



Compliments of:

PACIFIC NORTHWEST ESCROW, LLC

NWMLS FORM 22C – sample form completed by Angie DeArth with notes.

SAMPLE:

500,000 – sales price

50,000 – down (10,000 earnest money and 40,000 additional down)

450,000 - note beginning balance

Terms: 30 amortization all due 10 years

Payment:

3,460.11 – principal and interest

555.44 – reserve for taxes (annual \$6,665.22)

157.42 – reserve for insurance (annual \$1,889.00)

4,172.97 – TOTAL PAYMENT AMOUNT



**SELLER FINANCING ADDENDUM
TO PURCHASE AND SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated 7/28/23 1
between John D. Pardo + Olive B. Pardo ("Buyer") 2
Buyer Buyer
and Angie DeArth ("Seller") 3
Seller Seller
concerning 2219 E 49th Spa Wa 99223 (the "Property"). 4
Address City State Zip

1. GENERAL TERMS 5

- A. **Limited Use.** Buyer represents that the Property will; will not (will, if not filled in) be used for a residential dwelling. If the Property will be used for a residential dwelling, this Addendum may only be used if:
 - i. Seller is a natural person (and not a loan originator), estate or trust; 8
 - ii. Seller has not financed the sale of another property within the past 12 months; 9
 - iii. Seller did not construct or act as a contractor for the construction of a residence on the Property in the ordinary course of Seller's business; 10 11
 - iv. The repayment schedule does not result in a negative amortization; and 12
 - v. The financing has a fixed rate of interest or an adjustable rate of interest that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. 13 14

Seller must do this

- B. **Washington State DFI Waiver or Exemption.** If the Property is used for a residential dwelling, Seller shall either: (i) obtain a waiver from the Washington State Department of Financial Institutions ("DFI") under RCW 31.04.025(3); or (ii) identify an exemption from the licensing requirements under RCW 31.04. If Seller does not give notice to Buyer that Seller either has: (i) obtained a DFI waiver; or (ii) identified an exemption from RCW 31.04 under WAC 208-620-104 or WAC 208-620-105, within 5 days (5 days if not filled in) of mutual acceptance, Buyer may terminate the Agreement at any time prior to Seller giving such notice. If Seller is not exempt from RCW 31.04 and DFI does not grant a DFI waiver, Seller may terminate the Agreement within 5 days (5 days if not filled in) of mutual acceptance, provided Seller timely applied for and made a good faith effort to obtain a DFI waiver. If either party terminates under this Paragraph B, the Earnest Money shall be refunded to Buyer. 15 16 17 18 19 20 21 22 23 24

You must attach to this form

- C. **Disclosure.** If the Property will be used for a residential dwelling, Seller shall provide Buyer with a residential disclosure summary prescribed by DFI or a compliant federal disclosure under Regulation Z (12 CFR 1026) that includes the material terms and conditions of the loan and the cost of financing. 25 26 27
- D. **Limited Practice Board Forms.** The current version of any Limited Practice Board ("LPB") form referenced below shall be attached to this Agreement as a blank form. 28 29
- E. **Attorney Review.** Buyer and Seller are advised to seek the counsel of an attorney to review the terms of this Agreement and this Agreement is conditioned upon review and approval by counsel for Buyer and Seller. Unless a party gives written notice of disapproval of this Agreement within 5 days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived). 30 31 32 33

If Buyer and Seller agree to financing terms that differ from the terms in this Addendum or an attached LPB form, including, but not limited to making interlineations or otherwise modifying or supplementing any pre-printed terms in this Addendum or attachments thereto, the parties shall have this Agreement reviewed by legal counsel. If Buyer and Seller do not give notice of approval of this Agreement by their counsel within 10 days (10 days if not filled in) of mutual acceptance, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 34 35 36 37 38 39

- F. **Prior Indebtedness and Security.** Seller understands that Seller's security interest in the Property may be inferior to a third party's interest in the Property, such as a prior lender. 40 41

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Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

**SELLER FINANCING ADDENDUM
TO PURCHASE AND SALE AGREEMENT**
Continued

2. PAYMENTS TO SELLER AND METHOD OF PAYMENT 42

A. Down Payment. Buyer shall pay a down payment, including Earnest Money, which shall be applied to the Purchase Price at Closing as follows: 43
44

Earnest Money: \$ 10,000 + Additional Money Down: \$ 40,000 = Total Down Payment \$ 50,000 45

B. Interest Rate. The balance of the Purchase Price (the "Indebtedness") shall accrue interest at 8.5 % per annum. Interest will begin to accrue on Closing; _____ (Closing if not checked). 46
47

C. Payments to Seller. Buyer shall pay (check applicable box): 48

- i. No installment payments are required. 49
- ii. Principal and interest installments of \$ 3460.11 (30 year amt) 50
- iii. Interest only payments on the outstanding principal balance. 51

The installment payments, if any, shall begin on the 1st day of Sept 2023, and shall continue on the 1st day of each succeeding (check applicable box): calendar month; third calendar month; sixth calendar month; twelfth calendar month; Other: _____ 52
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D. Promissory Note and Deed of Trust 55

i. **Security.** The Indebtedness shall be evidenced by a Promissory Note and a first; second; third (first, if not filled in) Deed of Trust, as set forth below. 56
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ii. **Promissory Note.** Buyer agrees to sign at Closing LPB Form 28A (Promissory Note). 58

iii. **Deed of Trust.** Buyer agrees to sign at Closing the following selected form (check applicable box): 59

- a. LPB Form 22 (Deed of Trust) securing the Property; or 60
- b. LPB Form 22A (Deed of Trust with Due on Sale and Due Date) securing the Property. The parties shall initial the Due on Sale clause, which provides: "The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law." 61
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iv. **Due Date.** The balance of principal and accrued interest shall be due and payable in full on 1st day of Sept 2033. 66
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v. **Default and Default Interest.** During any period of Buyer's default, the principal shall bear interest at the rate of 18 % per annum (18% if not filled in) or the maximum rate allowed by law, whichever is less. A late charge of \$ _____ or 5% % of any installment payment (5% of the payment if neither is filled in) shall be added to any payment more than _____ days late (15 days if not filled in). If Buyer has not cured any default within 30 (30 days if not filled in) after written notice, Seller may declare all outstanding sums immediately due and payable. 68
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vi. **Prepayment.** Buyer may prepay all or part of the balance owed under this Agreement at any time without penalty. 74
75

vii. **No Further Encumbrances.** Buyer shall not further encumber the Property until Seller has released Seller's security interest in the Property. If selected, the Deed of Trust shall include the following provision: 76
77

As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor 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 Trust Estate or any interest therein without the written consent of Beneficiary even though such 78
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encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

E. Real Estate Contract 87

Note: If the Property is primarily for agricultural purposes, then a non-judicial foreclosure/forfeiture remedy is available only by using a real estate contract. 88

i. **Real Estate Contract.** The parties agree to sign LPB Form 44 (Real Estate Contract). The parties agree to initial and make applicable the following Optional Provisions in LPB Form 44 if the corresponding box is checked: 90

- a. Substitution and Security on Personal Property 93
- b. Alterations 94
- c. Due on Sale 95
- d. Pre-Payment Penalties on Prior Encumbrances 96
- e. Periodic Payments on Taxes and Insurance (The payments during the current year shall be \$ _____ per _____) 97-98

ii. **Cash Out.** The entire balance of principal and interest shall be due and payable in full not later than _____ 99

Don't Need
Don't Need

3. ASSUMED UNDERLYING OBLIGATIONS AND METHOD OF PAYMENT 101

A. **Assumed Obligations.** Buyer shall assume the following obligations \$ _____ 102

B. **Consent of Holder of Underlying Obligation.** If there is an existing Deed of Trust, Real Estate Contract or other encumbrance which is to remain unpaid after Closing and its terms require the holder's consent to this sale, Buyer agrees to promptly apply for such consent upon mutual acceptance of this Agreement. This Agreement is subject to the written consent of the holder of the underlying obligation within _____ days (15 days if not filled in) of mutual acceptance. If the holder's written consent to this Agreement is not obtained by such date, this Agreement shall terminate, and the Earnest Money shall be refunded to Buyer. 103-108

C. **Seller Wrap of Existing Loan.** 109

Payments. From the payments by Buyer to Seller, Seller will pay the monthly payments of \$ _____ due on an existing loan by _____ (the lender) having an approximate present principal balance of \$ _____ with interest at _____ % per annum computed on the unpaid principal and secured by the Property. Such balance remains the obligation of the Seller and Seller agrees to pay such obligation in accordance with its terms and conditions. Buyer shall have the right to remedy any default on the underlying obligation, provided Buyer is not in default to Seller, and all sums so paid shall be credited to Buyer's payments to Seller. 110-116

D. **Cash Down to Existing Loan.** 117

i. **Type of Loan.** Buyer agrees to assume, at Closing, an existing Deed of Trust; Mortgage; Real Estate Contract securing the Property and to pay the balance of the Purchase Price in cash, including Earnest Money, at Closing. The assumed loan is; is not an Adjustable Rate Mortgage ("ARM"). The monthly payments could increase or decrease if the assumed loan is an ARM. 118-121

**SELLER FINANCING ADDENDUM
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- ii. **Loan Amount and Payments.** The assumed loan has a principal balance of approximately 122
\$ _____ and is payable in monthly installments of approximately 123
\$ _____ including interest at _____ % per annum computed on the declining 124
principal balance, and including real estate taxes; hazard insurance. Seller shall pay any 125
delinquencies at Closing. 126
- iii. **Seller Warranty – Loan is Assumable.** Seller warrants that the assumed loan is assumable provided 127
that Buyer complies with and agrees to abide by any requirements or conditions imposed by the holder of 128
the assumed loan. 129
- iv. **Buyer Review Period.** This Agreement is conditioned upon Buyer's review of the assumed loan. 130
Unless Buyer gives written notice to Seller of Buyer's disapproval of the assumed loan within _____ 131
days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived). 132
- v. **Seller Review Period.** Seller understands that when a loan is "assumed," Seller may remain liable to 133
pay the holder of the assumed loan if the Buyer fails to do so. This Agreement is conditioned upon 134
Seller's review of the terms of the assumed loan. Unless Seller gives written notice to Buyer of Seller's 135
disapproval of the terms of the assumed loan within _____ days (5 days if not filled in) of mutual 136
acceptance, this contingency shall be deemed satisfied (waived). 137

4. OTHER TERMS (Check all that apply). 138

A. Payments to Collection Account. 139

- i. **Collection Account.** Buyer's payments to or on behalf of Seller shall be made to a contract collection 140
account at Pacific Northwest Escrow (the "Collection Account"), 141
 to be established and paid for by Buyer and Seller equally; or to be established and paid for as 142
follows: purchasers (established and paid for equally if not filled in). 143
Closing Agent may; may not (may if not checked) collect Collection Account set-up fees and annual 144
escrow fees at Closing. IF you check this closer will collect 145
- ii. **Escrow.** The Collection Account shall also serve as escrow for a request for reconveyance or 146
fulfillment deed (as applicable), which shall be fully executed by Seller at Closing and held by the 147
Collection Account pending payment of funds as provided for herein and shall be released to Buyer when 148
full payment of funds due and owing have been received by the Collection Account. 149
- iii. **Taxes and Insurance.** In addition to payments for the principal and interest, additional amounts 150
determined by the Collection Account holder shall be paid by Buyer and applied to real property taxes; 151
 insurance, which amounts may change due to adjustments in taxes and insurance premiums. Closing 152
Agent may; may not (may if not checked) collect the initial deposit for taxes and insurance at Closing. 153
IF you check this closer will collect res at closing

B. Seller's Review of Buyer's Finances Contingency. This Agreement is conditioned upon Seller's review 154
and approval, in Seller's sole discretion, of (i) Buyer's credit report and score; (ii) Buyer's income tax 155
returns for the prior _____ years (3 years if not filled in); (iii) verification of Buyer's employment 156
from Buyer's employer; and (iv) other _____ 157
Buyer will provide Seller with all applicable information including a credit report and score (if applicable) 158
within _____ days (5 days if not filled in) of mutual acceptance. Unless Seller gives written notice to 159
Buyer of Seller's disapproval of the applicable conditions within _____ days (2 days if not filled in) 160
of the date the information is due, this contingency shall be deemed satisfied (waived). 161

C. Title Insurance. Buyer shall pay the cost of a lender's standard title insurance policy insuring Seller's 162
security interest and shall pay for an extended lender's title insurance policy if the cost of such extended 163
policy does not exceed the cost of a standard policy by more than ten percent (10%). 164

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**THE BASIC DIFFERENCES BETWEEN
REAL ESTATE CONTRACT AND DEED OF TRUST**

This material has been prepared as a brief overview of the basic differences between a Real Estate Contract / Deed of Trust.

There are many legal issues and complexities that need to be addressed in selecting the method of purchase and financing that is appropriate for each situation. This material is not intended to replace the counsel of attorneys and professional tax advisors when making these decisions.

The comparisons in this material are based on the Washington State Bar Association Form LPB 22 Deed of Trust and the Washington State Bar Association Form LPB-44 Real Estate Contract. Revisions to these forms or the use of other versions of these instruments may alter the comparisons.



DEFINITIONS:

DEED OF TRUST

A Deed of Trust is an instrument used by a lender to secure real estate as collateral for a Note. The Note states the "terms of the loan". The borrower is in title to the property, (is the owner of the property). A third party is named as the Trustee to release the lender's interest in the property once the loan is paid and is also given the power to sell the property in case of non-payment.

REAL ESTATE CONTRACT

A Real Estate Contract is an instrument used when an owner of real estate agrees to sell the property and accept periodic payments from the purchaser. The seller remains in title to the property, (is the legal owner of the property), while the purchaser is entitled to possession of the property and the right to acquire title to the property in accordance with the terms of the contract.

RELEASE OF LENDER'S INTERST AT FINAL PAYMENT:

DEED OF TRUST

The lender surrenders the original note and Deed of Trust to the Trustee. The Trustee executes and records a Reconveyance which releases the Deed of Trust from public records.

TIP:

To avoid possible loss of misplacement of original Note and Deed of Trust by a private party lender, a True Estate can be set up. The True Escrow company holds the documents in safekeeping, collects payments and releases the documents upon final payment

REAL ESTATE CONTRACT

The Real Estate Contract seller executes and records a Warranty Fulfillment Deed, which releases the debt and places the purchaser in title to the property.

TIP:

The Warranty Fulfillment Deed can be prepared by a Limited Practice Officer or attorney and signed by the contract seller at the time of preparing the Real Estate Contract. The original document can be held in a True Escrow. The True Escrow company holds the document for safekeeping, collects the payments and releases the document upon final payment.

FAILURE OF SELLER TO MAKE PAYMENTS ON UNDERLYING LOANS:

DEED OF TRUST

If the seller fails to make a payment on underlying loan(s) that the seller agreed to continuing paying, the buyer/owner has no remedy until the property goes into foreclosure by the underlying lender. The buyer/ owner may “cure” the default, which could be the entire loan balance plus costs, interest and attorney’s fees. Or, the buyer/owner may purchase the property at the Sherriff’s Sale or Trustee’s Sale. There is no provision for the buyer/owner to “take over” payments, should the seller default.

REAL ESTATE CONTRACT

If the Real Estate Contract seller fails to make payment on underlying loan(s) that the seller agreed to continue paying, the Real Estate Contract purchaser can make the delinquent payment(s) , after 1 days written notice to seller. The amount paid can be deducted from the payment(s) to the seller. After three such payments have been made by the purchaser, the purchaser can make all future payments directly to the underling lender and deduct that amount from payments to the seller.

REMEDIES FOR NON-PAYMENT BY BORROWER:

DEED OF TRUST

Judicial Foreclosure: The foreclosure is processed through the civil courts. Length of the foreclosure depends on availability of court dates which can range from three months to two years, depending on the volume in the courts in that county. The process can also be quite costly due to court costs, attorney fees and the length of time

The entire loan balance becomes due, plus costs and reasonable attorney’s fees can be recovered. The property is sold at a Sheriff’s sale to the highest bidder. The lender can obtain a Deficiency Judgment for the balance of the amount due after the proceeds of the Sheriff’s sale are applied. The Borrower continues to owe the lender the balance of the Deficiency Judgment after the property has been foreclosed.

The borrower has a twelve-month redemption period to pay the entire amount of the loan balance plus costs, if a Deficiency Judgment is obtained and eight months without a Deficiency Judgment. The borrower has the right to remain in the property during the redemption period if it is the borrower’s homestead (Primary Residence). The title to the property is conveyed in the form of a Sheriff’s Deed to the successful bidder after the redemption period.

Non-Judicial Foreclosure: The foreclosure process is handled by a Trustee, (usually an attorney), without court supervision. The foreclosure cannot be completed in less than 120 days from commencement and the Trustee’s Sale cannot be held less than 190 days after default.

The borrower may stop the foreclosure by bringing payments current plus interest and costs on or before the eleventh day prior to the Trustee's sale.

There is no right of redemption period or right to remain in the property for the borrower after the Trustee's Sale. The borrower has no further obligation to the lender (as in a Deficiency Judgment). The successful purchaser at the Trustee's Sale has immediate and clear title to the property and has the right to possession on the twelfth day after the sale.

Suit for specific performance: To recover unpaid installments on the Note, a law suit for Specific Performance can be exercised. The law suit results in a judgment against the borrower/owner and it can be enforced against any other property owned by them. Costs and attorney's fees can be included in the judgment. The lender does not foreclose on the property and the borrower/owner continues to make the remaining payments under the terms of the Note. This could result in multiple suits and judgments for the chronic delinquent borrower. However, it allows the lender to collect payments by "attaching" other property.

REAL ESTATE CONTRACT

Judicial foreclosure: (same as Deed of Trust Judicial foreclosure).

Forfeiture of real estate contract: The forfeiture process is handled outside of the courts. However, severe penalties can be imposed upon Real Estate Contract sellers who fail to follow strict compliance with the forfeiture procedures and the forfeiture can be voided. It is therefore recommended that legal counsel be used to forfeit a Real Estate Contract. The process can take as little as 90 days, once notices are served in accordance with the law.

The purchaser may stop the forfeiture by making delinquent payments, plus costs as allowed in the contract, within 90 days prior to the forfeiture.

Upon forfeiture, all rights of the Real Estate Contract purchaser are terminated. All sums previously paid by the purchaser and improvements made to the property are retained by the seller. The purchaser has no further obligation to the seller (as in a Deficiency Judgment). The seller is entitled to possession of the property ten days after the forfeiture.

Suit for specific performance: (same as Suite for Specific Performance on a Deed of Trust-the purchaser continues to make the remaining payments under the terms of the Real Estate Contract.



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RESIDENTIAL SELLER FINANCING WAIVER

ATTACHED:

- 1. Exemptions from licensing RCW 31.04.025 and WAC 208-620-104**
- 2. Residential Seller Financing License Waiver to be completed by the seller and sent to Department of Financial Institutions for approval.**
- 3. Upon written approval from DFI, seller must complete one of the two attached forms and give to purchaser:**
 - A. Residential Disclosure Summary – Fixed Rate Loan**
 - B. Residential Disclosure Summary – Variable Rate Loan**



EXEMPTIONS:

There are exemptions from licensing at both the company (RCW 31.04.025 and WAC 208-620-104) and individual (WAC 208-620-105) levels. You are exempt if:

- You are providing loans or extending credit primarily for business, commercial, or agricultural purposes. (See RCW 31.04.025 (2)€. This exemption is not available if you secure the loan with a lien on the borrower's primary residence.
- You are carrying financing on raw land, even if that raw land is zoned residential.
- You are carrying the financing on the sale of the home you live in. If you are carrying the financing on the sale of a house you own but do not live in, you are not exempt from licensure but you may be eligible for a license waiver.
- You are providing loans or extending credit to immediate family members.

License Waiver Steps

Please note: You do not need a license waiver if you are carrying the financing on the sale of the home you live in. See the reference above to Interpretive Statement 2010-1 Revised.

Additionally, you do not need a license waiver if you are carrying the financing on raw land, even if that raw land is zoned residential. See [RCW 31.04.025\(2\)\(f\) \(link is external\)](#).

1. Print the [License Waiver](#)
2. Fill out the license waiver, including the declaratory portion at the bottom, and return it to the Department via email to Michele.Gill@dfi.wa.gov, via fax to the attention of Michele Gill at 360-664-2258, or via hard copy to the Department at the address at the bottom of this webpage, to the attention of Michele Gill. You can now provide the completed License Waiver to the escrow or title company or attorney. Do not provide any other loan documents to the Department.
3. As to Item No. 1 in the License Waiver, access the links below to print, fill out and provide the applicable disclosure summary to the borrower. Do not provide the disclosure summary to the Department.

Disclosure Summary Forms for use with License Waiver

- [Disclosure Summary – Fixed Rate Loan](#)
Print this document, fill it out and provide it to the buyer. Do not provide to DFI.
- [Disclosure Summary – Variable Rate Loan](#)
Print this document, fill it out and provide it to the buyer. Do not provide to DFI.

Contact Us

If you have any questions about seller financing, please contact Michele Gill.

Phone: 360-664-7866

Toll Free: 1-877 RING DFI (746-4334)

Email: Michele.Gill@dfi.wa.gov.

Mailing Address

For U.S. Postal Service:
Department of Financial Institutions
Attn: Michele Gill
Division of Consumer Services
PO Box 41200
Olympia WA 98504-1200

For Overnight Delivery:
Department of Financial Institutions

RESIDENTIAL SELLER FINANCING LICENSE WAIVER

Name: _____
Address: _____

RE [Property Address]: _____

Pursuant to RCW 31.04.025(3) the Seller(s) is/are granted a waiver from the licensing provisions of the Consumer Loan Act (CLA), chapter 31.04 RCW. The license waiver is granted only for the specific transaction involving the Property Address above and as described by the Seller or Seller's representative. The license waiver is conditioned on the accuracy and completeness of the information provided is valid only upon the following additional conditions:

1. If you do not provide the borrower with a compliant disclosure under Regulation X (12 CFR 1024), you must provide the buyer with a disclosure summary of the loan's material terms and conditions. Access the link below to print, complete, and provide the applicable disclosure to the borrower. If a section of the disclosure is not applicable, write "N/A". You may provide the required information in your own format.

<http://dfi.wa.gov/cs/seller-financing.htm>

2. In order to foreclose you must follow the specific foreclosure process set forth in chapter 61.24 RCW or as otherwise required by Washington law.

3. The license waiver is not available for loans above the state's usury limit of twelve percent.

Obtaining and complying with this license waiver from state law does not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

I, _____ [Printed Name], declare:

1. I am not in the business of financing residential mortgage loans.
2. I have not received five License Waivers from the Department of Financial Institutions prior to this one.
3. I have not constructed or acted as a contractor for the construction of a residence on the property in the ordinary course of my business.

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Dated this _____ day of _____, 2014 in _____ [City], _____ [State]

_____ [Signature] _____ [Contact Telephone Number]

RESIDENTIAL DISCLOSURE SUMMARY – FIXED RATE LOAN

Date / /

Seller:

Borrower:

Property Address:

Mortgage Term (# of monthly payments)

Loan Amount:

\$ _____

Interest Rate:

Principal & Interest Payment:

\$ _____ per month

Fees(describe)

\$ _____

\$ _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
 Your loan has a penalty if you pay off your mortgage early
 Your loan has a balloon payment due on: _____

Other:

RESIDENTIAL DISCLOSURE SUMMARY – VARIABLE RATE LOAN

Date / /

Seller:

Borrower(s):

Property Address:

Mortgage Term (# of monthly payments):

Loan Amount:

\$ _____

Fees(describe)

\$ _____

\$ _____

Interest Rates & Principal & Interest Payments:

Rate

**Monthly
Payment**

Caps (Initial, Subsequent and Lifetime adjustment limits): _____
 (e.g. 1/1/5, 2/2/5 and 5/2/5 are common. 5/2/5 is used when
 the initial introductory rate lasts longer than three years.)

Index (e.g. 1 yr. T-Bill, 1 yr. LIBOR, etc.): _____	Initial _____ %	\$ _____
	Fully Indexed: _____ %	\$ _____
Margin (add to the index to yield the rate): _____	Maximum: _____ %	\$ _____

Date of First Interest Rate Adjustment: _____

Date and Timing of Subsequent Adjustments: _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
- Your loan has a penalty if you pay off your mortgage early
- Your loan has a balloon payment due on: _____

Other: _____



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NOTE AND DEED OF TRUST

Note: LPB 28A-05(1)

Deed of trust LPB 22-05

Deed of trust LPB 22A-05 Due and payable/due on sale

You must check which deed of trust will be used on your form 22C.

Please have client initial bottom of each page of document chosen and attach it to form 22C (you do not need to complete the form – the closing agent will complete the form to be signed at closing – your client is only reviewing the boiler plate language of the form).



PROMISSORY NOTE

\$ _____

_____ Date

_____ City, State

FOR VALUE RECEIVED, _____

hereinafter "Maker" promises to pay to _____

hereinafter "Holder" or order at _____

or other such place as may be designated by the Holder from time to time, the principal sum of _____

Dollars (\$ _____), with interest thereon from _____ day of _____

on the unpaid principal at the rate of _____

percent (_____ %) per annum as follows:

1. **INSTALLMENT PAYMENTS:** Maker shall pay, (check one)

a. **NO INSTALLMENTS.** No installment payments are required.

b. **PRINCIPAL and INTEREST INSTALLMENTS** of _____ Dollars (\$ _____).

c. **INTEREST ONLY PAYMENTS** on the outstanding principal balance.

(The following must be completed if "b" or "c" is checked)

The installment payments shall begin on the _____ day of _____,

and shall continue on the _____ day of each succeeding: (check one)

calendar month third calendar month sixth calendar month twelfth calendar month

Other: _____

2. **DUE DATE:** The entire balance of this Note together with any and all interest accrued thereon shall be due and payable in full on _____ day of _____.
3. **DEFAULT INTEREST:** After maturity, or failure to make any payment, any unpaid principal shall accrue interest at the rate of _____ percent (_____%) per annum (18% if not filled in) OR the maximum rate allowed by law, whichever is less, during such period of Maker's default under this Note.
4. **ALLOCATION OF PAYMENTS:** Each payment shall be credited first to any late charge due, second to interest, and the remainder to principal.
5. **PREPAYMENT:** Maker may prepay all or part of the balance owed under this Note at any time without penalty.
6. **CURRENCY:** All principal and interest payments shall be made in lawful money of the United States.
7. **LATE CHARGE:** If Holder receives any installment payment more than _____ days (15 days if not filled in) after its due date, then a late payment charge of \$ _____, or _____ percent (_____%) of the installment payment (5% of the installment payment if neither is filled in) shall be added to the scheduled payment.
8. **DUE ON SALE: (OPTIONAL-Not applicable unless initialed by Holder and Maker to this Note)** If this Note is secured by a Deed of Trust or any other instrument securing repayment of this Note, the property described in such security instruments may not be sold or transferred without the Holder's consent. Upon breach of this provision, Holder may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

 Maker (Initials)

 Holder (Initials)

9. **ACCELERATION:** If Maker fails to make any payment owed under this Note, or if Maker defaults under any Deed of Trust or any other instruments securing repayment of this Note, and such default is not cured within _____ days (30 days if not filled in) after written notice of such default, then Holder may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in addition to any other rights or remedies that Holder may have under the Deed of Trust or other instruments securing repayment of this Note.
10. **ATTORNEYS' FEES AND COSTS:** Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorneys' fees, whether or not suit is brought. If Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.
11. **WAIVER OF PRESENTMENTS:** Maker waives presentment for payment, notice of dishonor, protest and notice of protest.
12. **NON-WAIVER:** No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights.

13. **SEVERABILITY:** If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect.
14. **INTEGRATION:** There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder.
15. **CONFLICTING TERMS:** In the event of any conflict between the terms of this Note and the terms of any Deed of Trust or other instruments securing payment of this Note, the terms of this Note shall prevail.
16. **EXECUTION:** Each Maker executes this Note as a principal and not as a surety. If there is more than one Maker, each such Maker shall be jointly and severally liable under this Note.
17. **COMMERCIAL PROPERTY:** (*OPTIONAL-Not applicable unless initialed by Holder and Maker to this Note*) Maker represents and warrants to Holder that the sums represented by this Note are being used for business, investment or commercial purposes, and not for personal, family or household purposes.

 Maker (Initials)

 Holder (Initials)

ORAL AGREEMENTS: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

18. **DEFINITIONS:** The word Maker shall be construed interchangeably with the words Borrower or Payer and the word Holder shall be construed interchangeably with the words Lender or Payee. In this Note, singular and plural words shall be construed interchangeably as may be appropriate in the context and circumstances to which such words apply.

19. **ADDITIONAL TERMS AND CONDITIONS:** (check one)

a. NONE

OR

b. As set forth on the attached "Exhibit A" which is incorporated by this reference.

(Note: If neither a or b is checked, then option "a" applies)

20. **THIS NOTE IS SECURED BY** **DEED OF TRUST,** **MORTGAGE,** _____ **OF EVEN DATE.**

Maker (signatures)

Maker's address for all notices given by Holder under this Note: _____

DO NOT DESTROY THIS NOTE

WHEN PAID this original Note together with the Deed of Trust securing the same, must be surrendered to the Trustee for cancellation and retention before any reconveyance can be processed.

When recorded return to:

DEED OF TRUST
(For use in the State of Washington only)

THIS DEED OF TRUST, made this _____ day of _____ between _____

as GRANTOR(S),
whose address is _____

and

as TRUSTEE,
whose address is _____

and

as BENEFICIARY,
whose address is _____

WITNESSETH: Grantor(s) hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in _____ County, Washington:

Abbreviated Legal: (Required if full legal not inserted above.)

Tax Parcel Number(s):

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits thereof.

This deed is for the purpose of securing performance of each agreement of Grantor(s) herein contained, and payment of the sum of

Dollars (\$ _____)

with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure, or improvement being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor(s) in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.
7. **NO FURTHER ENCUMBRANCES:** (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary.). As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor 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 Trust Estate or any interest therein without the written consent of a Beneficiary even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of

the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

Grantor initials

Beneficiary initials

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Grantor(s) in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor(s) had or had the power to convey at the time of his/her/their execution of this Deed of Trust, and such as he/she/they may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability, or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

State of _____
County of _____

This record was acknowledged before me on (date) by (name(s) of individuals).

(Stamp) (Signature of notary public)

(Title of office)
My commission expires:

(date)

REQUEST FOR FULL RECONVEYANCE - *Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated: _____

When recorded return to:

DEED OF TRUST
(For use in the State of Washington only)

THIS DEED OF TRUST, made this _____ day of _____ between

as GRANTOR(S),
whose address is

and

as TRUSTEE,
whose address is

and

as BENEFICIARY,
whose address is

WITNESSETH: Grantor(s) hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in _____ County, Washington:

Abbreviated Legal: (Required if full legal not inserted above.)

Tax Parcel Number(s):

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits thereof.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) contained in this Deed of Trust, and payment of the sum of

Dollars (\$ _____)

with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of Grantor(s)' successors or assigns, together with interest thereon at such rate as shall be agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on _____.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure, or improvement being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor(s) in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.
7. **DUE ON SALE:** (OPTIONAL – *Not applicable unless initialed by Grantor and Beneficiary.*) The property described in this security instrument may not be sold or transferred without the Beneficiary's

consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

Grantor initials

Beneficiary initials

8. NO FURTHER ENCUMBRANCES: (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary.). As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor 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 Trust Estate or any interest therein without the written consent of a Beneficiary even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

Grantor initials

Beneficiary initials

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured by this Deed of Trust after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Grantor(s) in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary subject to any cure period provided in the note secured by this Deed of Trust. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor(s) had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor(s) may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.
9. ADDITIONAL TERMS AND CONDITIONS: (check one)
 - a. None
 - b. As set forth on the attached Exhibit _____ which is incorporated by this reference.

(Note: If neither "a" nor "b" is checked, then option "a" applies.)

State of _____
County of _____

This record was acknowledged before me on (date) by (name(s) of individuals).

(Signature of notary public)
(Stamp)

(Title of office)
My commission expires:

(date)

REQUEST FOR FULL RECONVEYANCE - *Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated: _____



Compliments of:

PACIFIC NORTHWEST ESCROW, LLC

REAL ESTATE CONTRACT LPB 44

Please have client initial bottom of each page of document and attach it to form 22C (you do not need to complete the form – the closing agent will complete the form to be signed at closing – your client is only reviewing the boiler plate language of the form).



When recorded return to:

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

ANY OPTIONAL PROVISION NOT INITIALED BY ALL PERSONS SIGNING THIS CONTRACT--
WHETHER INDIVIDUALLY OR AS AN OFFICER OR AGENT -- IS NOT A PART OF THIS CONTRACT.

1. PARTIES AND DATE. This Contract is entered into on _____,
between _____

as "Seller" and _____

as "Purchaser."

2. SALE AND LEGAL DESCRIPTION. Seller agrees to sell to Purchaser and Purchaser agrees to purchase from
Seller the following described real estate in _____ County, State of Washington:

Abbreviated Legal: (Required if full legal not inserted above.)

Tax Parcel Number(s):

3. PERSONAL PROPERTY. Personal property, if any, included in the sale is as follows:

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

4. (a) PRICE. Purchaser agrees to pay: \$ _____ Total Price
Less \$ _____ Down Payment
Less \$ _____ Assumed Obligation(s)
Results in \$ _____ Amount Financed by Seller.

(b) ASSUMED OBLIGATIONS. Purchaser agrees to pay the above assumed obligation(s) by assuming and agreeing to pay that certain _____ dated _____

(Mortgage/Deed of Trust/Contract)
recorded as Auditor's File No. _____

Seller warrants the unpaid balance of said obligation is \$ _____ which is payable \$ _____ on or before the _____ day of _____ () including () plus interest at the rate of _____ % per annum on the declining balance thereof; and a like amount on or before the _____ day of each and every _____ thereafter until paid in full.
(month/year)

NOTE: Fill in the date in the following two lines only if there is an early cash out date on the assumed obligation.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL NOT LATER THAN _____

ANY ADDITIONAL ASSUMED OBLIGATIONS ARE INCLUDED IN ADDENDUM

(c) PAYMENT OF AMOUNT FINANCED BY SELLER.

Purchaser agrees to pay the sum of \$ _____ as follows:
\$ _____ or more at purchaser's option on or before the _____ day of _____ () including () plus interest from _____ at the rate of _____ % per annum on the declining balance thereof; and a like amount or more on or before the _____ day of each and every _____ thereafter until paid in full.
(month/year)

NOTE: Fill in the date in the following two lines only if there is an early cash out date on the amount financed by seller.

NOTWITHSTANDING THE ABOVE, THE ENTIRE BALANCE OF PRINCIPAL AND INTEREST IS DUE IN FULL NOT LATER THAN _____

Payments are applied first to interest and then to principal. Payments shall be made at _____ or such other place as the Seller may hereafter indicate in writing.

5. FAILURE TO MAKE PAYMENTS ON ASSUMED OBLIGATIONS. If Purchaser fails to make any payments on assumed obligation(s), Seller may give written notice to Purchaser that unless Purchaser makes the delinquent payment(s) within 15 days, Seller will make the payment(s), together with any late charge, additional interest, penalties, and costs assessed by the Holder of the assumed obligation(s). The 15-day period may be shortened to avoid the exercise of any remedy by the Holder of the assumed obligation(s). Purchaser shall immediately after such payment by Seller reimburse Seller for the amount of such payment plus a late charge equal to five percent (5%) of the amount so paid plus all costs and attorney fees incurred by Seller in connection with making such payment.
6. (a) OBLIGATIONS TO BE PAID BY SELLER. The Seller agrees to continue to pay from payments received hereunder the following obligation, which obligation must be paid in full when Purchaser pays the purchase price in full: That certain _____ dated _____
(Mortgage/Deed of Trust/Contract)
_____, recorded as Auditor's File No. _____.

ANY ADDITIONAL OBLIGATION TO BE PAID BY SELLER ARE INCLUDED IN ADDENDUM

- (b) EQUITY OF SELLER PAID IN FULL. If the balance owed the Seller on the purchase price herein becomes equal to the balance owed on prior encumbrances being paid by Seller, Purchaser will be deemed to have assumed said encumbrances as of that date. Purchaser shall thereafter make payments directly to the holders of said encumbrances and make no further payments to Seller. Seller shall at that time deliver to Purchaser a fulfillment deed in accordance with the provisions of paragraph 8.
- (c) FAILURE OF SELLER TO MAKE PAYMENTS ON PRIOR ENCUMBRANCES. If Seller fails to make any payments on any prior encumbrance, Purchaser may give written notice to Seller that unless Seller makes the delinquent payments within 15 days, Purchaser 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 prior encumbrance. Purchaser 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 Purchaser in connection with the delinquency from payments next becoming due Seller on the purchase price. In the event Purchaser makes such delinquent payments on three occasions, Purchaser shall have the right to make all payments due thereafter directly to the holder of such prior encumbrance and deduct the then balance owing on such prior encumbrance from the then balance owing on the purchase price and reduce periodic payments on the balance due Seller by the payments called for in such prior encumbrance as such payments become due.
7. OTHER ENCUMBRANCES AGAINST THE PROPERTY. The property is subject to encumbrances including the following listed tenancies, easements, restrictions, and reservations in addition to the obligations assumed by Purchaser and the obligations being paid by Seller:

ANY ADDITIONAL NON-MONETARY ENCUMBRANCES ARE INCLUDED IN ADDENDUM

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. Any personal property included in the sale shall be included in the fulfillment deed.
9. LATE CHARGES. If any payment on the purchase price is not made within ten (10) 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. 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; unless (a), (b), or (c) has been consented to by Purchaser in writing.
11. POSSESSION. Purchaser is entitled to possession of the property from and after the date of this Contract or _____, whichever is later, subject to any tenancies described in paragraph 7.
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. If real estate taxes and penalties are assessed against the property subsequent to date of this Contract because of a change in use prior to the date of this Contract for Open Space, Farm, Agricultural, or Timber classifications approved by the County or because of a Senior Citizen's Declaration to Defer Property Taxes filed prior to the date of this Contract, Purchaser may demand in writing payment of such taxes and penalties within 30 days. If payment is not made, Purchaser may pay and deduct the amount thereof plus 5% penalty from the payments next becoming due Seller under the 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 balances owed on obligations assumed by Purchaser plus 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 any holders of underlying encumbrances, then to Seller as their interests may appear 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 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 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, 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.
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.

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 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.
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 30 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 _____ and to the Seller at _____ 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. Purchaser may substitute for any personal property specified in Paragraph 3 herein other personal property of like nature which Purchaser owns free and clear of any encumbrances. Purchaser hereby grants Seller a security interest in all personal property specified in Paragraph 3 and future substitutions for such property and agrees to execute a financing statement under the Uniform Commercial Code reflecting such security interest.

SELLER

INITIALS:

PURCHASER

29. OPTIONAL PROVISION -- 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.

SELLER

INITIALS:

PURCHASER

30. OPTIONAL PROVISION -- 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 sheriffs 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.

SELLER

INITIALS:

PURCHASER

31. OPTIONAL PROVISION -- PRE-PAYMENT PENALTIES ON PRIOR ENCUMBRANCES. If Purchaser elects to make payments in excess of the minimum required payments on the purchase price herein, and Seller, because of such prepayments, incurs prepayment penalties on prior encumbrances, Purchaser agrees to forthwith pay Seller the amount of such penalties in addition to payments on the purchase price.

SELLER

INITIALS:

PURCHASER

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 assessments and fire insurance premium 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 \$ _____ per _____ . Such "reserve" payments from Purchaser shall not accrue interest. Seller shall pay when due all real estate taxes 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 \$10 at the time of adjustment.

SELLER

INITIALS:

PURCHASER

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

PURCHASER

ss.

State of _____
County of _____

This record was acknowledged before me on (date) by (name(s) of individuals).

(Signature of notary public)
(Stamp)

(Title of office)
My commission expires:

(date)

State of _____
County of _____

This record was acknowledged before me on (date) by (name(s) of individuals).

(Signature of notary public)
(Stamp)

(Title of office)
My commission expires:

(date)