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Skagit County Auditor

Return Address:

Document Title:

Real Estate Contract

Reference Number (if applicable): _____

Grantor(s):

☐ additional grantor names on page ____.

- 1) Harmony Property Management LLC
- 2) _____

Grantee(s):

☐ additional grantor names on page ____.

- 1) Chad R. Collins
- 2) _____

Abbreviated Legal Description:

☐ full legal on page(s) ____.

Lot 10 Skyline #6

Assessor Parcel /Tax ID Number:

☐ additional parcel numbers on page ____.

P59398

REAL ESTATE CONTRACT OF SALE

DATED: October 22, 2020.

BETWEEN: HARMONY PROPERTY MANAGEMENT, LLC. ("Seller")

AND: CHAD R. COLLINS ("Purchaser")

Seller is the owner of the real property located in Skagit County, Washington, and described below (the "Property"): R 3822-000-010-0016

0.100 ac. Including Manufactured Home 2017 Fleetwood, VIN # FLE2100R1718266 serial number ORE 536029, 536028. SKYLINE 6, LOT 10.

Auditor's File No Prop ID. 59398. 171543

Situate in the County of Skagit, State of Washington.

Subject To: Easements, Restrictions, Reservations and Provisions of record, if any.

Commonly known as: 4805 Yorkshire Dr, Anacortes, WA 98221

Seller agrees to sell the Property to Purchaser and Purchaser agrees to buy the Property from Seller for the price and on the terms and conditions set forth below:

Section 1. Purchase Price; Payment

1.1 Total Purchase Price. Purchaser promises to pay Seller as the total purchase price for the 2nd Mortgage on Property the sum of **\$6752.00**.

1.2 Payment of Total Price. The total purchase price shall be paid as follows:

1.2.1 Down Payment. None

1.2.2 Unpaid Balance. The remaining balance of \$6752.00, together with interest at the rate of 4.750% per annum shall be paid in no monthly installments for a **total monthly payment of \$0.00** with the payment due on Sale of home or at the end of the contract. Contract shall be due on or before October 1, 2047, at which time all outstanding amounts owed shall be due. See section regarding late charges. If any payment is more than 10 days late, the interest rate for the remainder of the term of this Contract shall be increased by 2%, and the minimum payment shall be increased to an amount equal to 1/12th of the annual interest on the remaining outstanding balance. Payments shall not include 1/12th of the annual insurance premiums and property taxes. Payments shall be credited first to late fees, then to property taxes, hazard insurance and interest in that order and the remainder to principal. The total amount of this obligation of principal, interest, insurance, taxes, and late fees, unpaid after making any such application of payments specified herein, shall be the interest bearing principal amount in this obligation for the succeeding interest computation period. In addition to all payment obligations set forth above. Seller may pay off this loan at any time with no pre payment penalty. Interest statements will be mailed out on or before January 31st of each year.

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1.2.3 Late Fee. If Seller has not received the full amount of any monthly payment by the end of 5 calendar days after the date it is due, Purchaser will pay a late charge to Seller. The amount of the charge will be 10, 15 and 25% of any overdue payment of interest and/or principal and interest for each 5, 15 and 25 calendar days late, respectively. Upon receipt of payment, the order in which each payment will be applied are late charges first, then interest and finally principal.

1.2.4 Assignment. This Contract is binding upon the heirs, successors and assigns of Purchaser. Purchaser shall not transfer or assign any right, title or interest in this Contract or in the Property without the prior written consent of Seller which may be withheld at Seller's sole discretion; provided, however, that each Purchaser may transfer his or her interest to a revocable living trust with the transferor as trustee and beneficiary. Purchaser or the proposed assignee must pay any attorney's fees or costs incurred by Seller. If Seller consents to an assignment, Purchaser shall not be relieved of any liability for payment and performance of the obligations under this Contract.

1.2.5 Purchaser's Right to Prepay. Purchaser may prepay the outstanding amount owed during any calendar year without penalty.

1.2.6 Excise Fees.

Buyer shall be responsible for all excise taxes or conveyance fees arising from this transaction.

Section 2. Taxes and Liens

2.1 Obligation to Pay. All ad valorem real and personal property taxes and all governmental or other assessments levied against the Property for the current tax year shall be prorated between Seller and Purchaser as of the Closing Date.

Section 3. Closing

3.1 Closing Date. This transaction shall be closed on or before August 1, 2017. As used in this Contract the "Closing Date" means the date on which this Contract is signed.

3.2 Responsibility of Parties. At closing Purchaser shall pay the amount of cash specified in Section 1.2.1 above.

Section 4. Possession.

Purchaser shall be entitled to possession of the Property from and after the Closing Date.

Section 5. Maintenance; Alterations

5.1 Maintenance. Purchaser shall keep all buildings, other improvements, and landscape now existing or that shall be placed on the Property in at least as good condition and repair as of the date possession is delivered to Purchaser, and shall not permit any waste or removal of the improvements.

5.1.1 Governmental Damage. In the event that any damage or destruction of the Property or any portion thereof is caused by any governmental or quasi-governmental authority and to the extent the same is not a compensable taking under the state or federal constitution, or directly caused by the act or omission of Seller, Purchaser shall promptly repair and restore the same at its expense.

5.1.2 Hazardous Substances. Purchaser shall comply fully with all laws pertaining to the protection of human health and the environment, including but not limited to employee and community right-to-know laws and all laws regarding the use, generation, storage, transportation, treatment, disposal, or other handling of hazardous substances. Purchaser shall promptly advise Seller in writing of any hazardous substances regulated by such laws that are used, generated, manufactured, stored, transported, or otherwise handled on the Property. Purchaser shall exercise extreme care in handling any hazardous substances and shall not cause or permit hazardous substances to be spilled, leaked, disposed of, or otherwise released on the Property.

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Section 6. Insurance

6.1 Property Damage Insurance. Seller shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Property in an amount sufficient to avoid application of any coinsurance clause and with loss payable to the holder of the existing encumbrance, Seller and Purchaser as their respective interests may appear. Purchaser will obtain insurance for contents. The policies shall be primary with respect to all covered risks, and shall be written in such form with such terms and by such insurance companies reasonably acceptable to Seller and the holders of the Prior Liens. In the event of loss, Purchaser shall give immediate notice to Seller. Seller may make proof of loss if Purchaser fails to do so within 15 days of the casualty.

6.2 Application of Proceeds. All proceeds of any insurance on the Property shall be paid to and held by Seller. If Purchaser elects to restore the Property, Purchaser shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Seller. Seller shall pay the reasonable cost of repair or restoration to the extent of proceeds received, directly to the Contractor or other persons or entities undertaking the repair or restoration. If Purchaser elects not to restore the Property, at the election of Seller, Seller shall retain a sufficient amount of the proceeds to pay all amounts owed Seller under this Contract, and shall pay the balance to Purchaser. Any proceeds that have not been paid out within 15 days after their receipt and that Purchaser has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of Purchaser's indebtedness.

Section 7. Indemnification

7.1 Purchaser's Indemnification of Seller. Purchaser shall forever indemnify and hold Seller harmless and, at Seller's election, defend Seller from and against any and all claims, losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with Purchaser's possession or use of the Property, Purchaser's conduct with respect to the Property, or any condition of the Property to the extent the same arises from or after the Closing Date and is not caused or contributed to by Seller or Purchaser's breach of any warranty or representation made by Purchaser in this Contract. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Purchaser agrees to defend Seller, Purchaser shall, upon notice from Seller, vigorously resist and defend such actions or proceedings in consultation with Seller through legal counsel reasonably satisfactory to Seller,

Section 8. Representations, Warranties, and Covenants of Seller

8.1 Nonforeign Status. Seller is not a "foreign person" as defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

8.2 No Warranties; As Is. Seller makes no other warranties, express or implied, as to the Property or the condition or state of repair thereof, it being understood by all parties that the Property will be conveyed to the Purchaser AS IS, except such warranties as may arise by law under the Deed.

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Section 9. Deed

Upon payment of the total purchase price for the Property as provided in this Contract and performance by Purchaser of all other terms, conditions, and provisions of this Contract, Seller shall forthwith deliver to Purchaser a good and sufficient statutory warranty deed conveying the Property free and clear of all liens and encumbrances, except encumbrances of record and all liens or encumbrances suffered by or placed upon the Property by Purchaser subsequent to the date of this Contract.

Section 10. Prior Lien

Seller represents and Purchaser acknowledges that this Property is subject to a prior lien, as a result of this transaction, the holder of the prior lien accelerates the amount due and initiates foreclosure proceedings, then the Purchaser, upon receiving notice from Seller, shall have 90 days to payoff all outstanding amounts due hereunder. Furthermore, Seller reserves the right to restructure the prior lien, and Purchaser agrees to execute any Subordination Agreements necessary to preserve the priority of that lien.

Section 11. Default

11.1 Events of Default. Time is of the essence of this Contract. A default shall occur under any of the following circumstances:

- (1) Failure of Purchaser to make any payment within 5 days after it is due.
- (2) Any default under the Prior Lien attributable to Purchaser.
- (3) Failure of Purchaser to perform any other obligations contained in this Contract within 10 days after notice from Seller specifying the nature of the default or, if the default cannot be cured within 10 days, failure within such time to commence and pursue curative action with reasonable diligence.
- (4) The commencement by Purchaser of a voluntary case under the federal bankruptcy laws or under other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Purchaser in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Purchaser to the appointment of receiver, trustee, or custodian of Purchaser or of any of Purchaser's property; an assignment for the benefit of creditors by Purchaser or Purchaser's failure generally to pay its debts as such debts become due.
- (5) The failure of Purchaser to perform any term, condition, or provision of or any default attributable to Purchaser under any existing encumbrance.

11.2 Remedies of Default. In the event of a default, Seller may take anyone or more of the following steps:

- (1) For a failure of purchase to make any payment within 5 days after it is due, Purchaser shall immediately pay to Seller a \$750.00 forfeiture fee plus all past-due payments and late fees. If Purchaser pays such fee plus past-due payments and late fees to Seller within 10 days, Seller will waive rights, it has, to declare forfeiture under this Contract for that default. The waiver of any default herein pursuant to the provisions shall not affect Seller's right to declare forfeiture for any subsequent default. In the event of a failure of Purchaser to make any payment within 5 days after it is due, the interest rate for the remainder of the term shall be increased to 10%.

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(2) Seller may declare the entire balance of the purchase price including the balance of any Prior Lien assumed by Purchaser for which Seller remains liable or that is a lien on the Property and interest immediately due and payable.

(3) Seller may foreclose this Contract by suit in equity.

(4) Seller may specifically enforce the terms of this Contract by suit inequity.

(5) After complying with the notice requirements and affording Purchaser the right to cure the default Seller may declare this Contract forfeited and retain the amount of the payments previously made under this Contract. Upon recordation of the affidavit required by law, this Contract shall be extinguished and canceled, and Purchaser shall have no further right, title, or interest in and to the real property or to any return or compensation for payments previously made under this Contract, as though this Contract and such payments had never been made. In such event, Purchaser agrees to surrender the Property to Seller. If Purchaser fails to do so, Seller may elect to treat Purchaser as a tenant holding over unlawfully after the expiration of a lease, and Purchaser may be ousted and removed as such, without affecting Seller's right to pursue other rights and remedies contained in this Contract or permitted by law.

(6) Seller shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the balance due under this Contract, and any receiver appointed may serve without bond. Employment by Seller shall not disqualify a person from serving as a receiver. Upon taking possession of all or any part of the Property, the receiver may:

(a) Use, operate, manage, control, and conduct business on the Property and make necessary expenditures for all maintenance and improvements as in its judgments are proper;

(b) Collect all rents, revenues, income, issues, and profits (the "Income") from the Property and apply such sums to the necessary expenses of use, operation, and management; and

(c) At Seller's option, complete any construction in progress on the Property, and in that connection pay all bills, borrow funds, employ contractors, and make any changes in plans and specifications as Seller deems appropriate.

(7) Purchaser hereby assigns to Seller all the Income from the Property, whether now or hereafter due. Before default, Purchaser may operate and manage the Property and collect the Income from the Property. In the event of default and at any time hereafter, Seller may revoke Purchaser's right to collect the Income from the Property and may, either itself or through a receiver, collect the same. To facilitate collection, Seller may notify any tenant or other user to make payments of rents or use fees directly to Seller. If the Income is collected by Seller, then Purchaser irrevocably designates Seller as Purchaser's attorney in fact with full power of substitution and coupled with an interest to endorse instruments received in payment thereof in the name of Purchaser and to negotiate the same and collect the proceeds. Payments by tenants or other users to Seller in response to Seller's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Seller shall apply the Income first to the expenses of renting or collection and the balance (if any) to the payment of sums due from Purchaser to Seller under this Contract.

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11.3 Remedies Not Exclusive. The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

Section 12. Waiver

Failure of either party at any time to require performance of any provision of this Contract shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Section 13. Costs and Attorney Fees

13.1 No Suit or Action Filed. If this Contract is placed in the hands of an attorney due to a default in the payment or performance of any of its terms, the defaulting party shall pay, immediately upon demand, the other party's reasonable attorney fees, collection costs, costs of either a litigation or a foreclosure report (whichever is appropriate), even though no suit or action is filed thereon, and any other fees or expenses incurred by the nondefaulting party.

13.2 Arbitration or Mediation; Trial and Appeal. If suit or action is instituted to enforce or interpret any of the terms of this Contract, or if suit or action is instituted in a Bankruptcy Court for a United States District Court to enforce or action is instituted in a Bankruptcy Court for a United States District Court to enforce or interpret any of the terms of this Contract, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert the interest of Seller in a bankruptcy proceeding, the party not prevailing shall pay the prevailing party's costs and disbursements, the actual cost of a litigation or foreclosure report, and such sums as the court may determine to be reasonable for the prevailing party's attorney fees connected with the trial and any appeal and by petition for review thereof; in addition, the Court shall award the prevailing party attorney fees of \$500.00, which the parties agree is a reasonable attorney fee for collection any resulting judgment.

13.3 Definitions. For purposes of this Contract, the term attorney fees includes all charges of the prevailing party's attorneys and their staff (including without limitation legal assistants, paralegals, word processing, and other support personnel) and any post petition fees in a bankruptcy court. For purposes of this Contract, the term fees and expenses includes but is not limited to long distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; costs incurred in searching records; and the cost of title reports or surveyor's reports.

Section 14. Survival of Covenants

Any covenants the full performance of which is not required before the closing or final payment of the purchase price and delivery of the deed shall survive the closing and the final payment of the purchase price and the delivery of the deed and be fully enforceable thereafter in accordance with their terms.

Section 15. Condition of Property


Purchaser accepts the land, buildings, improvements, and all other aspects of the Property in their present condition, and any personal property sold under this Contract, AS IS, WHERE IS, including latent defects, without any representations or warranties from Seller or any agent or representative of Seller, expressed or implied, except to the extent expressly set forth in this Contract. Purchaser agrees that Purchaser has ascertained, from sources other than Seller or any agent or representative of Seller, the condition of the Property and its suitability for Purchaser's purposes, the applicable zoning, building, housing, and other regulatory ordinances and laws, and that Purchaser accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property, and Seller has made no representations with respect to such condition or suitability of the Property or such laws or ordinances.

Closing Clause:

IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate
as of the day and year first above written.

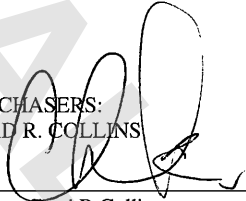
STATE OF WASHINGTON }
 } ss.
COUNTY OF SKAGIT }

SELLER:
HARMONY PROPERTY MANAGEMENT, LLC

By: 
Rex Turner, Manager / ~~WITNESS~~

STATE OF WASHINGTON }
 } ss.
COUNTY OF SKAGIT }

PURCHASERS:
CHAD R. COLLINS

By: 
Chad R. Collins

By: _____