

202010300083

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Skagit County Auditor

Document Title:

Tenancy in Common Agreement

Reference Number :

202010300082

Grantor(s):

☐ additional grantor names on page ____.

1. David Young

2. Patricia Young

Grantee(s):

☐ additional grantee names on page ____.

1. Sara Young

2.

Abbreviated legal description:

☒ full legal on page(s) 1__.

Q-NE S-31 T35 R03

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page ____.

P71084

TENANCY IN COMMON AGREEMENT

The parties to this Tenancy In Common Agreement ("Agreement") dated this 22nd day of October, 2020, are David Young and Patricia Young, husband and wife (the "Youngs"), and Sara K. Young, a single woman ("Ms. Young"), the Youngs and Ms. Young each for purposes hereof a "Party" and, collectively, the "Parties."

1. Property Subject to this Agreement. The property subject to this Agreement is the real property commonly known as: 11225 Bayview-Edison Road, Mount Vernon, Washington 98273 (the "Property"), legally described as:

LOTS 3, 4, 5 AND 6, BLOCK 4, "SEIGFREDS TO BAY VIEW, WASH." AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 11, RECORDS OF SKAGIT COUNTY, WASHINGTON.

TOGETHER WITH THAT PORTION OF THE VACATED ALLEY ADJOINING SAID PREMISES THAT HAS REVERTED THERETO BY OPERATION OF LAW.

ALSO, TOGETHER WITH THE NORTHWEST 1/2 OF THAT PORTION OF UNOPENED 'F' STREET ADJACENT TO BLOCK 4, SIEGFRED'S ADDITION TO BAYVIEW, EACH AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 11, RECORDS OF SKAGIT COUNTY, WASHINGTON

Situate in Skagit County, Washington.

2. Status of Parties. The Parties acknowledge and agree that they are tenants in common with respect to the Property and each own an undivided interest therein.

3. Equity.

3.1 The Parties acknowledge that as of the moment prior to the recording the quit claim deed by which they became tenants in common, recorded under Skagit County Auditor's file number 202010300082, the Youngs owned one hundred percent (100%) of the land and the Primary Residence thereon. The parties further acknowledge that Ms. Young intends to: (1) build an Accessory Dwelling Unit consisting of a small home and related improvements (collectively, the "ADU") on the land at her sole cost; and (2) borrow funds for the construction the ADU on a loan which will be secured by the Property. At the time of valuation of the Parties' equity, a Party having an outstanding a loan balance secured by the Property, shall have the amount of outstanding principal and interest deducted from the value of the assets allocated to said Party to determine the Party's equity.

3.2 The parties acknowledge and agree that the value of each party's equity has not been determined at the time of this agreement. At such time as the value of the Parties respective equity shall be determined, it shall be calculated based on:

COMPONENT	VALUATION METHOD	ALLOCATION TO YOUNGS	ALLOCATION TO MS. YOUNG
Land	Fair Market Value	100%	None
Primary Residence	Fair Market Value	100%	None
ADU	Cost of Construction plus 3% per year	None	100%
Secured Loans (Secured by the Property)	Outstanding Principal and Interest	TBD	TBD

3.3 Should a Party expend funds for material or labor to improve an asset allocated 100% to the other Party, the expending party shall have a credit against the other Party's equity in the asset equal to the amount expended, plus 3% per annum after the date of expenditure

4. Rights of Occupancy. The Youngs shall have the exclusive right to be the sole occupants of the Primary Residence, together with such family members as they may choose; Ms. Young shall have the exclusive right to be the sole occupant of the ADU, together with such family members as she may choose; *provided*, that each party may lease its sole portion of the premises to a third party with the consent of the other Party, which consent may be withheld for any or no reason. The Land shall be used jointly as the parties shall agree.

5. Construction of ADU. Ms. Young may build at her own expense an ADU in a location on the Property mutually agreed by the Parties. The ADU shall be in compliance with Skagit County Development Regulations and with all applicable building codes. Ms. Young shall pay promptly all costs associated with the construction of the ADU including, but not limited to, design fees, permit fees, costs of materials and labor, and inspections fees ("Building Costs"). Ms Young shall not allow any statutory liens to be lodged against the Property and shall indemnify and hold harmless the Youngs from any such lien and the claim upon which it may be based.

6. Repairs/Maintenance. The Parties agree to each individually pay the repair/maintenance costs on each occupancy (*i.e.* the Youngs pay for repairs/maintenance on the Primary Residence; Ms. Young pays for repairs/maintenance on the ADU). The Parties agree to share 50/50 in the cost of reasonably necessary upkeep and maintenance to the Land. The Parties agree to each individually pay the repair/maintenance costs on each separate driveway.

7. Utilities/Taxes/Insurance.

Utilities (including propane, internet, water, garbage, telephone and electricity): Paid by the Party if billed separately, otherwise paid 50/50.

Septic System Maintenance: Paid 50/50

Property Taxes: Land portion paid 50/50. Building portion on prorated bases: Then current equity in ADU as basis for allocation of payment of tax to Ms. Young and balance of Building valuation as basis of the portion of the tax allocated to the Youngs.

Homeowner's Insurance: Paid 66.67% by the Youngs; 33.33% by Ms. Young

8. Sale of Property and Termination of Agreement.

8.1. The Parties agree that the Property may not be sold without the consent of both Parties except as follows:

The Youngs may instigate the sale of all the Property and the Parties' assets after first offering in writing to sell their assets to Ms. Young. Upon such offer, Ms. Young shall in writing indicate her tentative intent to purchase the Property within thirty (30) days or shall be deemed to have waived her right to purchase the Property. Upon expressing her tentative desire to purchase the Property, the Parties shall promptly obtain, at a cost split 50/50 each, an appraisal of fair market value of the Primary Residence and Land which shall serve as the purchase price for Ms. Young's purchase of the Property. Once the appraisal is received, Ms. Young shall indicate in writing her intent to complete the purchase based thereon within thirty (30) days of receipt of appraisal or shall be deemed to have waived her right to purchase the Property.

8.2. Following the deaths of both David Young and Patricia Young, Ms. Young shall be allowed to purchase the Property from the estate of the last of the Youngs to die ("Last Estate"). Ms. Young shall in writing indicate her tentative intent to purchase the Property within one hundred twenty (120) days of the date of the last of the Youngs to die or shall be deemed to have waived her right to purchase the Property. The value of the Property shall be determined based on the Youngs' equity, the value of which shall be determined by an appraisal of fair market value of the Primary Residence and Land. Once the appraisal is received, Ms. Young shall indicate in writing her intent to complete the purchase based thereon within thirty (30) days of receipt of appraisal or shall be deemed to have waived her right to purchase the Property.

8.3. Ms. Young agrees that she may not sell her equity in the Property to a third person or entity without the written consent of the Youngs, which consent may be withheld for any or no reason.

8.4. In the event that the Property is sold to a third person or entity, the Parties shall receive from the net proceeds of the sale prorated portions based on the Parties' respective value of equity. If the parties are unable to agree to the value of their respective equity shares, the Parties shall

proceed to hire, at a cost shared on a 50/50 basis, an appraiser to determine the fair market value of the Parties' respective assets. Such valuation, shall be the basis upon which the net proceeds of sale are prorated; *provided*, that the after proration, the amount of payoff for any secured loan paid at closing of the sale of the Property shall be deducted from the share of the Party who was the borrower.

9. Counterparts. This Agreement may be signed in counterparts.

10. Miscellaneous. This Agreement shall be construed pursuant to the laws of the state of Washington. Venue for any action between the Parties is exclusively laid in Skagit County Superior Court. In the event of any lawsuit between the Parties, the prevailing Party shall be entitled to an award of its reasonable attorney's fees and costs, including those incurred on appeal.

11. Successors and Assigns. The Agreement shall bind and inure to the benefit of the Parties' successors, assigns, and heirs.

12. Miscellaneous. Should any provision of this Agreement be found to be invalid or unenforceable, the balance of the remainder of the Agreement shall remain in full force and effect. This Agreement constitutes the entire Agreement between the parties. This Agreement shall not be construed against any Party due to authorship or due to the fact that a Party was represented by counsel in the preparation of this Agreement. Either party may record a memorandum of this agreement with the Skagit County Auditor at that Party's sole expense.

13. The Parties acknowledge that Ms. Young was represented by Bradford E. Furlong. The Parties further acknowledge that Mr. Furlong has in the past represented the Youngs in an unrelated matter but did not represent the Youngs in the preparation of this Agreement. The Youngs were advised to seek independent legal counsel with respect to this Agreement.

[Balance of page intentionally blank, signatures on following pages]

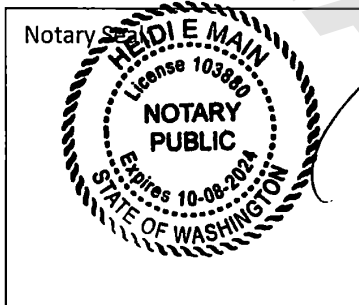
David Young 10 OCT 22, 2020
 David Young Date

Patricia Young 1 Oct. 22, 2020
 Patricia Young Date

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

On this day personally appeared before me David Young and Patricia Young, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 22 day of October 2020.



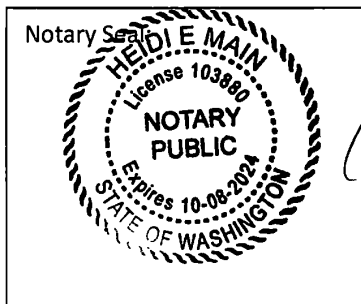
Heidi E. Main
 Notary Public in and for the state of Washington
 Residing at BELLINGHAM
 My commission expires: 10/8/24
 Printed Name: Heidi E. Main

Sara K. Young 10/22/2020
 Sara K. Young Date

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

On this day personally appeared before me Sara K. Young a single woman, to me known to be the individual described herein 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 22nd day of October 2020.



Heidi E. Main
 Notary Public in and for the state of Washington

Residing at Bainbridge, WA

My commission expires: 10/08/2024

Printed Name: Heidi E. Main