

RETURN TO:

JOHN W. HICKS  
SCHACHT & HICKS  
PO BOX 1165  
MOUNT VERNON WA 98273

LAND TITLE OF SKAGIT COUNTY

124156-PW



200612290118

Skagit County Auditor

12/29/2006 Page

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4 2:36PM

DOCUMENT TITLE: OPTION TO PURCHASE REAL PROPERTY

GRANTOR: THOMAS-PRICE, ANITA SUE

GRANTEE: PORT GARDNER TIMBER COMPANY, INC.

ABBREVIATED LEGAL DESCRIPTION: Ptn SE 1/4 NE 1/4, 17-35-7 E W.M.

ADDITIONAL LEGAL DESCRIPTION ON PAGE 1 OF DOCUMENT 1.

ASSESSOR'S TAX PARCEL NUMBER: 350717-1-011-0107

SKAGIT COUNTY WASHINGTON  
REAL ESTATE ENCISE TAX

DEC 29 2006

OPTION TO PURCHASE REAL PROPERTY

Auditor's File No.  
Skagit Co. Treasurer  
By *[Signature]*

This agreement made and entered into December 29, 2006, by and between ANITA SUE THOMAS-PRICE, as her separate property, "Seller", and PORT GARDNER TIMBER COMPANY, INC., a Washington corporation, d/b/a BOW HILL MILL, or its assignees, "Buyer".

1. OPTION. Seller, for and in consideration of the terms and conditions of this agreement, grants to Buyer the option to purchase the real property described as:

The West 1/2 of the Southeast 1/4 of the Northeast 1/4 of Section 17, Township 35 North, Range 7 East, W.M.,

EXCEPT that portion thereof lying within Schulze Road as established by instrument recorded February 2, 1987, under Auditor's File No. 8702020064, Skagit County, Washington.

2. OPTION PAYMENT. Buyer shall pay upon the execution of this agreement Twenty Thousand Dollars (\$20,000.00) to Seller. The Twenty Thousand Dollars (\$20,000.00) shall be a purchase credit at closing.

3. PURCHASE PRICE. The purchase price shall be Four Hundred and Thirty Thousand Dollars (\$430,000.00). Buyer shall pay One Hundred and Forty Thousand Dollars (\$140,000.00) for timber and Two Hundred Ninety Thousand Dollars (\$290,000.00) for the land. The purchase price shall be paid in all cash at closing.

4. TIMBER DEED. Seller, upon the execution of this agreement shall execute a Statutory Warranty Timber Deed transferring to Buyer or Buyer's assignees all right, title and interest in and to all timber located upon the above real property, which Timber Deed shall be held in escrow at Land Title. The Deed shall be delivered and recorded upon payment to Seller of the One Hundred Forty Thousand Dollar (\$140,000.00) timber purchase price. The Twenty Thousand Dollar (\$20,000.00) option money paid shall be a purchase credit which Buyer may elect to apply to the timber purchase.

5. CLOSING. The purchase transaction shall close thirty (30) days subsequent to Buyer's acquisition of a authority through the Department of Natural Resources to harvest the timber upon terms and conditions acceptable to Buyer. Closing, however, under no circumstances, shall be later than August 31, 2007.

6. NOTICE OF ELECTION. Buyer, thirty (30) days before closing, shall in writing notify Seller of Buyer's intent to purchase. Buyer may elect to purchase the land or timber independent of the other, or both. Buyer's notice of election to purchase shall be in writing.

7. TITLE INSURANCE. Seller, twenty (20) days prior to closing, shall deliver to Buyer a policy of title insurance in the full price or a report preliminary thereto showing merchantable title to said property. Buyer shall have reasonable time, not to exceed ten (10) days, to examine the title policy.



8. PROPERTY ACCESS. Seller, upon receipt of the sums due for the timber purchase, shall grant Buyer access. The access granted shall be sufficient to Buyer's intended timber harvest. Buyer, preliminary to any timber harvest, shall be granted access to Seller's property for the purposes of preparing for the timber harvest. Buyer shall comply with all governmental regulations concerning the timber harvest. Seller will sign all documents required by any governmental agency required for the purposes of the timber harvest.

9. POSSESSION. Buyer shall be granted possession at closing.

10. TAXES. The current real property taxes shall be prorated between the parties as of the date of closing.

11. ASSIGNMENT. Buyer may assign its rights under this agreement to any third party.

12. WARRANTY DEED. Seller shall convey title, both to the timber and the real property by Statutory Warranty Deed free of encumbrances of any kind.

13. CLOSING COSTS. Closing costs shall be paid as determined by Land Title Escrow.

14. ATTORNEY'S FEES. In the event the services of an attorney are incurred to enforce any covenant, condition or term of this agreement or to procure a nonjudicial, an adjudicated, involuntary or voluntary termination of any party's rights hereunder, including an action to collect any payment required hereunder, the parties agree that the nonprevailing party shall pay a reasonable sum as attorney's fees, whether or not suit is commenced, together with all court costs, costs of searching records, and costs of serving any notices required by law. Failure



to pay said attorney's fees and costs incurred shall be deemed a substantial breach of this agreement.

The parties have hereunto set their hands the day and year first above written.

Anita Sue Thomas-Price  
ANITA SUE THOMAS-PRICE Seller

PORT GARDNER TIMBER COMPANY,  
INC.

By Shirley A. Dorsey, Pres  
SHIRLEY A. DORSEY, President

STATE OF WASHINGTON            )  
  )  
COUNTY OF SKAGIT            )    ss.

On this day personally appeared before me ANITA SUE THOMAS-PRICE, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 29th day of December, 2006.



W.W. Vaux  
Printed name: W.W. VAUX  
Notary Public in and for the state of  
Washington, residing at Bon  
My appointment expires: 5-13-2010

