹⁰⁾ (20) days' notice of the Purchase Terms. Notice shall be given in writing to Grantee by certified mail, with return receipt. Closing of the sale shall take place not later than ~~40~~ ⁹⁰ days from exercise of the refusal right. The parties agree that time is of the essence. If the right is not exercised and sale not closed within ~~60~~ ⁹⁰ days following giving notice of purchase offer, then the rights granted hereunder are terminated, unless the Grantor has frustrated performance in closing of this sale.
8. Payment. The purchase price shall be paid all in cash at time of closing, unless specific terms of seller financing are proposed, including actual documents of finance (real estate contract or promissory note and deed of trust). A party with a refusal right shall be offered the same terms of seller financing proposed and agreeable with a third party.
9. Possession. The buyer shall be entitled to possession of the property at closing of the transaction.
10. Fees and Costs of Closing. Grantor shall pay title insurance, excise taxes, one half of escrow closing costs and recording fees for the Statutory Warranty Deed. Grantee shall pay one half escrow closing costs and recording costs for seller financing documents.



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11. Encumbrances. Encumbrances to be discharged by the Grantor shall be paid from Grantor'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 the buyer's intended use; reserved oil and mineral rights.
12. Conveyance. Conveyance by Grantor shall be conveyance of fee title pursuant to Bargain and Sale Deed free of encumbrances, except for covenants, conditions, restrictions and easements of record. Title to the property shall be marketable.
13. Proration of Expenses. Property Taxes, utilities, and other charges, shall be prorated as of date of closing unless otherwise agreed in writing.
14. Risk of Loss. All risk of loss from damage or destruction of building as the same relates to sale of the property, shall be borne by Grantor until closing of the transaction.
15. Title Insurance. Title insurance shall be issued by Land 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, buyer may terminate the transaction, unless buyer elects to waive such defects or encumbrances and proceed with purchase.
16. Property Disclosure Statement. The parties waive the requirements of the Real Property Disclosure Statement (RCW 64.06). Further, any sale hereunder shall be a transfer of the property and all improvements "as is," where is, subject only to the reasonable obligation of the Grantor to remove Grantor's personal property, refuse, and hazardous materials introduced to the premises by the Grantor.
17. Notices. Unless otherwise specified in this agreement, any period of time stated in this agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time, unless the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, in which event the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five days or less shall not include Saturdays, Sundays or legal holidays. Time is of the essence in this agreement.
18. Integration. This agreement constitutes the entire understand between the Parties and supercedes all prior or contemporaneous understandings and representations. No modification of this agreement shall be effective unless agreed in writing and signed by Grantor and Grantee. **There are no verbal agreements or understandings which modify this agreement. This agreement states the full understanding between the parties.**



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19. Assignment. Neither Grantee may not assign the rights to this agreement. This Agreement shall be binding on and enforceable against the heirs and devisees of Grantor.
20. FIRPTA- Tax Withholding at Closing. The closing agent shall prepare a certification that the Grantee are not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act. The Grantor agrees to sign this certification if applicable. If the Grantor 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.
21. Remedies. Grantee may obtain specific performance of this agreement, in addition to all other remedies available at law or in equity.
22. Dispute Resolution. Any dispute between the parties shall be decided according to the Mandatory Arbitration Rules for Skagit County then in effect, regardless of the amount in dispute. The arbitrator's award shall not be limited by otherwise applicable MAR rules. The arbitrator shall have authority to determine the amount, validity and enforceability of rights of specific performance and other equitable matters. The arbitrator's decision may only be appealed pursuant to RCW Ch. 7.04A. The most prevailing party shall be awarded his or her reasonable attorney's fees. There shall be one and only one prevailing party, which shall be the single party in whose favor a net monetary settlement or arbitration award is received, after all offsets, back charges, counterclaims, etc. are resolved, and regardless of which party may have prevailed on which issues. In determining the party in whose favor a net monetary judgment is awarded, the arbitrator cannot consider tenders or payments of money made after suit has been filed. This Disputes clause supersedes all statutes and court rules dealing with the determination of prevailing party and the award of attorney fees.

GRANTOR:

DUKES HILL RESOURCES, INC.

BY: John Diamond
Its: President

State of Washington)
County of Skagit)

JOHN DIAMOND

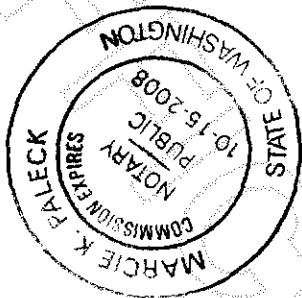
I certify that I know or have satisfactory evidence that MRP. is the person who appeared before me, and she acknowledged that s/he signed this instrument and acknowledged it to be



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her/his free and voluntary act for the uses and purposes in the instrument.

Dated this 21st day of June, 2006.



Marcie Paleck

Printed Name: MARCIE K. PALECK

Notary Public for Washington, residing at Mount Vernon

My Commission expires October 15, 2008



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EXHIBIT "A"

The South 214 feet of the following described parcel:

The South half of Government 3 and the South 22 acres of the Northeast Quarter of the Southwest Quarter of Section 7, Township 35 North, Range 5 East of the Willamette Meridian, lying East of the East line of Secondary State Highway 9 and West of a creek along the East line of Government Lot 3 of said Section;

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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