



201604060033

Skagit County Auditor

\$79.00

4/6/2016 Page

1 of

7 11:47AM

When recorded return to:

Cavanaugh Vistas, LLC
Attn: Jeffrey Miller
16625 Mountain View Road
Mount Vernon, WA 98274

CHICAGO TITLE
620026831

**REAL ESTATE CONTRACT
(RESIDENTIAL SHORT FORM)**

1. **PARTIES AND DATE.** This Contract is entered into on March 31, 2016, between CAVANAUGH VISTAS, LLC, a Washington limited liability company as "Seller" and MICHAEL MCKENNEY, as "Purchaser."
an unmarried person
2. **SALE AND LEGAL DESCRIPTION.** Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller the following described real estate in Skagit County, State of Washington:

LOT 2 OF Skagit County Short Plat PL-06-0514 recorded under Skagit County Auditor's File Number 200708150159, being a portion of Government Lot 2 located in the SE ¼ of the SW ¼ of Section 25, Township 33 North, Range 6 East, W.M.

Situate in the County of Skagit, State of Washington.

Tax Parcel Number(s): 3875-000-0100-0700 / P126555

**SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX**

2016 1209

APR 06 2016

3. **PERSONAL PROPERTY.** No personal property is included in this sale.

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

4. (a) **PRICE.** Purchaser agrees to pay: \$70,000.00 Total Price
Less (\$9,000.00) Down Payment
Results in \$61,000.00 Amount Financed by Seller.

Amount Paid \$ *1251.00*
Skagit Co. Treasurer
By HFB Deputy

- (b) **ASSUMED OBLIGATIONS.** *This section intentionally deleted.*

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

Purchaser agrees to pay the sum of \$61,000.00 as follows:

Interest only payments, or more at purchaser's option, beginning on or before the 15th day of April, 2016, with interest from March 31, 2016, or such earlier date as this Contract is recorded in the records of the Skagit County Auditor, at the rate of 6.00% per annum; and payments equal to all accrued and unpaid interest on or before the 15th day of each and every month thereafter until March 31, 2021, on which date all amounts owed under this Contract must be paid in full.

During any period of default by Purchaser, the principal owed to Seller shall bear interest at the rate of eighteen percent (18%), or the maximum rate allowed by law, whichever is less.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST AND ALL OTHER AMOUNTS OWED UNDER THIS CONTRACT SHALL BE DUE IN FULL NOT LATER THAN MARCH 31, 2021.

Payments are applied first to late fees and all other fees and then to interest and then to principal. Payments shall be made through a contract collection at Skagit Bank, 301 E Fairhaven Avenue/P.O. Box 285, Burlington, WA 98284 or such other place as the Seller may hereafter indicate in writing. Buyer shall be responsible for all costs of the collection account, including but not limited to setup fees and annual fees.

5. FAILURE TO MAKE PAYMENTS ON ASSUMED OBLIGATIONS. *This section intentionally deleted.*
6. *This section intentionally deleted.*
7. OTHER ENCUMBRANCES AGAINST THE PROPERTY.
 - (a) The property is subject to encumbrances, tenancies, easements, restrictions, and reservations, if any, as shown in the preliminary title commitment issued by Chicago Title & Escrow and provided to Buyer prior to execution of this Contract.
 - (b) Purchaser shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the property or any interest therein without the prior, written consent of Seller, even though such encumbrance may be junior to Seller's interest under this Contract. Encumbrance of the property contrary to the provisions of this paragraph shall constitute a default, whether the encumbrance be created by Purchaser or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.
8. FULFILLMENT DEED. Upon payment of all amounts due Seller, Seller agrees to deliver to Purchaser a Statutory Warranty Deed in fulfillment of this Contract. The covenants of warranty in said deed shall not apply to any encumbrances assumed by Purchaser or to defects in title arising subsequent to the date of this Contract by, through, or under persons other than the Seller herein.
9. LATE CHARGES. If any payment on the purchase price is not made within fifteen (15) days after the date it is due, Purchaser 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 Purchaser after such late charges are due shall be applied to the late charges.
10. NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES. *This section intentionally deleted.*
11. POSSESSION. Purchaser is entitled to possession of the property from and after the date of this Contract.
12. TAXES, ASSESSMENTS, AND UTILITY LIENS. Purchaser agrees to pay by the date due all taxes and assessments becoming a lien against the property after the date of this Contract. Purchaser may in good faith contest any such taxes or assessments so long as no forfeiture or sale of the property is threatened as the result of such contest. Purchaser agrees to pay when due any utility charges which may become liens superior to Seller's interest under this Contract.

13. **INSURANCE.** Purchaser 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 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 Seller and then to Purchaser. Purchaser may within 30 days after loss negotiate a contract to substantially restore the premises to their condition before the loss. If insurance proceeds are sufficient to pay the contract price for restoration or if the Purchaser deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored. Otherwise the amount collected under any insurance policy shall be applied upon any amounts due hereunder in such order as Seller shall determine. In the event of forfeiture, all rights of Purchaser in insurance policies then in force shall pass to Seller.
14. **NONPAYMENT OF TAXES, INSURANCE, AND UTILITIES CONSTITUTING LIENS.** If Purchaser fails to pay taxes or assessments, insurance premiums, owners' association dues and assessments or utility charges constituting liens prior to Seller's interest under this Contract, Seller may pay such items and Purchaser shall forthwith pay Seller the amount thereof plus a late charge of 5% of the amount thereof plus any costs and attorney's fees incurred in connection with making such payment plus interest on all such amounts at the rate of interest then in effect under this Contract.
15. **CONDITION OF PROPERTY.** Purchaser accepts the property in its present condition and acknowledges that Seller, his/her 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. Purchaser agrees to maintain the property in such condition as complies with all applicable laws.

Purchaser acknowledges that Purchaser has been solely responsible for Purchaser's own "due diligence" investigation of the property prior to execution of this Contract, for Purchaser's own analysis of the merits and risks of the acquisition of the property, and for the analysis of the fairness and desirability of the terms of this transaction. Purchaser assumes all risks relevant to this transaction, Purchaser's investigation of the property or lack thereof and accepts the property on an AS-IS, WHERE-IS, WITH ALL FAULTS basis. Seller disclaims any and all warranties, whether express or implied, including, but not limited to warranties of merchantability, fitness for a particular purpose and warranties of habitability. Seller has made no representations whatsoever to Purchaser and Purchaser is not relying upon any representation of Seller with respect to the number of existing or potential separate lots on the property.

Purchaser represents that Purchaser has investigated the Property prior to execution of this Contract. Purchaser assumes any and all risks, including (without in any way limiting the generality of the preceding language) but not limited to: the inability to obtain ingress, egress, sewer or septic, the unavailability of water or water service for the property, the existence of encroachments, unrecorded documents and agreements, soil and slope instability, the inability to divide the property into two or more separate parcels and the presence or suspected presence of hazardous substances. Purchaser has examined, to Purchaser's satisfaction, all characteristics of the property and is not relying upon any statements or representations, other than those set forth in this Agreement, by Seller, Seller's agents, or any other person or entity with respect to the property, its square footage, soils, improvements, boundaries, encroachments or any other matter of any kind whatsoever, which would give rise to a claim by Purchaser against Seller at any time or for termination of this Contract. Purchaser waives any and all rights to rescind this Contract. Purchaser and Seller acknowledge that the assumption of all risks related to the condition of the property by the Purchaser is in consideration of the price of the property, which is lower than it would have been if Seller was held responsible for any express or implied warranties.

16. **RISK OF LOSS.** Purchaser shall bear the risk of loss for destruction or condemnation of the property. Any such loss shall not relieve Purchaser from any of Purchaser's obligations pursuant to this Contract.

17. **WASTE.** Purchaser shall keep the property in good repair and shall not commit or suffer waste or willful damage to or destruction of the property. Purchaser 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, Purchaser agrees to conduct farm and livestock operations in accordance with good husbandry practices. In the event a forfeiture action is instituted, Purchaser consents to Seller's entry on the premises to take any reasonable action to conserve soil, crops, trees, and livestock.
19. **CONDEMNATION.** Seller and Purchaser may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property. Purchaser 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 Purchaser deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored. 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 Purchaser 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 Purchaser's obligations pursuant to this Contract; or
 - (c) Forfeit Purchaser'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 Purchaser and all persons claiming through the Purchaser shall be terminated; (ii) the Purchaser'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) Purchaser 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 Purchaser 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 attorney's 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 30 days after the date said Notice is either deposited in the mail addressed to the Purchaser or personally delivered to the Purchaser, 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 attorney's fees and costs.
 - (e) Judicial Foreclosure. Sue to foreclose this Contract as a mortgage, in which event Purchaser may be liable for a deficiency.
21. **RECEIVER.** If Seller has instituted any proceedings specified in Paragraph 20 and Purchaser is receiving rental or other income from the property, Purchaser agrees that the appointment of a receiver for the property is necessary to protect Seller's interest.
22. **PURCHASER'S REMEDY FOR SELLER'S DEFAULT.** If Seller fails to observe or perform any term, covenant, or condition of this Contract, Purchaser may, after 60 days' written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.
23. **NON-WAIVER.** Failure of either party to insist upon strict performance of the other party's obligations hereunder shall not be construed as a waiver of strict performance thereafter of all of the other party's obligations hereunder and shall not prejudice any remedies as provided herein.

24. **ATTORNEY'S FEES AND COSTS.** In the event of any breach of this Contract, the party responsible for the breach agrees to pay reasonable attorney's 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 attorney's 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 Purchaser at 5300 Harbour Pointe Blvd., Mukilteo, WA 98275 and to the Seller at 16625 Mountain View Road, Mount Vernon, WA 98274 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 Purchaser.
28. **OPTIONAL PROVISION -- SUBSTITUTION AND SECURITY ON PERSONAL PROPERTY.**
This section intentionally deleted.
29. **ALTERATIONS.** Purchaser 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.
30. **DUE ON SALE.** If Purchaser, 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 Purchaser'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 Purchaser 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 Purchaser, 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.
31. **OPTIONAL PROVISION -- PRE-PAYMENT PENALTIES ON PRIOR ENCUMBRANCES.** *This section intentionally deleted.*
32. **OPTIONAL PROVISION -- PERIODIC PAYMENTS ON TAXES AND INSURANCE.** . In addition to the periodic payments on the purchase price, Purchaser agrees to pay Seller such portion of the real estate taxes and any owners' association dues and assessments and insurance premiums, if any, 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 \$59 per month. Such "reserve" payments from Purchaser shall not accrue interest. Seller shall pay when due all real estate taxes and owners' association dues and assessments and insurance premiums, if any, and debit the amounts so paid to the reserve account. Purchaser and Seller shall adjust the reserve account in April of each year to reflect excess or deficit balances and changed costs. Purchaser agrees to bring the reserve account balance to a minimum of \$100 at the time of adjustment.
33. **ADDENDA.** Any addenda attached hereto are a part of this Contract.

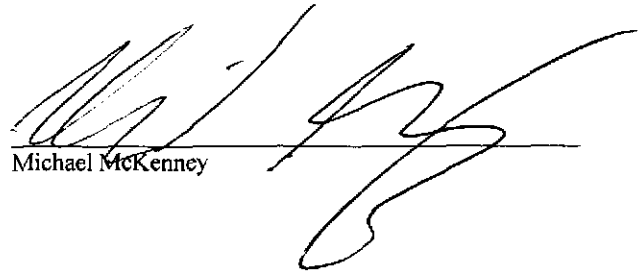
34. ENTIRE AGREEMENT. This Contract constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral. This Contract may be amended only in writing executed by Seller and Purchaser.

IN WITNESS WHEREOF the parties have signed and sealed this Contract the day and year first above written.

SELLER: CAVANAUGH VISTAS, LLC

PURCHASER


By: Jeffrey Miller, Its: Member


Michael McKenney

STATE OF WASHINGTON

ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that MICHAEL McKENNEY is the person 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 mentioned in this instrument.

Dated: 4-5-16

Notary name printed or typed: Tracy S. Cain

Notary Public in and for the State of Washington

Residing at Orlino

My appointment expires: 1-14-19

STATE OF WASHINGTON

ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that JEFFREY MILLER is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledge it as a Member of CAVANAUGH VISTAS, LLC, a Washington limited liability company to be the free and voluntary act of such party the uses and purposes mentioned in this instrument.

Dated: April 5, 2014

Notary name printed or typed: Kathryn A. Freeman

Notary Public in and for the State of Washington

Residing at Shelton, WA

My appointment expires: 9-01-2018

