

**CITY OF MONROE
RESOLUTION NO. 009/2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONROE, WASHINGTON, AUTHORIZING THE SALE OF
CERTAIN REAL PROPERTY TO IRWIN DEVELOPMENT
GROUP, LLC

WHEREAS, the City of Monroe owns the real property legally described in the Purchase and Sale Agreement attached hereto as Exhibit A, incorporated herein by this reference as if set forth in full; and

WHEREAS, the City desires to sell, and Irwin Development Group, LLC. desires to purchase, said property in accordance with the terms and conditions set forth in the Purchase and Sale Agreement.

NOW, THEREFORE IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONROE AS FOLLOWS:

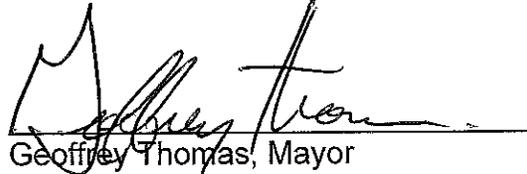
Section 1. Approval of Purchase and Sale Agreement. The City Council hereby declares the property described in the attached Purchase and Sale Agreement to be surplus to the City's needs and authorizes its disposition in accordance with said agreement. The Mayor is authorized to execute the Purchase and Sale Agreement on behalf of the City in substantially the form attached hereto; together with such minor revisions as the Mayor may deem necessary or appropriate.

Section 2. Effective Date. This resolution shall take effect immediately upon passage.

Section 3. Ratification and Confirmation. Any prior actions taken consistent with this resolution are hereby ratified and confirmed.

ADOPTED by the City Council of the City of Monroe, at its regular meeting thereof, and APPROVED by the Mayor this 12th day of May, 2015.

CITY OF MONROE, WASHINGTON



Geoffrey Thomas, Mayor

(SEAL)

ATTEST:



Elizabeth M. Smoot, CMC, City Clerk

APPROVED AS TO FORM:



Zachary Lell, City Attorney

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 2015, by and between the City of Monroe, a Washington municipal corporation, ("Seller") and Irwin Development Group, LLC, a Washington limited liability company, or its assigns ("Purchaser").

RECITALS

A. Seller owns certain real property situated in the City of Monroe, Snohomish County, State of Washington, more particularly described as Parcel 5 of City of Monroe North Kelsey Short Plat recorded under recording no. 201210265003 records of Snohomish County, Washington, being a portion of Government Lot 1 of Section 1, Township 27 North, Range 6 East, W.M., depicted on Exhibit A hereto, and referred to herein as "Parcel 5". Exhibit A is incorporated by reference herein as if specifically set forth.

B. Purchaser desires to purchase a portion of Parcel 5 ("the Property") for commercial development consistent with applicable zoning and land use regulations of the City of Monroe and to enter into with Seller at closing a Declaration of Easements, Covenants, Conditions and Restrictions referred to herein as "the Declarations" providing for certain restrictions on the use of the portion of Parcel 5 not to be purchased by Purchaser and for the establishment of certain easements and covenants for the mutual and reciprocal benefit and complement of the future uses on all of Parcel 5.

C. Seller desires to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Seller, on the terms and conditions set forth in this Agreement.

TERMS

To provide for the purchase and sale of the Property herein described, and in consideration of the covenants and promises set forth herein, the receipt and sufficiency of which are mutually acknowledged, it is hereby agreed by and between Seller and Purchaser (collectively, "the parties") as follows:

1. **PURCHASE AND SALE.** The Property, which will be fully described on a revised legal description prior to close of escrow is generally depicted on Exhibit B attached hereto and incorporated herein as if specifically set forth herein. Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller, upon the terms and conditions hereinafter set forth.

2. PURCHASE PRICE AND TERMS OF PAYMENT. The total purchase price ("Purchase Price") for the Property is Four Hundred Twenty Five Thousand Dollars and no/100's (\$425,000.00). The balance of the Purchase Price, less the Earnest Money Deposit, is due and payable at Closing. The Property (a portion of Parcel 5) to be conveyed shall be no more than 60,625 square feet and may be less square feet as more fully depicted on the attached Exhibit B, Site Plan. To create the Property, a Binding Lot Adjustment (BLA) or similar property boundary adjustment may need to be completed. Buyer shall be solely responsible for all costs associated with the BLA and the creation of the legally conveyable Property.

3. EARNEST MONEY DEPOSIT. Within five (5) business days following Purchaser's receipt of a fully executed copy of this Purchase and Sale Agreement, Purchaser shall deliver to Escrow Company, for the benefit of the Seller, a cash deposit (hereinafter "Earnest Money Deposit") of Twenty Thousand Dollars (\$20,000). The Earnest Money Deposit shall be applied to the Purchase Price at closing; PROVIDED, IN THE EVENT PURCHASER FAILS, WITHOUT LEGAL EXCUSE, TO COMPLETE THE PURCHASE OF THE PROPERTY AS SPECIFIED HEREIN, THE DEPOSIT SHALL BE FORFEITED TO SELLER AS LIQUIDATED DAMAGES, BUT NOT AS A PENALTY, AS THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER. Purchaser and Seller agree that the liquidated damages represent a reasonable sum considering all of the circumstances existing on the date of this Agreement and further represent a reasonable estimate of the losses that Seller will incur if Purchaser fails to purchase the Property after all conditions precedent to Purchaser's performance have been satisfied. The Earnest Money Deposit shall be refunded to Purchaser in the event that Purchaser gives Seller and the Escrow Company written notice of its decision not to proceed with (cancel) the purchase of the Property prior to the end of the Inspection Period (including any extensions thereof), or any of the Closing contingencies set forth in Section 7 below are not satisfied.

4. COVENANTS. From the Effective Date until the Closing, the parties covenant as follows:

a. Seller will (i) deliver to Purchaser, promptly after receipt by Seller of this fully executed Purchase and Sale Agreement, copies of all notices received by Seller directly relating to the Property not already provided by Seller to Purchaser; (ii) promptly notify Purchaser of any change in the facts underlying any Seller representation or warranty under this Agreement and of any material change in the condition of the Property; and (iii) reasonably cooperate with Purchaser in satisfying Purchaser's conditions herein.

b. Seller will not (i) take or permit any action affecting title to the Property, or (ii) execute any lease or sale agreement concerning the Property with any party other than Purchaser.

c. Purchaser shall pursue with all reasonable diligence and effort at Purchaser's sole cost and expense the boundary line adjustment or similar boundary adjustment designated by the Seller necessary for the Seller to legally convey the Property under the laws of the State of Washington and the City of Monroe, Washington.

d. By executing this Agreement, Purchaser acknowledges that it has received the Seller Disclosure Statement required pursuant to the Revised Code of Washington 64.06.010, a copy of which is attached hereto as Exhibit D.

5. **CONVEYANCE; SELLER'S REPRESENTATIONS AND WARRANTIES.** Upon Closing, title to the Property shall be conveyed from Seller to Purchaser by a Statutory Warranty Deed ("the Deed"), subject only to the exceptions listed in the preliminary title commitment as approved or otherwise not objected to by Purchaser pursuant to Section 9. Seller warrants that it has marketable title to the Property subject only to the exceptions listed in preliminary title commitment and to the boundary line adjustment necessary to make the Property legally conveyable. Seller further represents and warrants that, to the best of Seller's actual knowledge:

a. Seller is the sole owner of the Property, subject to all exceptions shown on the preliminary title commitment.

b. Seller has not granted any third-party a contractual right to purchase the Property under any currently effective purchase agreement, option agreement, right of first refusal or lease.

c. Seller has not received written notice of any pending or threatened lawsuits against Seller directly related to the Property.

d. Seller has not received written notice from any other governmental authority advising that the Property is currently in violation of any laws.

For purposes of this section, "Seller's actual knowledge" means the actual knowledge, as of the date of this Agreement, of the City of Monroe Mayor or any director-level employee of Seller.

6. **INSPECTION PERIOD.** Purchaser shall have a period ("Inspection Period") of not more than sixty (60) days from the Effective Date to inspect and determine the feasibility of acquiring the Property for Purchaser's intended use, during which period Purchaser shall proceed with due diligence and in good faith to satisfy the closing contingencies.

7. **CLOSING CONTINGENCIES.** Purchaser's obligation to proceed with the closing of the purchase of the Property is contingent upon the following:

a. Expiration of the Inspection Period. Upon expiration of the Inspection Period without written notice having being delivered by Purchaser to Seller

and Escrow Company stating that Purchaser's acquisition of the Property is cancelled, Purchaser shall be obligated to proceed with the Closing of the purchase of the Property. If during the Inspection Period Purchaser gives written notice to Seller and Escrow Company that the acquisition is cancelled, Purchaser shall be entitled to a refund of the Earnest Money Deposit, and all rights and obligations of the Parties under this Agreement shall thereupon be terminated except as expressly provided herein.

b. Information. Upon written request, Purchaser shall have reasonable access to all documents in Seller's possession relating to the condition of the Property, including documents relating to the presence, use, storage, treatment, generation, transportation, removal or disposal of Hazardous Materials, on the Property. Without limitation of the foregoing, Seller shall furnish to Purchaser copies of the following materials not already provided Purchaser by Seller, within five (5) days of the Effective Date:

- i. A current title commitment for the Property as set forth in Section 9, together with all documentation;
- ii. A current survey of the Property;
- iii. All financing documents directly related to the Property, if any;
- iv. All reports of any third-party consultants concerning the environmental, structural and other condition of the Property, if any;
- v. Certified operating statements for the Property, including any capital expenditures, covering the years 2013 and 2014, if any;
- vi. All current leases concerning the Property, if any;
- vii. All third-party contracts concerning the Property, if any; and
- viii. All ad valorem tax certificates concerning the Property.

The Inspection Period shall be extended by one day for each day that Purchaser's receipt of the above-referenced materials is delayed beyond the applicable five day deadline.

c. Access. Upon at least three (3) days written prior notice to Seller, Purchaser and its authorized representative(s) may access and enter upon the Property at reasonable times for purposes of inspection and to conduct test borings for soil suitability and other study reasonably necessary for Purchaser. All such inspection and testing shall be at Purchaser's sole expense and Purchaser at its sole expense shall thereafter return the Property to its pre-inspection/test condition. Purchaser shall promptly provide Seller with a copy of any report(s) arising from any inspection, testing or sampling conducted with respect to the Property. Separate from the provisions of

Section 8, Purchaser shall defend, hold harmless and indemnify Seller, its, officers, officials and employees from and against any and all claims, demands, penalties, fees, liens, damages, losses, expenses, including reasonable attorneys' fees and costs incurred by Seller for any personal injury, property damage and/or other liability resulting from Purchaser's entry onto and use of the Property pursuant to this section.

7A. HAZARDOUS MATERIAL.

1. Definition of Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "hazardous substance" or similar term under the Federal Water Pollution Control Act (33 U.S.C. §1317), (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903), (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601), (iv) petroleum, (v) asbestos or (vi) which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law.

2. Presence of Hazardous Material. Purchaser acknowledges that the Property may or may not contain certain Hazardous Materials and that Seller only warrants to the best of Seller's actual knowledge, that as of the Effective Date of this Agreement Seller is not aware of the presence on or beneath the Property of any legally unacceptable levels of Hazardous Materials. Seller makes no, and expressly disclaims any, other representation or warranty to Purchaser regarding the presence or absence of any Hazardous Materials on or under the Property. It shall be Purchaser's exclusive responsibility under this Agreement to examine the Property and to review such reports or other documents it deems necessary to satisfy itself as to the presence or absence of any such Hazardous Materials. For purposes of this section, "Seller's actual knowledge" means the actual knowledge, as of the date of this Agreement, of the City of Monroe Mayor or any director-level employee of Seller.

3. Right to Inspect. Prior to the expiration of the Inspection Period, Purchaser shall have the right, at its cost and expense, to conduct such physical inspections of the Property as necessary in order to determine the presence or absence of Hazardous Material on or under the Property in accordance with Section 7.

4. Indemnification. If the parties proceed to the Closing, Purchaser shall indemnify, defend and hold Seller harmless from any and all claims, demands (including demands by any governmental agency), liabilities, costs, expenses, penalties, damages, losses and liens, including without limitation clean up costs and reasonable attorneys' fees, arising out of or with respect to any Hazardous Material released on or under the Property subsequent to the Closing. The indemnity provided

for herein shall survive the Closing hereunder and shall not be merged into the Deed. Seller shall indemnify, defend and hold Purchaser harmless from any and all claims, demands, (including demands by any government agency), liabilities, costs, expenses, penalties, damages, losses and liens arising from any material breach of Seller's warranty in Section 7A(2) The indemnity provided for herein shall survive the Closing and shall not be merged into the Deed.

5. Release. If the parties proceed to Closing, then Purchaser and its employees, contractors, agents, and each of them, and its successors, assigns, heirs, devisees and executors, agree to forever release, discharge and acquit Seller and its contractors, agents, officials and employees, and each of them (collectively, "Releasees"), of and from any and all claims, demands, obligations, liabilities, indebtedness, breaches of duty of any relationship, acts, omissions, misfeasance, malfeasance, cause or causes of action, costs, sums of money, accounts, compensations, contracts, controversies, promises, damages, costs, losses and expenses, of every type, kind, nature, description or character (including without limitation reasonable attorneys' fees) (collectively "Claims"), and irrespective of how, why or by reason of what facts, whether heretofore or now existing, or which could, might or may be claimed to exist in the future, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, including all Claims for nondisclosure, or unsuitable recommendation, each as if fully set forth herein at length, which in any way arise out of, or are connected with or relate to (1) any Hazardous Material on or under the Property, or migrating to or from the Property, at the Closing or released on or under the Property subsequent thereto, and (2) any required clean-up of any and all Hazardous Material which might remain or subsequently be placed on or under the Property, including without limitation any personal injuries suffered by any person or persons. The release provided for herein shall survive the Closing and shall not be merged into the Deed. This Section 7A(5) shall not apply to any violation of the limited knowledge representation provided in Section 7A(2) above.

8. **INDEMNITY**. The parties agree to defend, hold harmless, and indemnify each other, their respective officers, officials and employees, from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, including reasonable attorneys' fees and costs incurred by the indemnitee for liability resulting from any breach of the warranties and representations in this Agreement. The representations and warranties contained in this Agreement and this indemnity shall survive Closing.

9. **TITLE**. Seller, at Seller's expense and upon delivery, shall provide Purchaser with a preliminary title report from Chicago Title Company ("Title Insurance Company") within five (5) days from the Effective Date. Purchaser shall inform Seller of any objections it has to the listed exceptions to insurable title identified in the title report within thirty (30) days of Purchaser's receipt of the report and Seller shall have the option of curing any stated objection. If Seller declines to cure any exception objected to by Purchaser, this Agreement shall terminate, and Purchaser, as its sole and exclusive remedy, shall be refunded the Earnest Money Deposit, unless Purchaser

agrees within 15 days to withdraw its objection to the exception. Seller's conveyance of title by the Deed pursuant to Section 10(e) shall be subject to all exceptions to insurable title listed in the preliminary title report and not objected to by Purchaser.

10. ESCROW AND CLOSING.

a. Closing Agent; Date of Closing. The sale shall be closed at the Everett, Washington offices of Chicago Title Company ("Closing Agent" or "Escrow Company"), no later than fifteen (15) days following the expiration of the Inspection Period without written notice to Seller by Purchaser that the purchase is canceled. Provided, that Purchaser may extend the Closing Date for up to one 30 day period by depositing an additional \$10,000 ("Additional Earnest Money Deposit") with the Escrow Company. The Additional Earnest Money Deposit shall be applied to the Purchase Price at closing and shall be nonrefundable except in the event of Seller's default. Purchaser and Seller shall deposit with the Closing Agent, all instruments, documents and monies necessary to complete the sale in accordance with this Agreement. Seller agrees to maintain the Property and its improvements in their present condition, normal wear and tear excepted, until Purchaser is entitled to possession. In the event that this sale cannot be closed by the date provided herein due to the unavailability of either party, the Closing Agent, or financing institution to sign any necessary document, or to deposit any necessary money, because of any interruption of available transport; strikes, fire, flood or extreme weather; governmental regulations; incapacitating illness; acts of God; or other similar occurrences; the Closing date shall be extended seven (7) days beyond cessation of such condition, but in no event more than fourteen (14) days beyond the Closing as provided herein without written agreement of the parties.

b. Expenses of Escrow. Title insurance premiums, loan fees and all other costs or expenses of escrow shall be paid as follows:

- i. the cost of securing a standard coverage title insurance policy for Purchaser shall be paid by Seller;
- ii. the cost of discharging any liens or encumbrances to clear title, shall be paid for by Seller;
- iii. the costs of recording the Deed to Purchaser shall be paid by Purchaser; and
- iv. all other expenses of escrow shall be shared equally by the parties excepting any expenses related to the recording of the Declarations which expenses shall be paid by the Purchaser.

c. Pro-Rations. All real property taxes and utility charges against the Property shall be pro-rated as of the date of Closing. Said prorations, if any, shall be effected on the basis of the latest available utility and/or tax bills and other applicable

statements and based upon a 365 day calendar year. If current year utility and/or tax statements are not available at the close of escrow, the prorations will be made as above provided and shall be adjusted between Purchaser and Seller outside of escrow as soon as the utility and/or tax bills or other information is available.

d. Closing Defined. Closing for the purpose of this Agreement, is defined as the date that all documents are executed and the sale proceeds are available for disbursement to Seller. When notified, Purchaser and Seller will deposit, without delay, in escrow with Closing Agent, all instruments and monies required to complete the transaction in accordance with this Agreement.

e. Statutory Warranty Deed. At closing, Seller will convey marketable title to the Property to Purchaser by statutory warranty deed (the "Deed"), subject only to the Special and Standard Exceptions set forth in the Preliminary Commitment for Title Insurance not timely objected to by Purchaser and those exceptions timely objected to by Purchaser but agreed in writing by Seller to be satisfied by the time of Closing. Without prejudice to Section 12, Purchaser will acquire the Property "as is" with respect to any matter which a physical inspection of the Property would disclose. The deed shall be recorded subsequent to the recording of the boundary line adjustment called for herein.

f. The Declarations. At closing, Purchaser or its assigns and Seller shall execute for recording with the Statutory Warranty Deed, the Declaration of Easements, Covenants, Conditions and Restrictions (herein "the Declarations") attached hereto as Exhibit C, which exhibit is incorporated as if specifically set forth herein.

11. **POSSESSION.** Purchaser shall be entitled to possession of the Property at Closing.

12. **CONDITION OF PROPERTY; DISCLAIMER.** Except as expressly provided herein, Purchaser agrees to purchase the Property in its present condition on the terms noted. Purchaser accepts the Property "AS IS" "and "WITH ALL FAULTS," and Seller makes no, and hereby expressly disclaims any, warranty of any kind, express or implied, with respect thereto. WITHOUT LIMITING THE GENERALITY OF THE PRECEDING SENTENCE, IT IS EXPRESSLY AGREED THAT SELLER MAKES NO WARRANTY AS TO THE MARKETABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PROPERTY.

13. **DEFAULT.**

a. By Seller. In the event of any default by Seller, Purchaser shall be entitled to immediately cancel this Agreement (in which case the Earnest Money Deposit not yet forfeited under the terms of this Agreement prior to Seller's default shall be refunded to Purchaser); provided, however, Purchaser may, at its option, waive any default by Seller and proceed with the purchase of the Property.

b. By Purchaser. In the event of any default by Purchaser, prior to the close of the escrow, Seller may waive the default, or at Seller's option, terminate the escrow and Purchaser's right to purchase the Property and retain the forfeited Earnest Money Deposit.

14. **ATTORNEYS' FEES.** In the event any action or proceeding to compel compliance with, or for a breach of, the terms and provisions of this Agreement, the prevailing party shall be entitled to recover from the losing party all costs and expenses of such action or proceeding, including, but not limited to the reasonable attorneys' fees of the prevailing party.

15. **ASSIGNMENT.** This Agreement may not be assigned without the other party's prior written consent. PROVIDED, that Purchaser may assign this Agreement at any time before Closing to a single-asset entity of which Irwin Development Group, LLC is a member. Purchaser shall immediately provide Seller with notice of any such assignment.

16. **CASUALTY LAW.** Seller agrees to maintain its own property and public liability insurance on the Property prior to Closing. Purchaser acknowledges and agrees this obligation shall be deemed satisfied by Seller's current membership in the Washington Cities Insurance Authority risk pool. The parties agree that Purchaser shall not be responsible to acquire any insurance for the Property until after Closing.

17. **WRITTEN NOTICE.** Except as otherwise provided herein, any and all notices provided under this Agreement must be in writing and shall be deemed given when delivered in person, or when deposited with Federal Express or other similar overnight service, return receipt requested, or when deposited in the United States mails, postage prepaid for certified mail, return receipt requested, or upon actual receipt of a facsimile or other similar transmission (provided that a copy of the facsimile is delivered or deposited within twenty-four hours in the manner specified above), properly addressed to Seller and to Purchaser as follows:

TO SELLER:

Gene Brazel, City Administrator
City of Monroe
806 West Main Street
Monroe, WA 98272

TO PURCHASER:

David Irwin, President
Irwin Development Group, LLC
12835 Bellevue-Redmond Rd.
Suite 310
Bellevue, WA 98005

Either party may designate a different address for receiving notices hereunder by giving at least ten (10) days written notice thereof to the other party.

18. **TIME IS OF ESSENCE AND COMPUTATION OF TIME.** Time is of the essence of this Agreement. Unless otherwise stated in this Agreement, any period of time in this Agreement shall begin the day after the event starting the period and shall expire at 5:00 p.m. Pacific time of the last calendar day of the specified period of time, unless the last day is Saturday, Sunday or legal holiday as defined in RCW 1.15.050, in which case the specified period of 5 days or less shall not include Saturday, Sunday or legal holidays.

19. **COMPLETE AGREEMENT.** This Agreement supersedes any and all agreements, written or oral between the parties hereto regarding the subject Property, which are prior in time to this Agreement. Neither Purchaser nor Seller shall be bound by any understanding, agreement, promise, representation or stipulation, express or implied, not specified herein.

20. **COMMISSION.** Seller shall be solely responsible for payment to the listing Broker (Newmark Grubb Knight Frank) outside of the Closing per separate agreement. The parties represent and warrant that no other brokers are owed a commission with respect to the transaction set forth herein.

21. **GOVERNING LAW AND VENUE.** This Agreement shall be governed by and construed according to the laws of the State of Washington. Venue of any suit arising out of or related to this Agreement shall be in Snohomish County, Washington.

22. **NON-MERGER.** The terms and provisions of this Agreement shall not merge in the Deed or other conveyance instrument transferring the Property to Purchaser at Closing, but shall survive the Closing of this transaction.

23. **COUNTERPARTS AND FACSIMILE TRANSMISSION.** This Agreement may be executed in counterparts, all of which together shall be deemed to be one original, even if the parties have not executed the same original. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing or original document.

24. **EFFECTIVE DATE.** This Agreement shall become effective as of the date first listed above when signed by both parties. The parties expressly acknowledge that Monroe City Council approval and authorization for the Mayor to sign this Purchase and Sale Agreement is required for this Agreement to be effective.

25. **REGULATORY AUTHORITY PRESERVED.** Purchaser expressly acknowledges that Seller is a municipal corporation organized under the laws of the state of Washington and has executed this Agreement in its proprietary capacity as owner of the Property. Nothing in this Agreement shall be construed as waiving, abridging or otherwise limiting the City of Monroe's regulatory authority, police power and/or legislative discretion, which are hereby expressly reserved in full. Without

prejudice to the foregoing, nothing in this Agreement shall be construed as entitling Purchaser to receive any permit, license or other regulatory approval, or as waiving or excusing Purchaser's compliance with any applicable regulatory process.

26. CONDEMNATION. If any part of the Property is condemned prior to the Closing, Seller shall promptly give Purchaser written notice of such condemnation and Purchaser shall have the option of either applying the proceeds of any condemnation award on a pro rata basis to reduce the Purchase Price or to declare this Agreement terminated by delivering written notice to Seller, in which event, the Earnest Money Deposit together with accrued interest thereon, shall be refunded to Purchaser.

EXECUTED as of the date hereinabove written.

SELLER:

CITY OF MONROE
a Washington Municipal Corporation

By: _____
Mayor

Attest:

By: _____
City Clerk

Approved as to form:

By: _____
City Attorney

STATE OF WASHINGTON)

COUNTY OF _____)

On this day, personally appeared before me _____, the Mayor of the City of Monroe, Washington and stated that he is authorized to sign this instrument on behalf of said company for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2015.

NOTARY

Print Name

My Commission expires: _____

PURCHASER:

IRWIN DEVELOPMENT GROUP, LLC
a Washington Limited Liability Company

By: _____
President

STATE OF WASHINGTON)

COUNTY OF _____)

On this day, personally appeared before me _____,
the _____ of the _____ and stated that he/she is authorized to
sign this instrument on behalf of said company for the uses and purposes therein
mentioned.

SUBSCRIBED AND SWORN TO before me this _____ day of _____,
2015.

NOTARY

Print Name
My Commission expires: _____

**PURCHASE AND SALE AGREEMENT
EXHIBIT A**

Description of Parcel 5

To be supplied by purchased after final survey and prior to closing.

**PURCHASE AND SALE AGREEMENT
EXHIBIT C**

**The Declarations (Also known as: Declaration of Easements, Covenants,
Conditions and Restrictions)**

This Declaration of Easements, Covenants, Conditions and Restrictions (the "Declaration ") is made and entered into this _____ day of _____, 2015, by the City Of Monroe, Washington, and PBJP ENTERPRISES, a Washington limited liability company (Collectively the "Parties" and individually a "Party").

RECITALS

- A. City of Monroe, Washington, is the owner of that certain real property situated in the City of Monroe, County of Snohomish, State of Washington, more particularly described on "Exhibit 1" attached hereto and incorporated herein by this reference, which real property, legally referred to herein individually as "Parcel B."

- B. PBJP Enterprises is the owner of that certain real property situated in the City of Monroe, County of Snohomish, State of Washington, more particularly described on "Exhibit 2" attached, hereto and incorporated herein by this reference, which real property, legally referred to herein individually as "Parcel A." PBJP Enterprises intends to develop Parcel A as a Petco stand-alone store.

- C. The parties desire to impose certain easements upon the Parcels, and to establish certain covenants, conditions and restrictions with respect to said Parcels, for the mutual and reciprocal benefit and complement of Parcel A and Parcel, B and the present and future owners and occupants thereof, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the above premises and of the covenants herein contained, the Parties do hereby declare that the Parcels and all present and future owners and occupants of the Parcels shall be and hereby are subject to the terms, covenants, easements, restrictions and conditions hereinafter set forth in this Declaration, so that said Parcels shall be maintained, kept, sold and used in full compliance with and subject to this Declaration and, in connection therewith, the Parties covenants and agrees as follows:

AGREEMENTS

- 1. **DEFINITIONS.** For purposes hereof:
 - a. The term "Owner" or "Owners" shall mean the Parties and any and all successors or assigns of such persons as the owner or owners of fee simple

title to all or any portion of the real property covered hereby, whether by sale, assignment, inheritance, operation of law, trustee's sale, foreclosure, or otherwise, but not including the holder of any lien or encumbrance on such real property.

- b. The term "Parcel" or "Parcels" shall mean each separately identified parcel of real property now constituting a part of the real property subjected to the Declaration as described on "Exhibit 1" and "Exhibit 2", that is, Parcel A and Parcel B, and any future subdivisions thereof.
- c. The term "Permittees" shall mean the tenant(s) or occupant(s) of a Parcel, and the respective employees, agents, contractors, customers, invitees and licensees of (i) the Owner of such Parcel, and/or (ii) such tenant(s) or occupant(s).
- d. The term "Common Area" shall mean those portions of Parcel A and Parcel B that are outside of exterior walls of buildings or other structures from time to time located on the Parcels, and which are either unimproved, or are improved as (without limitation) parking areas, landscaped areas, driveways, roadways, walkways, light standards, curbing, paving, entrances, exits and other similar exterior site improvements.
- e. The term "Petco" shall mean Petco Animal Supplies Stores, Inc., a Delaware corporation (or any of its affiliates, subsidiaries, successors or assigns). Petco shall be deemed a third party beneficiary to this Declaration.
- f. The term "Site Plan" shall mean that site plan of the Parcels attached hereto as "Exhibit 3" and by reference made a part hereof. Except as may be otherwise provided in this Declaration, the Site Plan is for identification purposes only. The parties however, intend by the Declaration that Parcel B be developed with a Petco store of a building size and loading dock location consistent with the "Site Plan."
- g. The term "Driveway" shall mean that driveway and related driveway improvements, paving, curbing, entrances and exits, in the location on the Parcels as shown on the Site Plan.

2. EASEMENTS.

- 2.1 Grant of Reciprocal Easements. Subject to any express conditions, limitations or reservations contained herein, the Parties hereby declare that the Parcels, and all Owners and Permittees of the Parcels, shall be benefited and burdened by the following nonexclusive, perpetual and reciprocal easements which are hereby imposed upon the Parcels and all present and future Owner's and Permittees of the Parcels:

- a. An easement for reasonable access, ingress and egress over all paved driveways, roadways and walkways as presently or hereafter constructed and constituting a part of the Common Area of Parcel B and the Common Area of Parcel A including, without limitation, the Driveway, so as to provide for the passage of motor vehicles and pedestrians between all portions of the Common Area of such Parcels intended for such purposes, and to and from all abutting streets or rights of way furnishing access to such Parcels.
- b. An easement under and across those parts of the Common Areas that are not within any permissible building areas shown on the Site Plan for the installation, maintenance, repair and replacement of electrical conduits or systems; provided that (i) the rights granted pursuant to such easement shall at all times be exercised in such a manner as not to interfere materially with the normal operation of a Parcel and the businesses conducted therein, (ii) the exact location of any utilities shall be subject to the approval of the Owner(s) of the burdened Parcel(s), and (iii) except in an emergency, the right of any Owner to enter upon the Parcel of another Owner for the exercise of any right pursuant to such easement shall be conditioned upon providing reasonable prior advance written notice to the other Owner as to the time and manner of entry. All such systems, conduits and lines and other public utilities shall be installed and maintained below the ground level or surface of the Parcel (except for such parts thereof that cannot and are not intended to be placed below the surface, such transformers and control panels, which shall be placed in such location as approved by the Owner of the affected Parcel).

2.2 Indemnification. Each Owner having rights with respect to an easement granted hereunder shall indemnify and hold the Owner whose Parcel is subject to the easement harmless from and against all claims, liabilities and expense (including reasonable attorneys' fees) relating to accidents, injuries, loss, or damage of or to any person or property arising from the negligent, intentional or willful act or omissions of such Owner, its contractors, employees, agents, or others acting on behalf of such Owner.

2.3 Access Opening. The opening(s) and access point(s) contemplated between the Parcels for use of the Driveway, is shown on the Site Plan and such opening and access point(s) between the Parcels for use of the Driveway, as contemplated pursuant to paragraph 2.1(a) above, is hereinafter called the "Access Openings." The Access Openings shall in no event be blocked, closed, altered, changed or removed and shall at all times remain in place as shown on the Site Plan. There shall be maintained between the Access Openings a smooth and level grade transition to allow the use of the Driveway for pedestrian and vehicular ingress and egress as set forth in paragraph 2.1 above. Except with respect to the Access Openings, each Owner shall be permitted to maintain a fence, curbing, landscaping or other improvements along the boundary line of its Parcel.

3. MAINTENANCE.

3.1 General. Each Owner thereof shall maintain the same in a clean and neat condition and shall take such measures as are necessary to control grass, weeds, blowing dust, dirt, litter or debris.

3.2 Buildings and Appurtenances Thereto. Each Owner covenants to keep and maintain at its sole cost and expense, the building(s) located from time to time on its respective Parcel in good order, condition and repair. In the event of any damage to or destruction of a building on any Parcel, the Owner of such Parcel shall, at its sole cost and expense, with due diligence either (a) repair, restore and rebuild such building to its condition prior to such damage or destruction (or with such changes as shall not conflict with this Declaration), or (b) demolish and remove all portions of such damages or destroyed building then remaining, including the debris resulting therefrom, and otherwise clean and restore the area affected by such casualty to a level, graded condition. Nothing contained in subparagraph 3.2(b) shall be deemed to allow an Owner to avoid a more stringent obligation for repair, restoration and rebuilding contained in a lease or other written agreement between an Owner and such Owner's Permittee. All buildings on Parcel A shall be one story in height, and shall not exceed a maximum height of 30 feet from grade level on Parcel A. The building area on Parcel A shall be limited to not more than a total of 12,000 square feet of first floor building area in the permitted building envelope indicated on the Site Plan.

3.3 Common Area. Each Owner of a Parcel covenants at all times during the term hereof to operate and maintain or cause to be operated and maintained at its expense all Common Area located on its Parcel in good order, condition and repair. Following the construction of improvements thereon, maintenance of Common Area shall include, without limitation, maintaining and repairing all sidewalks and the surface of the parking and roadway areas, removing all papers, debris and other refuse from and periodically sweeping all parking and road areas to the extent necessary to maintain the same in a clean, safe and orderly condition, maintaining appropriate lighting fixtures for the parking areas and roadways, maintaining marking, directional signs, lines and striping as needed, maintaining landscaping, maintaining signage in good condition and repair, and performing any and all such other duties as are necessary to maintain such Common Area in a clean, safe and orderly condition. Except as otherwise expressly provided in this Declaration, once constructed, in the event of any damage to or destruction of all or a portion of the Common Area on any Parcel, the Owner of such Parcel shall, at its sole cost and expense, with due diligence repair, restore and rebuild such Common Area to its condition prior to such damage or destruction (or with such changes as shall not conflict with this Declaration). Each Owner reserves the right to alter, modify, reconfigure, relocate and/or remove the Common Areas or building areas on its Parcel, subject to the following conditions: (i) the reciprocal easements between the Parcels pursuant to paragraph 2.1(a) shall not be closed or materially impaired;

(ii) the Driveway and ingress and egress thereto, and to and from the Parcels and adjacent streets and roads, shall not be so altered, modified, relocated, blocked and/or removed without the express written consent of all Owners; (iii) the same shall not violate any of the provisions and easements granted in paragraph 2; and (iv) as to Parcel A, the requirements of paragraph 3.2 of this Declaration shall be complied with.

3.4 Utilities. Each Owner shall at all times during the term hereof construct, operate and maintain or cause to be constructed, operated and maintained in good order, condition and repair, at its sole expense, any utility or other installations serving the Parcel of such Owner and from time to time existing on the Parcel of another Owner pursuant to an easement described herein.

4. CONSTRUCTION OF IMPROVEMENTS. Every building (including it appurtenant Common Area improvements), now or in the future constructed on Parcel A, shall be constructed operated and maintained so that the same is in compliance with all applicable governmental requirements.

5. RESTRICTIONS.

5.1 General. Each Parcel shall be used for lawful purposes in conformance with all restrictions imposed by all applicable governmental laws, ordinances, codes, and regulations, and no use or operation shall be made, conducted or permitted on or with respect to all or any portion of a Parcel which is illegal. In addition to the foregoing, throughout the term of this Declaration it is expressly agreed that neither all nor any portion of any Parcel shall be used, directly or indirectly, for purposes of a cocktail lounge, bar, disco, bowling alley, pool hall, billiard parlor, skating rink, roller rink, amusement arcade, children's play or party facility, adult book store, adult theater, adult amusement facility, any facility selling or displaying pornographic materials or having such displays, second hand store, odd lot, closeout or liquidation store, auction house, flea market, educational or training facility, blood bank, sleeping quarters, or lodging, the outdoor housing or raising of animals, the sale, leasing or storage of automobiles, boats or other vehicles, any industrial use, a car wash, an assembly hall, off track betting establishment, bingo parlor, any use involving the use, storage, disposal or handling of hazardous materials or underground storage tanks, any office use (except incidental to a retail use), or any use which creates a nuisance.

5.2 Additional Parcel B Restrictions. So long as a Petco store is operating on Parcel A, it is expressly agreed that neither all nor any portion of Parcel B shall be used, directly or indirectly, for the retail sale of pets (including but not limited to fish, birds, reptiles, and small animals), pet grooming, veterinary, boarding, animal adoptions, training, day care and other pet services, pet food, pet accessories, and other pet related products (all of the foregoing, the "Pet Related Uses") except for incidental sales. Incidental sales shall mean the sale or display for the sale of Pet Related Uses not as the primary use of the competing tenant's

premises and taking up no more than five hundred (500) square feet of such tenant's leasable floor area.

6. INSURANCE. Throughout the term of this Declaration, each Owner shall procure and maintain general and/or comprehensive public liability and property damage insurance against claims for personal injury (including contractual liability arising under the indemnity contained in paragraph 2.2 above), death, or property damage occurring upon such Owner's Parcel, with single limit coverage of not less than an aggregate of Two Million Dollars (\$2,000,000.00) including umbrella coverage, if any, and naming each other Owner as additional insureds.
7. TAXES AND ASSESSMENTS. Each Owner shall pay all taxes, assessments, or charges of any type levied or made by any governmental body or agency with respect to its Parcel.
8. NO RIGHTS IN PUBLIC; NO IMPLIED EASEMENTS. Nothing contained herein shall be construed as creating any rights in the general public or as dedicating for public use any portion of Parcel A or Parcel B. No easements, except (i) those expressly set forth in paragraph 2, and/or (ii) an easement over Parcel A so as to enable the construction of the Driveway and other improvements required for the initial development by the Owner of Parcel B, shall be implied by this Declaration; in that regard, and without limiting the foregoing, no easements for parking, signage, drainage or utilities (other than the easement granted in paragraph 2.1(b) above) are granted or implied.
9. REMEDIES AND ENFORCEMENT.
 - 9.1 All Legal and Equitable Remedies Available. In the event of a breach or threatened breach by any Owner or its Permittees of any of the terms, covenants, restrictions or conditions hereof, the other Owner(s) shall be entitled forthwith to full and adequate relief by injunction and/or all such other available legal and equitable remedies from the consequences of such breach, including payment of any amounts due and/or specific performance.
 - 9.2 Self-Help. In addition to all other remedies available at law or in equity, upon the failure of a defaulting Owner to cure a breach of this Declaration within thirty (30) days following written notice thereof by an Owner (unless, with respect to any such breach the nature of which cannot reasonably be cured within such 30-day period, the defaulting Owner commences such cure within such 30-day period and thereafter diligently prosecutes such cure to completion), Owner shall have the right to perform such obligation contained in this Declaration on behalf of such defaulting Owner and be reimbursed by such defaulting Owner upon demand for the reasonable costs thereof together with interest at the prime rate charged from time to time by First Chicago NBD (its successors or assigns), plus two percent (2%) (not to exceed the maximum rate of interest allowed by law). Notwithstanding the foregoing, in the event of (i) an emergency, (ii) blockage or

material impairment of the easement rights, and/or (iii) the unauthorized parking of vehicles on Parcel B, an Owner may immediately cure the same and be reimbursed by the other Owner upon demand for the reasonable cost thereof together with interest at the prime rate, plus two percent (2%), as above described.

- 9.3 Lien Rights. Any claim for reimbursement, including interest as aforesaid, and all costs and expenses including reasonable attorneys' fees awarded to any Owner in enforcing any payment in any suit or proceeding under this Declaration shall be assessed against the defaulting Owner in favor of the prevailing party and shall constitute a lien (the "Assessment Lien") against the Parcel of the defaulting Owner until paid, effective upon the recording of a notice of lien with respect thereto in the Office of the County Recorder of Snohomish County, Washington; provided, however, that any such Assessment Lien shall be subject and subordinate to (i) liens for taxes and other public charges which by applicable law are expressly made superior, (ii) all liens recorded in the Office of the County Recorder of Snohomish County, Washington prior to the date of recordation of said notice of lien, and (iii) all leases entered into whether or not recorded, prior to the date of recordation of said notice of lien. All liens recorded subsequent to the recordation of the notice of lien described herein shall be junior and subordinate to the Assessment Lien. Upon the timely curing by the defaulting Owner of any default for which a notice of lien was recorded, the party recording same shall record an appropriate release of such notice of lien and Assessment Lien.
- 9.4 Remedies Cumulative. The remedies specified herein shall be cumulative and in addition to all other remedies permitted at law or in equity.
- 9.5 No Termination For Breach. Notwithstanding the foregoing to the contrary, no breach hereunder shall entitle any Owner to cancel, rescind, or otherwise terminate this Declaration. No breach hereunder shall defeat or render invalid the lien of any mortgage or deed of trust upon any Parcel made in good faith for value, but the easements, covenants, conditions and restrictions hereof shall be binding upon and effective against any Owner of such Parcel covered hereby whose title thereto is acquired by foreclosure, trustee's sale, or otherwise.
- 9.6 Irreparable Harm. In the event of a violation or threat thereof of any of the provisions of paragraphs 2 and/or 5 of this Declaration, each Owner agrees that such violation or threat thereof shall cause the non-defaulting Owner and/or its Permittees to suffer irreparable harm and such non-defaulting Owner and its Permittees shall have no adequate remedy at law. As a result, in the event of a violation or threat thereof of any of the provisions of paragraphs 2 and/or 5 of this Declaration the non-defaulting Owner, in addition to all remedies available at law or otherwise under this Declaration, shall be entitled to injunctive or other equitable relief to enjoin a violation or threat thereof of paragraphs 2 and/or 5 of this Declaration.

10. TERM. The easements, covenants, conditions and restrictions contained in this Declaration shall be effective commencing on the date of recordation of this Declaration in the office of the Snohomish County Recorder and shall remain in full force and effect thereafter in perpetuity, unless this Declaration is modified, amended, canceled or terminated by the written consent of all then record Owners of Parcel A and Parcel B in accordance with paragraph 11.2 hereof.
11. MISCELLANEOUS.
- 11.1 Attorneys' Fees. In the event a party institutes any legal action or proceeding for the enforcement of any right or obligation herein contained, the prevailing party after a final adjudication shall be entitled to recover its costs and reasonable attorneys' fees incurred in the preparation and prosecution of such action or proceeding.
- 11.2 Amendment. Declarant agrees that the provisions of this Declaration may be modified or amended, in whole or in part, or terminated, only by the written consent of all record Owners of Parcel A and Parcel B, evidenced by a document that has been fully executed and acknowledged by all such record Owners and recorded in the official records of the County Recorder of Snohomish County, Washington.
- 11.3 Consents. Wherever in this Declaration the consent or approval of an Owner is required, unless otherwise expressly provided herein, such consent or approval shall not be unreasonably withheld or delayed. Any request for consent or approval shall: (a) be in writing; (b) specify the section hereof which requires that such notice be given or that such consent or approval be obtained; and (c) be accompanied by such background data as is reasonably necessary to make an informed decision thereon. The consent of an Owner under this Declaration, to be effective, must be given, denied or conditioned expressly and in writing.
- 11.4 No Waiver. No waiver of any default of any obligation by any party hereto shall be implied from any omission by the other party to take any action with respect to such default.
- 11.5 No Agency. Nothing in this Declaration shall be deemed or construed by either party or by any third person to create the relationship of principal and agent or of limited or general partners or of joint ventures' or of any other association between the parties.
- 11.6 Covenants to Run with Land. It is intended that each of the easements, covenants, conditions, restrictions, rights and obligations set forth herein shall run with the land and create equitable servitudes in favor of the real property benefited thereby, shall bind every person having any fee, leasehold or other interest therein and shall inure to the benefit of the respective parties and their successors, assigns, heirs, and personal representatives.

- 11.7 Grantee's Acceptance. The grantee of any Parcel or any portion thereof, by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from an original party or from a subsequent owner of such Parcel, shall accept such deed or contract upon ad subject to each and all of the easements, covenants, conditions, restrictions and obligations contained herein. By such acceptance, any such grantee shall for himself and his successors, assigns, heirs, and personal representatives, covenant, consent, and agree to and with the other party, to keep, observe, comply with, and perform the obligations and agreements set forth herein with respect to the property so acquired by such grantee.
- 11.8 Separability. Each provision of this Declaration and the application thereof to Parcel A and Parcel B are hereby declared to be independent of and severable from the remainder of this Declaration. If any provision contained herein shall be held to be invalid or to be unenforceable or not to run with the land, such holding shall not affect the validity or enforceability of the remainder of this Declaration. In the event the validity or enforceability of any provision of this Declaration is held to be dependent upon the existence of a specific legal description, the parties agree to promptly cause such legal description to be prepared. Ownership of both Parcels by the same person or entity shall not terminate this Declaration nor in any manner affect or impair the validity or enforceability of this Declaration.
- 11.9 Time of Essence. Time is of the essence of this Declaration.
- 11.10 Entire Agreement. This Declaration contains the complete understanding and agreement of the parties hereto with respect to all matters referred to herein, and all prior representations negotiations, and understandings are superseded hereby.
- 11.11 Notices. Notices or other communication hereunder shall be in writing and shall be sent certified or registered mail, return receipt requested, or by other national overnight courier company, or personal delivery. Notice shall be deemed given upon receipt or refusal to accept delivery. Each party and Walgreen may change from time to time their respective address for notice hereunder by like notice to the other party.

Parties:

City of Monroe
c/o City Administrator
806 West Main Street
Monroe, WA 98272

PBJP Enterprises
c/o Irwin Development Group
12835 Bel-Red Road; Suite 310
Bellevue, WA 98005

- 11.12 Governing Law: The laws of the State in which the Parcels are located shall govern the interpretation, validity, performance, and enforcement of this Declaration.
- 11.13 Estoppel Certificates. Each Owner, within twenty (20) days of its receipt of a written request from the other Owner(s), shall from time to time provide the requesting Owner, a certificate binding upon such Owner stating: (a) to the best of such Owner's knowledge, whether any party to this Declaration is in default or violation of this Declaration and if so identifying such default or violation; and (b) that this Declaration is in full force and effect and identifying any amendments to the Declaration as of the date of such certificate.
- 11.14 Bankruptcy. In the event of any bankruptcy affecting any Owner or occupant of any Parcel, the parties agree that this Declaration shall, to the maximum extent permitted by law, be considered an agreement that runs with the land and that is not reject able, in whole or in part, by the bankrupt person or entity.

EXHIBITS TO THE DECLARATIONS*

“Exhibit 1” -- Legal Description of Parcel B *(to be attached after survey)*

“Exhibit 2” -- Legal Description of Parcel A *(to be attached after survey)*

“Exhibit 3” -- Site Plan *(to be attached after survey)*

*(Also known as: Declaration of Easements, Covenants, Conditions and Restrictions)

EXHIBIT D

Seller's Disclosure Statement Commercial Property

SELLER: _____

† To be used in transfers of commercial real estate as defined in RCW 60.42.005. See RCW Chapter 64.06 for further explanations.

INSTRUCTIONS TO THE SELLER

Please complete the following form. Do not leave any spaces blank. If the question clearly does not apply to the property write "NA." If the answer is "yes" to any asterisked (*) item(s), please explain on attached sheets. Please refer to the line number(s) of the question(s) when you provide your explanation(s). For your protection you must date and initial each page of this disclosure statement and each attachment. Delivery of the disclosure statement must occur not later than five (5) business days, unless otherwise agreed, after mutual acceptance of a written purchase and sale agreement between Buyer and Seller.

NOTICE TO THE BUYER

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY LOCATED AT _____, CITY _____, COUNTY _____ ("THE PROPERTY") OR AS LEGALLY DESCRIBED ON THE ATTACHED EXHIBIT A. SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO BUYER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, YOU HAVE THREE (3) BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A PURCHASE AND SALE AGREEMENT.

THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS, ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE

WASTEWATER TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS OR WARRANTIES.

Seller is/ is not occupying the property.

I. SELLER'S DISCLOSURES:

* If you answer "Yes" to a question with an asterisk (*), please explain your answer and attach documents, if available and not otherwise publicly recorded. If necessary, use an attached sheet.

	YES	NO	DON'T KNOW
1. TITLE			
A. Do you have legal authority to sell the property? If no, please explain.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*B. Is title to the property subject to any of the following?			
(1) First right of refusal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Lease or rental agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Life estate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*C. Are there any encroachments, boundary agreements, or boundary disputes?		<input type="checkbox"/>	<input type="checkbox"/>
*D. Is there any leased parking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*E. Is there a private road or easement agreement for access to the property?		<input type="checkbox"/>	<input type="checkbox"/>
	YES	NO	DON'T KNOW
*F. Are there any rights-of-way, easements, shared use agreements or access limitations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*G. Are there any written agreements for joint maintenance of an easement or right-of-way?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*H. Are there any zoning violations or nonconforming uses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*I. Is there a survey for the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*J. Are there any legal actions pending or threatened that affect the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*K. Is the property in compliance with the Americans with Disabilities Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. WATER			
*Are there any water rights for the property, such as a water right permit, certificate, or claim?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. SEWER/ON-SITE SEWAGE SYSTEM			
*Is the property subject to any sewage system fees or charges in addition to those covered in your regularly billed sewer or on-site sewage system maintenance service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. STRUCTURAL			

- *A. Has the roof leaked within the last 5 years?
- *B. Has any occupied subsurface flooded or leaked within the last five years?
- *C. Have there been any conversions, additions or remodeling?
- *(1) If yes, were all building permits obtained?
- *(2) If yes, were all final inspections obtained?
- *D. Has there been any settling, slippage, or sliding of the property or its improvements?
- *E. Are there any defects with the following: (If yes, please check applicable items and explain.)
- | | | | |
|--------------------------|----------------|--------------------------|----------------|
| <input type="checkbox"/> | Foundations | <input type="checkbox"/> | Slab Floors |
| <input type="checkbox"/> | Doors | <input type="checkbox"/> | Outbuildings |
| <input type="checkbox"/> | Ceilings | <input type="checkbox"/> | Exterior Walls |
| <input type="checkbox"/> | Sidewalks | <input type="checkbox"/> | Siding |
| <input type="checkbox"/> | Interior Walls | <input type="checkbox"/> | Other _____ |
| <input type="checkbox"/> | Windows | | |

5. SYSTEMS AND FIXTURES

- *A. Are there any defects in the following systems? If yes, please explain.
- | | | | |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| (1) Electrical system | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) Plumbing system | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) Heating and cooling systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) Fire and security system | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (5) Carbon monoxide alarms | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6. ENVIRONMENTAL

- *A. Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property?
- *B. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?
- *C. Are there any shorelines, wetlands, floodplains, or critical areas on the property?
- *D. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?
- | | | | |
|--|------------|-----------|-------------------|
| | YES | NO | DON'T KNOW |
|--|------------|-----------|-------------------|
- *E. Is there any soil or groundwater contamination?
- *F. Has the property been used as a legal or illegal dumping site?
- *G. Has the property been used as an illegal drug manufacturing site?

7. FULL DISCLOSURE BY SELLERS

A. Other conditions or defects:

*Are there any other existing material defects affecting the property that a prospective buyer should know about?

B. Verification

The foregoing answers and attached explanations (if any) are complete and correct to the best of Seller's knowledge and Seller has received a copy hereof. Seller agrees to defend, indemnify and hold real estate licensees harmless from and against any and all claims that the above information is inaccurate. Seller authorizes real estate licensees, if any, to deliver a copy of this disclosure statement to other real estate licensees and all prospective buyers of the property.

Date: _____

Date: _____

Seller: _____

Seller: _____

NOTICES TO THE BUYER

SEX OFFENDER REGISTRATION

INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY BE OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE OF REGISTERED SEX OFFENDERS.

PROXIMITY TO FARMING

THIS NOTICE IS TO INFORM YOU THAT THE REAL PROPERTY YOU ARE CONSIDERING FOR PURCHASE MAY LIE IN CLOSE PROXIMITY TO A FARM. THE OPERATION OF A FARM INVOLVES USUAL AND CUSTOMARY AGRICULTURAL PRACTICES, WHICH ARE PROTECTED UNDER RCW 7.48.305, THE WASHINGTON RIGHT TO FARM ACT.

II. BUYER'S ACKNOWLEDGEMENT

Buyer hereby acknowledges that:

- A. Buyer has a duty to pay diligent attention to any material defects that are known to Buyer or can be known to Buyer by utilizing diligent attention and observation.
- B. The disclosures set forth in this statement and in any amendments to this statement are made only by the Seller and not by any real estate licensee or other party.
- C. Buyer acknowledges that, pursuant to RCW 64.06.050 (2), real estate licensees are not liable for inaccurate information provided by Seller, except to the extent that real estate licensees know of such inaccurate information.

D. This information is for disclosure only and is not intended to be a part of the written agreement between the Buyer and Seller.

E. Buyer (which term includes all persons signing the "Buyer's acceptance" portion of this disclosure statement below) has received a copy of this Disclosure Statement (including attachments, if any) bearing Seller's signature(s).

DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED BY SELLER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS BUYER AND SELLER OTHERWISE AGREE IN WRITING, BUYER SHALL HAVE THREE (3) BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES MADE HEREIN ARE THOSE OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE LICENSEE OR OTHER PARTY.

DATE: _____

DATE: _____

BUYER: _____

BUYER: _____

BUYER'S WAIVER OF RIGHT TO REVOKE OFFER

Buyer has read and reviewed the Seller's responses to this Seller Disclosure Statement. Buyer approves this statement and waives Buyer's right to revoke Buyer's offer based on this disclosure.

DATE: _____

DATE: _____

BUYER: _____

BUYER: _____

BUYER'S WAIVER OF RIGHT TO RECEIVE COMPLETED SELLER DISCLOSURE STATEMENT

Buyer has been advised of Buyer's right to receive a completed Seller Disclosure Statement. Buyer waives that right. However, if the answer to any of the questions in the section entitled "Environmental" would be "yes," Buyer may not waive the receipt of the "Environmental" section of the Seller Disclosure Statement.

DATE: _____

DATE: _____

BUYER: _____

BUYER: _____

If the answer is "Yes" to any asterisked (*) items, please explain below (use additional sheets if necessary). Please refer to the line number(s) of the question(s). _____