

When recorded return to:  
Michael Lenarz  
700 Murdock St., Suite B  
Sedro Wooley, WA 98284

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX  
Affidavit No. 20224035  
Sep 30 2022  
Amount Paid \$13662.43  
Skagit County Treasurer  
By Lena Thompson Deputy

ACCOMMODATION RECORDING  
CHICAGO TITLE

REAL ESTATE CONTRACT

1. **PARTIES AND DATE.** This Contract is entered into effective January 1, 2020, by and Between:

-MSL ASSOCIATES, LLC, a Washington limited liability company as "Seller"; and

-700 MURDOCK, LLC, a Washington limited liability company as "Buyer."

2. **SALE AND LEGAL DESCRIPTION.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the following described real estate in Skagit County, State of Washington (referred to herein as the "property"):

*[See legal description attached hereto as Exhibit "A"]*

*Lot 9 and Pt'n Lot 10-12, Block 5, Woolley, The Hub of Skagit Co.*  
Property Geo IC: 4177-005-012-0004  
Property Account Number: 77472

3. **PERSONAL PROPERTY.** No part of the purchase price is attributed to personal property.

4. **PRICE.** (a) Buyer agrees to pay:

\$640,000.00	Total Purchase Price
Less \$60,000.00	Down Payment Cash
Results in \$580,000.00	Amount Financed by Seller.

**(b) PAYMENT OF AMOUNT FINANCED BY SELLER.**

Buyer agrees to pay the sum of \$580,000.00 as follows:

(i) Interest-only payments in the amount of \$2,900.00 per month for up to eighteen (18) months, payable on or before the first day of each calendar month prospectively for the following month, starting with the first payment made concurrent with execution of this Contract;

(ii) It is the intent of the parties hereto that Buyer pay off the entire principal amount of this Contract by the end of such 18-month period, and thereupon receive free & clear title to the property; however,

(iii) In the event Buyer for any reason is unable to retire this debt within such 18-month window, then:

(aa) The parties hereto shall automatically revert to their respective Landlord/Tenant positions under their original 10-year Lease of the Property dated December 21, 2015 (the "Lease"), extending The Lease agreement by 18 months; with The Lease term ending March 31, 2027. (Previously The Lease term ended September 30, 2025)

(bb) Seller shall list the Property for sale at whatever price it chooses. Upon sale, and after all expenses of sale have been paid, if Seller nets from the sale of the Property are of an amount equal to or greater than \$640,000.00, then Buyer shall be reimbursed out of Closing its original \$60,000.00 down payment; or, if the amount netted from the sale is less than \$640,000.00 (deemed a "loss" for this purpose), then Buyer and Seller shall split the loss equally, provided that Buyer will only lose, and shall be reimbursed by Seller for, not less than \$30,000.00.

(cc) In the event Seller is unable to sell the Property at a satisfactory price within 18 months following their having reverted to their original Lease, then Seller shall thereupon refund to Buyer its original \$60,000.00 cash down payment and both sides shall continue honoring their original Lease for the remainder of its scheduled 10-year term.

**5. OBLIGATIONS TO BE PAID BY SELLER.**

(a) Seller agrees to continue to pay from payments received hereunder, the following obligation, which obligation must be paid in full when Buyer pays the purchase price in full: That certain Promissory Note (seller's "Note") in the original principal amount of \$420,000.00 in favor of Whidbey Island Bank (now merged into Heritage Bank) dated July 17, 2006 and secured by a Deed of Trust recorded as Auditor's File No. 200607200078.

- (b) FAILURE OF SELLER TO MAKE PAYMENTS ON PRIOR ENCUMBRANCES.** If Seller fails to make any payments on the Note, Buyer may give written notice to Seller that unless Seller makes the delinquent payments within 15 days, Buyer will make the payments together with any late charge, additional interest, penalties, and costs assessed by the holder of the prior encumbrance. The 15-day period may be shortened to avoid the exercise of any remedy by the holder of the Note. Buyer may deduct the amounts so paid plus a late charge of 5% of the amount so paid and any attorneys' fees and costs incurred by Buyer in connection with the delinquency from payments next becoming due Seller on the purchase price. In the event Buyer makes such delinquent payments on three occasions, Buyer shall have the right to make all payments due thereafter directly to the holder of the Note and deduct the then balance owing on the Note from the then balance owing on the purchase price and reduce periodic payments on the balance due Seller by the payments called for in the Note as such payments become due.
6. **OTHER ENCUMBRANCES AGAINST THE PROPERTY.** In addition to that promissory Note to Heritage Bank, the property is subject only to those easements and restrictions of record.
7. **FULFILLMENT DEED.** Upon payment of all amounts due Seller, Seller agrees to pay off through escrow all encumbrances on the Property and deliver to Buyer a Statutory Warranty Deed in fulfillment of this Contract. The covenants of warranty in said deed shall not apply to any encumbrances assumed by Buyer or to defects in title arising subsequent to the date of this Contract by, through, or under persons other than Seller herein. That fulfillment deed shall be executed concurrent with this Contract and held in the possession of Seller's attorney until closing of the sale to Buyer.
8. **LATE CHARGES.** If any payment on the purchase price is not made within ten (10) days after the date it is due, Buyer agrees to pay a late charge equal to 5% of the amount of such payment plus interest on such unpaid amounts at 12% per annum until paid. Such late payment charges shall be in addition to all other remedies available to Seller and the first amounts received from Buyer after such late charges are due shall be applied to the late charges.
9. **NO ADVERSE EFFECT ON PRIOR ENCUMBRANCES.** Seller warrants that entry into this Contract will not cause in any prior encumbrance (a) a breach, (b) accelerated payments, or (c) an increased interest rate.
10. **POSSESSION.** Buyer is entitled to continue its present possession of the property from and after the date of this Contract.
11. **TAXES, ASSESSMENTS, AND UTILITY LIENS.** In addition to its monthly payments on Buyer's obligation to Seller hereunder, Buyer agrees to pay an additional monthly amount equal to 1/12<sup>th</sup> of the annual real estate taxes and assessments becoming a lien

against the property after the date of this Contract. Buyer shall deliver to Seller such real estate tax payments at the same time the monthly interest-only payments are due, pursuant to section 4(b)(i). Buyer 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. Buyer agrees to transfer all utility charges associated with the Property into Buyer's name and pay the same when due.

12. **INSURANCE.** In addition to its monthly interest-only payments on Buyer's obligation to Seller hereunder, Buyer agrees to pay a monthly amount equal to 1/12<sup>th</sup> of the insurance premiums on the Property. Seller agrees to keep all buildings on the property described herein continuously insured under fire and extended coverage policies in an amount not less than the balances owed on obligations assumed by Buyer plus the balance due Seller, or full insurable value. All policies shall be held by Seller and have loss payable first to any holders of underlying encumbrances, then to Seller as its interests may appear and then to Buyer. Buyer 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 Buyer deposits in escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless the underlying encumbrances provide otherwise. 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 Buyer in insurance policies then in force shall pass to Seller.
13. **NONPAYMENT OF UTILITIES.** If Buyer fails to pay utility charges constituting liens prior to Seller's interest under this Contract, Seller may pay such items and Buyer shall forthwith pay Seller the amount thereof plus a late charge of 5% of the amount thereof plus interest on such unpaid amounts at 12% per annum until paid plus any costs and attorney's fees incurred in connection with making such payment.
14. **CONDITION OF PROPERTY.** Buyer accepts the property in its present condition and acknowledges that Seller, its 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. Buyer agrees to maintain the property in such condition as complies with all applicable laws and takes responsibility of paying for all internal and external building upkeep and repair on the Property including the grounds and parking areas.
15. **WASTE.** Buyer shall not commit or suffer waste or willful damage to or destruction of the property.
16. **CONDEMNATION.** Seller and Buyer may each appear as owners of an interest in the property in any action concerning condemnation of any part of the property. Buyer 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 Buyer deposits in

escrow any deficiency with instructions to apply the funds on the restoration contract, the property shall be restored unless underlying encumbrances provide otherwise. Otherwise, proceeds of the award shall be applied in payment of the balance due on the purchase price, as Seller may direct, and any overage would be shared in the same manner as from a sale of the property as set forth above.

17. **DEFAULT.** If the Buyer fails to substantially observe or perform any term, covenant, or condition of this Contract, then Seller may:
- (a) Sue for any delinquent periodic payment; or
  - (b) Sue for specific performance of any of Buyer's obligations pursuant to this Contract; or
  - (c) 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 Buyer and all persons claiming through the Buyer shall be terminated; (ii) the Buyer's rights under the Contract shall be cancelled; (iii) all sums previously paid under the Contract shall belong to and be retained by Seller or other person to whom paid and entitled thereto; (iv) all improvements made to and unharvested crops on the property shall belong to Seller; and (v) Buyer shall be required to surrender possession of the property and improvements to Seller 10 days after the forfeiture.
  - (d) Deliver to Buyer written notice demanding payment of said delinquencies and payment of a late charge of 5% of the amount of such delinquent payments and interest at a rate of 12% per annum until paid, 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 Buyer or personally delivered to the Buyer, 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) Sue to foreclose this Contract as a mortgage, in which event Buyer may be liable for a deficiency.
18. **BUYER'S REMEDY FOR SELLER'S DEFAULT.** If Seller fails to observe or perform any term, covenant, or condition of this Contract, Buyer may, after 30 days' written notice to Seller, institute suit for damages or specific performance unless the breaches designated in said notice are cured.
19. **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.
20. **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.

21. **NOTICES.** Notices shall be either personally served or shall be sent certified mail, return receipt requested, and by first class mail to Buyer at:

700 Murdock St., Suite B  
Sedro Wooley, WA 98284

and to Seller at:

2236 Britt St. NE  
Albuquerque, NM 87112

or such other addresses as either party may specify in writing to the other party in that same manner. Notices shall be deemed given when served or mailed and such manner.

22. **TIME FOR PERFORMANCE.** Time is of the essence in performance of any obligations pursuant to this Contract.
23. **SUCCESSORS AND ASSIGNS.** Subject to any restrictions against assignment, the provisions of this Contract shall be binding on the heirs, successors, and assigns of Seller and the Buyer.
24. **ALTERATIONS OR SALE.** Neither party shall make any substantial alteration to the improvements on the property without the prior written consent of the other, and such consent shall not be unreasonably withheld. Seller shall not take any action to sell, repair, or act as owner of the property (aside from receiving monthly payments), as long as this Contract is being faithfully fulfilled by Buyer
25. **ADDENDA.** Any addenda attached hereto are a part of this Contract.
26. **ENTIRE AGREEMENT.** This Contract constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral regarding the property. This Contract may be amended only in writing executed by Seller and Buyer.

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

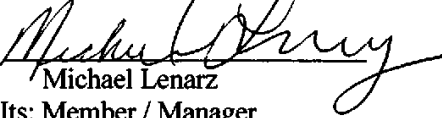
**SELLER:**

MSL ASSOCIATES, LLC

By:   
Susan Lenarz  
Its: Member / Manager

**BUYER:**

700 MURDOCK, LLC

By:   
Michael Lenarz  
Its: Member / Manager

STATE OF WASHINGTON

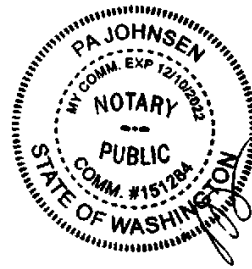
ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that MICHAEL LENARZ is the person who appeared before me, and said person acknowledged that he/she signed this instrument and on oath stated that he/she was authorized to execute the instrument and acknowledged it as the act of 700 MURDOCK, LLC, a Washington limited liability company that executed the foregoing instrument to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

*PA JOHNSEN*  
PA JOHNSEN

(Notary name printed or typed)  
Notary Public in and for the State of Washington  
residing at: Skagit Co.  
My appointment expires: 12.10.2022



STATE OF WASHINGTON

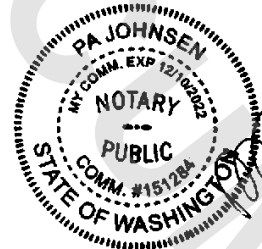
ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that SUSAN LENARZ is the person who appeared before me, and said person acknowledged that he/she signed this instrument and on oath stated that he/she was authorized to execute the instrument and acknowledged it as the act of MSL ASSOCIATES, LLC, a Washington limited liability company that executed the foregoing instrument to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

*PA JOHNSEN*  
PA JOHNSEN

(Notary name printed or typed)  
Notary Public in and for the State of Washington  
residing at: Skagit Co.  
My appointment expires: 12.10.2022



**EXHIBIT "A"  
LEGAL DESCRIPTION**

**For APN/Parcel ID(s): P77472 / 4177-005-012-0004**

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The North 70 feet of Lots 10, 11 and 12, and all of Lot 9, Block 5, WOOLLEY, THE HUB OF SKAGIT COUNTY, according to the plat thereof recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington;

TOGETHER WITH those portions of vacated Ferry and Murdock Streets, lying Northeasterly of the Northeasterly line of Lots 11 and 12 in said Block 5, Southeasterly of the South line of Ferry Street extended East to the West line of Murdock Street and said West line extended North to the extended South line of Ferry Street and West of the West line of Murdock Street extended North to the extended South line of Ferry Street.

Situated in Skagit County, Washington.

**Addendum/Amendment To Real Estate Contract**

Dated January 1, 2020

Between

MSL Associates LLC (Susan Lenarz)

And

700 Murdock LLC (Michael Lenarz)

In Regards to Purchase of Property:

Property Geo IC: 4177-005-012-0004

Property Account Number: 77472

This Addendum/Amendment to the above noted Real Estate Contract pertains to just one aspect of the Contract, noted below, from section (b):

(i) Interest-only payments in the amount of \$2,900.00 per month for up to ~~eighteen (18) months~~ 36 months (until December 31, 2022), payable on or before the first day of each calendar month prospectively for the following month, starting with the first payment made concurrent with execution of this Contract; (Actual monthly payment will be \$3483.73 which includes an additional amount to cover monthly insurance and tax expense, in the amount of \$583.73.)

(ii) It is the intent of the parties hereto that Buyer pay off the entire principal amount of this Contract by the end of such ~~18-month~~ 36 months (until December 31, 2022) period, and thereupon receive free & clear title to the property; however,

(iii) In the event Buyer for any reason is unable to retire this debt within such ~~18-month~~ 36 months (until December 31, 2022), window, then:

Additionally:

1. This 18 months Will Apply toward remaining 5 years of rental contract remaining, so at the end of this Addendum Period, 3 & 1/2 years will remain.
2. The difference in monthly Payment amount will be added to first payment for month after end of last agreement ( Aug)


All other aspects of this Contract will remain in place without amendment.

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

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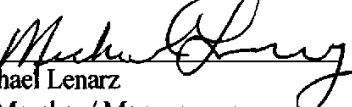
**SELLER:**

MSL ASSOCIATES, LLC

By:   
Susan Lenarz  
Its: Member / Manager  
1-1-2020  
7/1/2021  
SKL

**BUYER:**

700 MURDOCK, LLC

By:   
Michael Lenarz  
Its: Member / Manager  
~~1-1-2020~~  
7/1/2021  
MYJ

SKL 8/18/2022 MYJ 8/18/2022  
-1200. 2 of 2