

When recorded return to:
Port of Camas Washougal
24 S A St.
Washougal, WA 98671

**REAL ESTATE CONTRACT
(LONG FORM)**

I. SPECIFIC TERMS

A. PARTIES, PROPERTY, AND PURCHASE PRICE

Date: _____

Seller: PORT OF CAMAS-WASHOUGAL

Seller's Address: 24 S A St
Washougal WA 98671

Purchaser: City of Washougal, WA

Purchaser's Address: 1701 C Street, Washougal, WA 98671

Real Property Legal Description: See Exhibit A attached hereto

Abbreviated Legal: (Required if full legal not inserted above.) One Tract in North Half of Sec. 21, T1N, R4E, W.M.

Tax Parcel Number(s): 135307000

Personal Property: None

Title to be Conveyed: Fee Interest in the Property subject to: (i) those covenants, conditions, and restrictions set forth in General Terms Section 2 and the Special Warranty Deed attached hereto as Exhibit "C"; and (ii) Title Exceptions and matters set forth on Exhibit B attached hereto and incorporated herein and further subject to (iii) any matters, rights, title interests, liens, or encumbrances created, consented to in writing or otherwise caused by, through or under Purchaser or its agents and representatives.

Form of Deed: Special Warranty Deed (Attached hereto as Exhibit "C")

Title Exceptions (include leases): See Title Exceptions attached as Exhibit "B"

Amount Which Has Been Paid to Seller: \$18,371.50 US

Balance Due: \$881,628.50US

Purchaser to Pay to Seller: \$881,628.50US

Purchaser to Pay Directly to Holders of Prior Encumbrances: \$0.00 US

TOTAL PURCHASE PRICE (Including Principal and Interest Paid over Ten Year Term): \$900,000.00 US

SUMMARY:

\$ 18,371.50	Payment at Closing
\$ 640, 915.10	Unpaid Balance of Purchase Price
<u>\$ 240, 713.40</u>	Int. on Unpaid Purchase Price at 6.5% on 10-yr Amort.
\$ 900,000.00	Total Purchase Price (Including Principal & Interest)

It is the intent of the parties that in no event shall the Seller be required to deliver the fulfillment deed under this Contract until the entire \$900,000 amount has been paid by the Purchaser and that, upon completion of the payment of \$900,000, Purchaser is entitled to receive the fulfillment deed."

B. TERMS OF DEFERRED AMOUNT TO BE PAID TO SELLER

Interest Rate: 6.5 percent per annum

Interest Beginning Date: Effective Date of Agreement

Installment Periods: BI-ANNUAL (Twice per year on (1) January 1st; and (2) July 1st of each year)

First Installment Date: January 1, 2016
Installment Amounts: \$44,081.43
Final Payment Date: July, 1, 2025
Default Rate: 12 percent per annum;
Late Charge: \$1,000.00 US
Prepayment Provisions: Prepayment requires payment of the Total Purchase Price of \$900,000.00 (inclusive of principal and interest) to be paid over the contemplated ten year term, less any amounts paid up to the date of Prepayment.

Prepayment Premium: The Prepayment Premium shall be the Total Purchase Price of \$900,000.00 (inclusive of principal and interest) to be paid over the contemplated ten year term, less any amounts paid up to the date of Prepayment.

Address to Which Installment Amounts are to be Sent: Port of Camas-Washougal
24 S A St
Washougal WA 98671

C. TERMS OF PRIOR ENCUMBRANCES

Prior Encumbrance:
To be Paid by: 1 Seller Purchaser
Current Holder: _____
Original Principal Amount: \$ _____ US
Interest Rate: _____ percent per annum
Current Principal Balance: \$ _____ US
Payment Dates: _____

Amount of Each Payment: \$ _____ US

Secured by: _____

Dated _____

Recorded on _____

Recording No. _____

Prior Encumbrance:

To be Paid by: 2 Seller Purchaser

Current Holder: _____

Original Principal Amount: \$ _____ US

Interest Rate: _____ percent per annum

Current Principal Balance: \$ _____ US

Payment Dates: _____

Amount of Each Payment: \$ _____ US

Secured by: _____

Dated _____

Recorded on _____

Recording No. _____

Prior Encumbrance:

To be Paid by: 3 Seller Purchaser

Current Holder: _____

Original Principal Amount: \$ _____ US

Interest Rate: _____ percent per annum

Current Principal Balance: \$ _____ US

Payment Dates: _____

Amount of Each Payment: \$ _____ US

Secured by: _____

Dated _____

Recorded on _____

Recording No. _____

D. MISCELLANEOUS

Portion of Purchase Price Allocated to Real Property: \$ _____ US

Portion of Purchase Price Allocated to Personal Property: \$ _____ US

Is the property to be used principally for agricultural or farming purposes? Yes No

Miscellaneous:

- (Identify any Exhibits attached) Exhibit A – Legal Description
- Exhibit B – Permitted Exceptions
- Exhibit C – Special Warranty Deed

II. GENERAL TERMS

1. AGREEMENT OF SALE. The Seller agrees to sell and the Purchaser agrees to purchase all that certain Real Property and Personal Property described in this contract and all of the Seller's improvements, fixtures, timber, and crops currently and hereafter located thereon (herein collectively the "Property"), subject to (i) those covenants, conditions, and restrictions set forth in General Terms Section 2 and the Special Warranty Deed attached hereto as Exhibit "C"; and (ii) Title Exceptions and matters set forth on Exhibit B attached hereto and incorporated herein and subject to (iii) any matters, rights, title interests, liens, or encumbrances created, consented to in writing or otherwise caused by, through or under Purchaser or its agents and representatives; and further subject to (iv) any of the Prior Encumbrances so listed which are not required to be discharged by the Seller prior to or at the time of the delivery of the Special Warranty Deed to the Purchaser, all for the considerations and subject to the terms, covenants, and conditions herein contained.
2. COVENANTS, CONDITIONS, & RESTRICTIONS. Purchaser and Seller further agree that the following covenants, conditions, and restrictions shall constitute real covenants that run with the land and are binding upon all heirs, successors and assigns of all or any portion or interest of or in the Property, and shall be incorporated into the Special Warranty Deed:
 - (a) The property shall be used solely for the development and operation of water wells and appurtenant equipment, improvements, and facilities for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended; Except that the Purchaser, its successors and assigns may utilize the Property for other utility purposes and general municipal purposes, provided that Purchaser, its successors and assigns first obtains Seller's prior written consent, as determined by Seller in its sole discretion. Purchaser, its successors and assigns, shall not transfer, assign or use the Property for private use, except under those

circumstances where (i) the Seller has provided its prior written consent, as determined by Seller in its sole discretion, (ii) there is no reverter of the Property, (iii) the Property is being sold, and (iv) the Seller has elected to not exercise its right of first refusal as set forth herein.

- (b) The Purchaser shall not transfer title to the property within one year from the date of such owner's purchase of the property.
- (c) Purchaser, its successors and assigns shall not re-sell less than all of the Property, without the prior written consent of the Seller, as determined in the Seller's sole discretion, unless the Seller has elected to not exercise its right of first refusal as provided herein.
- (d) If any owner of the property fails to complete the development of water wells and appurtenant equipment, improvements, and facilities on the Property within fifty (50) years of the Closing Date of the sale of the Property by the Port of Camas-Washougal, then the Port of Camas-Washougal Port Commission may cancel the sale and return the money paid on the purchase price to the owner of the property, and title to the Property shall revert to the Port of Camas-Washougal. This term shall be extended for any reasonable period of (1) administrative processing of permits by the Washington Department of Health, Washington Department of Ecology or other state or federal jurisdiction with authority; (2) administrative appeals before the Washington Pollution Control Hearings Board, Shoreline Hearings Board or other administrative appeals entity; and (3) judicial review; provided such administrative process, appeal, or judicial review has been commenced prior to ten years from the expiration of such term.
- (e) For a period of one hundred (100) years of the Closing Date, the Seller shall have a continuing right of first refusal with respect to the Property. If at any time any owner of the Property or any part thereof solicits or receives a bona fide arms-length offer by a third party to purchase the Property or any part thereof that such owner intends to accept, then such owner shall transmit such offer in writing to the Seller, who shall have a continuing right of first refusal, exercisable within thirty (30) business days from the receipt of such third party offer, to purchase the Property (or material part thereof) from such owner at the same price and terms; provided, that if such terms include payment of the purchase price in installments, then the Seller may elect to pay such purchase price entirely in cash at closing, and if such offer includes non-monetary consideration, then the Seller may substitute an equal monetary sum. Upon any change in the terms of such sale, or upon the failure of such sale, or upon the Seller's election to not exercise its right of first refusal with respect to such offer, the Seller's continuing right of first refusal shall continue to apply to the Property. The continuing right of first refusal set forth in this section shall also attach to each subsequent ownership interest in the Property and any part thereof
- (f) The Seller's Right of First Refusal set forth in Section 4.9.1 shall not apply to the sale of all or a portion of the Property to the City of Camas or other municipality or public utility, provided such sale is for the express purpose of the development and operation of water system wells and appurtenant equipment, improvements and facilities, for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended.
- (g) The above conditions, restrictions, and right of first refusal shall be covenants running with the land and shall be stated in all subsequent deeds to the property, and any violation thereof shall result in the right by the Port of Camas-Washougal Commission to declare a forfeiture of all interests in the property or any part thereof and reassume title to the property or such part thereof.
- (h) **PURCHASE PRICE.** The Purchaser agrees to pay the Purchase Price to the order of the Seller in the manner set forth in the Specific Terms. The deferred portion of the Purchase Price which the Purchaser is to pay to the Seller shall be paid in the Installment Amounts, commencing on the First Installment Date and continuing on the same day of each Installment Period thereafter until the Final Payment Date, at which time all outstanding principal, together with accrued and unpaid interest thereon, shall be due and payable. Each payment of the Installment Amounts shall be first applied against the costs, expenses, and late charges for which the Purchaser

is then liable hereunder, secondly against interest, and thirdly against the principal then due to the Seller. Interest shall commence on the date set forth in Specific Terms under Paragraph I(B), and continue to accrue until the Seller receives all of the principal, and any sums not paid within 15 days after their respective due dates shall bear the Late Charge set forth in the Specific Terms. At any time during the term of this contract, the Seller or the Purchaser shall have the right to require that all subsequent payments of Installment Amounts and sums for any tax or insurance reserve accounts be made through an escrow or collection account, the costs of which shall be borne by the requesting party unless otherwise agreed.

- (i) **PRIOR ENCUMBRANCES.** If this contract is being executed subject to any Prior Encumbrance, the Purchase Price is partially comprised of the principal due under the Prior Encumbrances as of the date hereof. The Seller hereby represents to the Purchaser that no Prior Encumbrance provides that it will become in default or accelerated or the interest rate thereon adjusted above the interest rate stated therefor in the Specific Terms hereof because of the execution, delivery, and recordation of this contract. The Purchaser agrees with the Seller to comply with all of the terms of the Prior Encumbrances, including such obligations as may be in addition to those contained in or which may otherwise limit its rights under this contract, and the Purchaser hereby agrees to defend and indemnify the Seller from and against all losses, claims, demands, and allegations arising as a result of the Purchaser's failure to comply with the Prior Encumbrances. In the event either of the parties hereto gives or receives a written notice to or from the holder of a Prior Encumbrance it will promptly transmit a copy of such notice to the other. The Specific Terms of this contract indicate the person responsible for tendering the amounts due to the holders of the Prior Encumbrances, and the two subparagraphs (a) and (b) immediately following this paragraph apply to said payments to be made by the Purchaser or the Seller, respectively.
- (a) **Purchaser Pays Directly.** If it is indicated in the Specific Terms of this contract that the Purchaser is to pay any Prior Encumbrances directly to the holder thereof, the Purchaser hereby assumes and covenants and agrees with the Seller to make such payments on their respective due dates and any failure of the Purchaser to do so shall constitute a default under this contract. Said payments shall be in addition to the Installment Amounts. The Purchaser shall be solely responsible for paying any reserve amounts for taxes, insurance premiums, or other purposes to which the holder of any Prior Encumbrance is entitled.
- (b) **Seller Pays If Purchaser Is Not In Default.** If it is indicated in the Specific Terms of this contract that the Seller is to continue to pay any Prior Encumbrances, the Installment Amounts include amounts to be used to make payments on said Prior Encumbrances (Wrapped Encumbrances). The Purchaser, in addition to the installments of principal and interest herein above provided for, and to the extent required from time to time by the holders of the Wrapped Encumbrances, shall pay to the Seller with and in addition to each of the Installment Amounts hereunder an amount sufficient to satisfy all tax, insurance, and other reserve deposits to which such holder is entitled and which are payable prior to the next due date of said installments. So long as the Purchaser is in no manner in default hereunder, the Seller shall make or cause to be made all of the payments of principal, interest, and any reserve deposits required under the Wrapped Encumbrances as they become due and in accordance with their respective payment terms. The Purchaser shall not attempt to make any payment directly to the holder of any Wrapped Encumbrance or to in any way modify the terms thereof prior to the satisfaction of that portion of the indebtedness evidenced hereby which is to be retained by the Seller; provided, however, if the Seller fails to make any payment when due under any Wrapped Encumbrance the Purchaser may, upon first giving the Seller 15 days' written notice of its intent to do so and if such failure is not rectified within that period, pay the delinquent installment, and any penalties, late charges, or additional interest due thereon and such other costs that are required by the holder of such Wrapped Encumbrance to cure such default, directly to the holder of the Wrapped Encumbrance in default and deduct from the Installment Amounts next due under this contract the amounts so expended, together with interest thereon at the Default Rate from the date of such payment to the date the Purchaser is reimbursed or the due date of the sum against which such offset is taken. Said notice period may be reduced if necessary to avoid the exercise of any remedy by the holder of such Wrapped Encumbrance. In the event the Seller fails to make such payments on three or more occasions, the Purchaser shall have the right to make all ensuing payments due under any of the Wrapped Encumbrances directly to the holder thereof and to deduct the same from the next Installment Amounts due under this contract by the amounts so paid. The

Seller agrees to indemnify the Purchaser from and against all costs and expenses, including attorneys' fees, which are reasonably incurred by the Purchaser as a result of any failure of the Seller to perform its obligations under this subparagraph. The Seller shall promptly reimburse the Purchaser for any credit or reimbursement which the Seller receives from the holder of any Wrapped Encumbrance which results from any excess payment by the Purchaser into a tax, insurance, or other reserve account.

After the Purchaser has paid the Seller all amounts due under this contract, excepting only the nondelinquent principal balances due under the Prior Encumbrances to be paid directly by the Purchaser, the Purchaser shall make all remaining payments due under said Prior Encumbrances to the holders thereof and shall indemnify and hold the Seller harmless from any failure or alleged failure on the part of the Purchaser to comply with any of the terms, covenants, or conditions thereof, and the Seller shall be subrogated to the rights of the holders of said Prior Encumbrances to the extent the Seller makes any further payments thereon as a result of the Purchaser's default. The covenants in this paragraph shall survive the delivery of the Special Warranty Deed and bill of sale to the Purchaser.

- (j) **PREPAYMENTS.** If Prepayment is permitted by all Prior Encumbrances, or if the holders of all the Prior Encumbrances consent thereto, the Purchaser may prepay the entire amount remaining due hereunder when that portion of the prepayment which is due to the Seller is accompanied by all interest then due to the Seller and any Purchase Price Prepayment Premium. If any prepayment to the holder of any Prior Encumbrance also requires a Prepayment Premium, the Purchaser shall pay the same if it is imposed as a result of the Purchaser's prepayment or default. If any Prior Encumbrance does not permit prepayment and the holder thereof does not consent thereto, and if the Purchaser desires to prepay that portion of the Purchase Price which is not encompassed by the principal balance then due under said Prior Encumbrance, the Purchaser may prepay to the Seller the balance of that portion of the Purchase Price which is not then due to the holder of said Prior Encumbrance; provided, however, said partial prepayment need not be accepted by the Seller unless the Purchaser expressly assumes and agrees in writing to pay and perform the then remaining obligations secured by said Prior Encumbrance. If this contract is so partially prepaid, the Purchase Price Prepayment Premium, if otherwise calculated on the entire Purchase Price, shall be reduced to correspond to the ratio of the amount being prepaid to the Seller to the total amount of the then outstanding principal balance of the Purchase Price. The Seller shall not be required to accept any prepayments which do not conform to the requirements of this paragraph unless and to the extent prepayment is otherwise provided for in the Specific Terms of this agreement. Except when otherwise stated herein, any Prepayment Premium provided for in this contract shall apply to any sums received by the Seller in advance of their due date, whether voluntarily made by the Purchaser or as a result of the exercise of any remedy by the Seller; provided, however, the Prepayment Premium shall not be required for any voluntary prepayment made within 30 days of the Final Payment Date if preceded by not less than ten days' written notice.
- (k) **RETENTION OF TITLE AND SECURITY.** Except as otherwise provided herein, the Seller's title to the Property and any substitutions hereof shall remain in the Seller until the Purchaser pays Seller the Total Purchase Price of \$900,000.00, and the Purchaser receives delivery of the Special Warranty Deed, upon Purchaser's payment in full of the \$900,000.00 Principal. In addition thereto, the Purchaser hereby grants to the Seller a security interest in all condemnation awards and insurance proceeds relating to the Property and all of the rights, titles, and interests in the Personal Property conveyed by this contract and subsequently acquired by Purchaser in substitution thereof as security for the performance of the Purchaser's obligations herein, and the Purchaser hereby assigns to the Seller all rents and security deposits derived from or relating to the Property and, except for the initial partial month's and last month's rent, covenants not to collect any rents which are attributable to more than one month of the unexpired lease term. The Purchaser agrees to deliver to the Seller such further assurances and UCC financing statements and statements of continuation which the Seller requests to further evidence, perfect, or confirm its rights under this agreement. The Purchaser agrees with the Seller that it shall comply with the terms of all leases of the Property, and shall, upon written request, promptly notify the Seller of any alleged defaults therein by the Purchaser or any tenant. After all sums evidenced by this contract due to the Seller have been paid, the Seller shall deliver the Special Warranty Deed to the Purchaser in the form and subject to the exceptions agreed to herein. In the event any escrow account is established for this

contract, said Special Warranty Deed shall be executed and placed with the escrow agent promptly following the opening of said account with instructions to deliver them to the Purchaser when entitled thereto.

- (l) POSSESSION. From and after the date of this contract, and subject to the rights of tenants under the leases identified as Title Exceptions, the Purchaser may enter upon and take possession of the Property and, irrespective of the assignments and security interests granted in this contract, enjoy the use, rents (to the extent permitted to be collected herein), issues, and profits thereof so long as such rights have not been affected by the exercise of any remedy of the Seller.
- (m) TAXES AND ASSESSMENTS. In addition to the payments herein above provided for, and except as otherwise discharged through any reserve account, the Purchaser shall pay before delinquency all real and personal property taxes, all general and special assessments, and all other charges of whatsoever kind or nature levied or assessed by any lawful authority upon or against the Property or the use thereof to the extent the same or any installments thereof are attributable to the period following the date of this contract. The prorated portion of said taxes, assessments, and charges which are attributable to any period prior to the date of this contract, excluding taxes for such period assessed because of the reclassification of the use of the Property by the Purchaser or any successors of the Purchaser, shall be paid before delinquency by the Seller. Said periods shall be determined by reference to the year in which the taxes, assessments, and charges are required to be paid. If the Purchaser fails to so pay Real Property taxes or assessments and such failure is not rectified within 15 days following Seller's written demand to do so, and if such failure occurs two or more times during the term of this contract, the Seller may, for the remaining term of this contract, require the Purchaser to deposit with each Installment Amount an amount reasonably estimated by the Seller to be necessary to discharge the Real Property taxes and assessments next due, said estimates to be adjusted by the Seller to reflect the actual amount of such liabilities each time the Real Property is reassessed and a copy of such reassessment is given to the Seller. The amounts so paid which have not been applied against such liabilities shall be returned to the Purchaser with the delivery of the Special Warranty Deed to the Purchaser. The Seller shall not be liable for interest on said deposits. If not retained in an escrow or collection account, said funds shall be maintained by the Seller in a segregated account and expended for no other purpose, with interest earned thereon, if any, being added to the sums so held; provided, however, this account may be commingled with any insurance reserve account under this contract. The provisions of this paragraph to the contrary notwithstanding, either party shall have the right to contest in good faith any tax or assessment which may have been or is hereafter levied against the Property or any portion thereof so long as no portion of the Property is threatened with any tax forfeiture or sale as the result of such contest. So long as such contest is pursued in good faith, the nonpayment of the amounts in dispute shall not constitute a default under this contract or afford the Seller the right to require tax reserve payments.
- (n) INDEMNIFICATION AND INSURANCE. The Purchaser shall and hereby covenants and agrees to indemnify and hold the Seller harmless for any losses, damages, costs, claims, and liabilities, including attorney's fees, caused by any negligent, reckless or intentional act of, or negligent or reckless failure to act by the Purchaser, or any of its agents, servants, employees, independent contractors, invitees, or licensees on, about, or with respect to the Property, and for any breach of this contract by the Purchaser or any of such persons, and this covenant of indemnification shall survive the delivery of the Special Warranty Deed to the Purchaser.

The Purchaser shall, at its own cost and expense, keep the improvements on the Property insured against loss or damage by fire, windstorm, and all other casualties covered by "all risk" endorsements available in the state of Washington and with such additional coverages or endorsements as the Seller may reasonably require from time to time. Said insurance shall be in an amount not less than the greater of (a) the amount of coverage necessary to avoid the insured being treated as a co-insurer, or (b) 120% of the then unpaid principal balance of the Purchase Price for the Property, or (c) such higher amount as may be required by the terms of any Prior Encumbrance, or (d) the replacement cost of the improvements, and shall be placed with an insurance company authorized to do business in the state of Washington. All insurance policies shall expressly include the Seller as a named insured, shall contain a waiver of subrogation and severability of interest clauses (to the extent reasonably obtainable), and shall include provisions to the effect that they cannot be materially modified or

canceled prior to Seller receiving not less than 30 days' advance written notice, and accurate and complete copies thereof shall be deposited with the Seller upon written request.

In the event of loss or damage to the Property which is required to be insured hereunder, and except as otherwise required by any Prior Encumbrance and the then holder thereof, the insurance proceeds shall, at the option of the Purchaser, be used to repair, rebuild, or replace all improvements and personal property which may have been destroyed or damaged to the extent necessary to restore and replace them to substantially the same condition which existed immediately prior to the casualty, subject to such modifications as may then be required by law or to which the Seller agrees in writing. Immediately upon receipt, all insurance proceeds, together with any other sums required to complete the repairs and restorations, shall be placed in a construction disbursement account with an escrow agent or other persons jointly designated by the Seller and the Purchaser and shall be disbursed periodically in amounts corresponding to the percentage of completion of repairs; provided, however, in the event this contract is forfeited or foreclosed, any portion of such proceeds remaining after the payment of properly incurred repair and replacement costs due as of the date of such forfeiture or foreclosure sale shall be immediately paid to the Seller. No construction may be commenced until all sums required to pay the cost thereof have been deposited in the disbursement account. The expenses of said disbursement account and in obtaining percentage completion certificates shall be paid by the Purchaser, and the Purchaser shall be responsible for depositing in the disbursement account the amounts necessary to pay all costs of repairs, reconstruction, and replacements which are not covered by the insurance proceeds. In the event the Purchaser desires to construct improvements which are materially different from those so damaged or destroyed, it shall first obtain the Seller's written consent. All repairs and replacements shall be commenced within 60 days following the date the Purchaser elects to reconstruct and shall be continually pursued with due diligence. Subject to the terms of any Prior Encumbrances, any casualty insurance proceeds which are not used to pay for repairs or replacements permitted by the terms of this paragraph shall be paid to the Seller and applied against the principal balance last due hereunder, and the Seller shall accept the same notwithstanding any prepayment restriction in this contract. The Prepayment Premium shall not be added to any payments required by this paragraph.

If (a) a Prior Encumbrance and the then holder thereof does not permit the use of casualty insurance proceeds for repairs, or (b) the Purchaser does not elect to repair the damage, or (c) the Seller's consent to materially different improvements is not waived or given, or (d) the Purchaser does not deposit into the disbursement account all sums in excess of available insurance proceeds required for reconstruction by the date construction is required to commence, or (e) construction is not commenced when required or not continuously pursued (subject to delays beyond the reasonable control of the Purchaser), the Seller may require that all casualty insurance proceeds be immediately paid to the Seller (without addition of the Prepayment Premium) or to the holder of a Prior Encumbrance having a valid claim thereto which is prior to the Seller's. The Purchaser shall make the elections provided for in this paragraph within 60 days following the date of casualty, and the Seller shall respond in writing to a written request to construct materially different improvements within 20 days after said request. Any failure of the Purchaser to make timely any such election shall enable the Seller to apply the insurance proceeds against the principal last due under this contract, and any failure of the Seller to respond timely to any such request shall be deemed an approval thereof.

Damage to or destruction of the Property or any portion thereof shall not constitute a failure of consideration or provide a basis for the rescission of this contract, nor shall such circumstances relieve the Purchaser of its obligation to pay the remaining Installment Amounts when due. In the event of any failure of the Purchaser to obtain or pay timely any premiums for any insurance required by this paragraph, and if such failure is not rectified within any required notice period for remedial advances under this contract, the Seller may require the Purchaser to deposit with each Installment Amount an amount reasonably estimated by the Seller to be necessary to discharge the next ensuing premiums for said policies, said estimates to be adjusted by the Seller upon receipt of the premium invoices to reflect the actual amount of such liabilities. The payments so made which have not been applied against such liabilities shall be returned to the Purchaser with the delivery of the Special Warranty Fulfillment Deed to the Purchaser. The Seller shall not be liable for interest on said deposits. If not retained in an escrow or collection account, said funds shall be maintained by the Seller in a segregated

account and expended for no other purpose, with interest thereon, if any, being added to the sums so held; provided, however, this account may be commingled with any tax reserve account under this contract.

- (o) UTILITIES. The Purchaser shall pay for the cost of all electric, power, gas, sewer, water, telephone, cable television, refuse disposal service, and any and all other utilities furnished to or used or consumed in, on, or about the Property by the Purchaser or by any person following the date of this contract, and Purchaser shall contract for the same solely in its own name. Any such services used prior to the date hereof by any person other than the Purchaser shall be the responsibility of the Seller.
- (p) CONDITION OF PROPERTY. Except as may be otherwise provided in any written agreement between the parties hereto which is intended to survive the execution of this contract, the Purchaser hereby accepts the Property in the condition existing on the date of this contract and confirms that neither the Seller nor any agent or representative of the Seller has given or made any warranty or representation whatsoever concerning the physical condition thereof or the uses or purposes to which the same may now or hereafter be placed.
- (q) RISK OF LOSS. The Purchaser shall bear the risk of loss for the complete or partial destruction or condemnation of the Property after the date of this contract. No loss, damage, or destruction of all or part of the Property shall constitute a failure of consideration or a basis for the rescission of this contract or relieve the Purchaser from its obligation to observe and perform all of the terms, covenants, and conditions hereof. Each of the parties hereto releases the other from all liability for damage caused by any act or neglect of the other party, its agents, servants, and employees, to any property which is the result of fire or other casualty covered by insurance carried at the time of such casualty; provided, however, the releases herein contained shall not apply to loss or damage resulting from the willful or premeditated acts of either of the parties hereto, their agents, servants, or employees; and provided further, nothing in this paragraph shall be interpreted or have the effect of relieving or modifying any obligation of any insurance company, and to the extent any such obligation is so relieved or impaired this provision shall be ineffective.
- (r) MAINTENANCE AND INSPECTION. The Purchaser shall keep and maintain the Property in good repair, and shall not commit or suffer to be committed any waste or other willful damage to or destruction of the Property or any portion thereof. No logging or commercial timber removal may be undertaken by the Purchaser without the Seller's prior written consent. The Purchaser shall not permit any hazardous or toxic substance, material, or waste to be located upon or generated, stored, transported to or from, disposed of, or used on the Property, or permit the Property to become contaminated with any substance in violation of any applicable federal, state, or local law. The Purchaser shall not, without the prior written consent of the Seller, remove any Personal Property from the Real Property, and will keep and maintain the same in good order, repair, and condition; provided, however, the Purchaser shall have the right to promptly replace Personal Property with items of comparable worth and utility. The Purchaser shall replace any item of Personal Property or any substitutions thereof which may become lost, broken, or beyond repair, and such after-acquired item shall be subject to all of the provisions hereof. No replacements or substitutions permitted or required in this paragraph may be subject to a security interest or conditional sales contract which would have priority over the Seller's security interest. The Seller shall have the right, at all reasonable times and hours, to inspect the Property to ascertain whether the Purchaser is complying with all of the terms, covenants, and conditions of this contract.
- (s) ALTERATIONS AND LIENS. Except as otherwise permitted in this contract for construction following an insured casualty or condemnation, or except for any maintenance or repairs required by this contract, the Purchaser shall not, without the prior written consent of the Seller, make or permit any alterations, additions, or improvements to or of the Property, or to any portion thereof, nor permit any demolition or removal of any such improvements. The Seller may not unreasonably withhold its consent if the action proposed will not materially and adversely affect the value of the Property or violate any applicable laws or ordinances, or the terms of this contract, or of any Prior Encumbrances. The Purchaser shall not cause, authorize, or permit any mechanics' or materialmen's liens to be placed upon the Property. The Purchaser shall indemnify and defend the Seller against all liens levied against the Property or any part thereof caused by or through the Purchaser. The Purchaser shall have the right to contest said liens so long as a foreclosure thereof is prevented, and if such

contest is pursued in good faith the filing of the lien and withholding payment of the lien amount so disputed shall not constitute a default under this contract. No lien of any agent, contractor, subcontractor, or independent contractor of the Purchaser shall encumber any interest of the Seller in the Property. In the event the Purchaser shall alter, repair, or improve the Real Property or erect or construct any new or additional buildings or improvements on the Real Property, or any part thereof (whether acting with or without Seller's consent), all such alterations, repairs, improvements, replacements, and additions, including any new buildings and improvements, shall immediately be and become the property of the Seller and subject to all of the terms, covenants, and conditions of this contract.

- (t) **COMPLIANCE WITH LAWS AND RESTRICTIONS.** The Purchaser shall faithfully observe, perform, and comply with all laws, ordinances, rules, and regulations of every governmental authority affecting the Property and the use thereof and activities thereon; all easements, reservations, restrictions, covenants, and conditions of record affecting or pertaining to the Property and the use thereof and activities thereon; and any condominium, planned unit development, or cooperative declarations, articles, bylaws, rules, regulations, and other documents which have been or are hereafter adopted with respect to the Property. The Purchaser shall not use or permit any person to use the Property for or in connection with any unlawful purpose or in any manner which causes a nuisance, or in violation of any federal, state, or local statute or ordinance governing the use or improvement of the Property or any hazardous or toxic materials, products, or wastes.

- (u) **AGRICULTURAL PROVISIONS.** If, in the Specific Terms of this contract, the parties have indicated that the Property is to be used principally for agricultural or farming purposes, the Personal Property shall include all crops grown, growing, and to be grown on the Real Property and all natural increases thereof, all before and after the severance and removal. The Purchaser shall continuously pursue good and prudent farming operations upon the Property in accordance with the practices of good husbandry, soil conservation, tree and plant pruning, harvesting, and the customary manner in which agricultural property is properly and productively farmed and managed in the county in which the Property is situated. The Purchaser will take such precautions as are necessary to prevent undue depletion of the soil from erosion by wind or water and shall use reasonable efforts to keep the Property free from plants, insects, and animals which may have a deleterious effect upon the Property, crops, or livestock. The Purchaser will keep the Property properly irrigated and properly employ such herbicides, pesticides, and fertilizers as may be reasonably necessary to comply with the provision of this paragraph and its applicable legal requirements. The Purchaser shall not remove or destroy any existing fruit trees or plants, improvements, irrigation fixtures, or equipment, fences, storage houses or sheds, barns, silos, or, except as otherwise permitted in this contract for Personal Property, any tools, equipment, or machinery which may be employed in connection with the agricultural use of the Property, without the prior written consent of the Seller, and the Purchaser shall make such improvements to the Property as are reasonably necessary to properly irrigate, drain, and farm the Property in accordance with the provisions hereof.

- (v) **CONDEMNATION.** If the Property or any part thereof is condemned or taken by power of eminent domain by any public or quasi-public authority, the Seller or the Purchaser or both may appear and defend or prosecute in any such proceeding. All compensation or awards received from the condemning authority by either the Seller or the Purchaser shall, subject to the requirements of any Prior Encumbrances, be applied first to the payment of the expenses of litigation, next to the acquisition and installation costs of any replacements or restorations of condemned property requested by the Purchaser in writing not later than 15 days following the date possession is required to be surrendered by the condemning authority, next to the reduction of the unpaid balance of this contract in the inverse order of its maturity, next to any other sums then due to the Seller (including accrued and unpaid interest and reimbursable advances and expenses), and the surplus, if any, shall be paid to the Purchaser.

The Prepayment Premium shall not be added to any payments required by this paragraph. All of the replacements and restorations shall have the same purpose and function as the condemned property, and, except as otherwise consented to by the Seller in writing and except to the extent necessitated by the condemnation or then applicable law, none of the replacements or restorations may be materially different from the condemned property. Any condemnation awards used to restore or replace any of the Property shall be

deposited in a disbursement account and disbursed in the manner specified herein for insurance proceeds following an insured casualty. No total or partial taking of the Property by condemnation shall constitute a failure of consideration or provide a basis for the rescission of this contract.

- (w) **TRANSFER OF PURCHASER'S INTEREST.** Purchaser shall only be allowed to transfer Purchaser's interest in accordance with those covenants, conditions, and restrictions set forth in General Terms Section 2 and the Special Warranty Deed, and further in accordance with those terms set forth in the Purchase and Sale Agreement attached hereto as Exhibit "D". In addition to those remedies set forth in the foregoing, if the Purchaser's title to the Property or any portion thereof is conveyed to any person, the Seller may, at its option: (a) following any required notice, declare the entire remaining balance of the Purchase Price and all accrued and unpaid interest thereon immediately due and payable, or (b) adjust the interest rate on this contract, effective as of the date of the transfer. The Seller may elect one of the said options by written notice to the Purchaser within 15 days after being advised in writing of the sale and the transferee, and if such election is not made within that period the above rights for the transaction so described shall be deemed waived. If the Seller elects to adjust the interest rate, and subject to any restrictions and prepayment requirements contained in any Prior Encumbrance, the entire outstanding balance of this contract may be prepaid at the closing of such conveyance with the Prepayment Premium. For the purposes of this contract, a "conveyance" of the "Purchaser's title" shall include a transfer by real estate contract, vendee's assignment, deed, forfeiture, foreclosure, sheriff's sale, trustee's sale, deed in lieu of any such involuntary sale, lease with purchase option or for a term in excess of three years (including extension options), and, if the Purchaser is a corporation or partnership, a voluntary or involuntary transfer or series of transfers of any shares or partnership interests which results in a change of 50% or more of the voting control of such entity (from the composition thereof as of the date of this contract). A conveyance of the Purchaser's title shall not include: (a) a lease or other transfer of possession of the Property for three years or less without options to purchase the Property or any interest therein; (b) a transfer to the Purchaser's spouse or children; (c) a transfer by devise, descent, or operation of law resulting from the death of any person comprising the Purchaser; (d) a transfer into an inter vivos trust in which the Purchaser is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Property; or (e) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or property settlement agreement in which a spouse of any person comprising the Purchaser retains or acquires the Property. No transfer of the Property or any portion thereof shall release the transferring person from liability on this contract unless such release is expressly acknowledged by the Seller in writing.
- (x) **PURCHASER'S DEFAULT.** The Purchaser shall be in default under this contract if it: (a) fails to observe or perform any term, covenant, or condition herein set forth, or those of any Prior Encumbrances, including without limitation those covenants, conditions, and restrictions set forth in General Terms Section 2 and the Special Warranty Deed; (b) fails or neglects to make any payment of principal or interest or any other amount required to be discharged by the Purchaser precisely when obligated to do so; (c) becomes or is declared insolvent or makes an assignment for the benefit of creditors, or files any debtor's petition or any petition is filed against it under any bankruptcy, wage earner's reorganization, or similar act; (d) permits the Property or any part thereof or its interest therein to be attached or in any manner restrained or impounded by process of any court; (e) abandons the Property for more than 30 consecutive days (unless the Property is otherwise occupied); or (f) conveys the Property or a portion thereof without any prior written consent required herein of the Seller.
- (y) **SELLER'S REMEDIES.** In the event the Purchaser defaults under this contract the Seller may, at its election, take the following courses of action:
- (a) **Suit for Delinquencies.** The Seller may institute suit for any Installment Amounts or other sums due and payable under this contract as of the date of the judgment and any sums which have been advanced by the Seller as of said date pursuant to the provisions of this contract, and any other damages incurred by the Seller which are caused by the Purchaser's failure to comply with any provision or agreement herein; together with interest on all of said amounts at the Default Rate from the date each such amount was advanced or due, as the case may be, to and including the date of collection;

- (b) Acceleration. Upon giving the Purchaser not less than 15 days' written notice of its intent to do so (within which time any monetary default may be cured without regard to the acceleration), and if the default is in the nature of a failure to timely pay any principal, interest, insurance premium, tax, or other sum of money required to be paid herein or any failure to obtain any consent of the Seller herein required for a conveyance or encumbrance of the Purchaser's title to the Property, or if the Purchaser commits waste on the Property, the Seller may declare the entire unpaid balance of the Purchase Price and all interest then due thereon and the Prepayment Premium to be immediately due and payable and institute suit to collect such amounts, together with any sums advanced by the Seller pursuant to the provisions of this contract, and together with interest on all of said sums at the Default Rate from the due date or date of each such advance to and including the date of collection;
- (c) Forfeiture and Repossession. The Seller may cancel and render void all rights, titles, and interests of the Purchaser and its successors in this contract and in the Property (including all of Purchaser's then existing rights, interests, and estates therein, and timber, crops, fixtures, and improvements thereon) by giving a Notice of Intent to Forfeit pursuant to RCW 61.30.040-070, and said cancellation and forfeiture shall become effective if the default therein specified has not been fully cured within 90 days thereafter and the Seller records a Declaration of Forfeiture pursuant to RCW 61.30.040-070. The entire balance of such sums due and to become due under this contract shall be paid from the proceeds of any sale ordered by a court pursuant to RCW 61.30.120, including interest at the Default Rate to and including the sale date and all expenses incurred by the Seller as a result of such sale. Upon the forfeiture of this contract the Seller may retain all payments made hereunder by the Purchaser and may take possession of the Property ten days following the date this contract is forfeited and summarily eject the Purchaser and any person or persons having possession of the said Property by, through or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture. If the Purchaser or any person or persons claiming by, through, or under the Purchaser who were properly given the Notice of Intent to Forfeit and the Declaration of Forfeiture remain in possession of the Property more than ten days after such forfeiture, the Purchaser, or such person or persons, shall be deemed tenants at will of the Seller and the Seller shall be entitled to institute an action for summary possession of the Property, and may recover from the Purchaser or such person or persons in any such proceedings the fair rental value of the Property for the use thereof from and after the date of forfeiture, plus costs, including the Seller's reasonable attorneys' fees. To the extent permitted by applicable statute, the Seller shall have the right to obtain a deficiency against the Purchaser following the forfeiture of this contract for damages caused by waste to the Property;
- (d) Judicial Foreclosure. To the extent permitted by any applicable statute, the Seller may judicially foreclose this contract as a mortgage, and in connection therewith, may accelerate all of the debt due under this contract if the defaults upon which such action is based are not cured within 15 days following the Seller's written notice to the Purchaser which specifies such defaults and the acts required to cure the same (within which time any monetary default may be cured without regard to the acceleration); provided, however, such cure period shall be extended for up to 30 additional days to the extent reasonably necessary to complete the cure of a nonmonetary default if the Purchaser commences such cure within 15 days following the Seller's notice and pursues it with due diligence. The Seller may, but shall not be required to, waive any right to a deficiency judgment in its foreclosure complaint. The Purchaser at any foreclosure sale may (but shall not be obligated to), during any redemption period, make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, use, preservation, and protection thereof; pay any taxes and assessments due during such period; insure the Property against loss by casualty; and pay utility bills, liens not extinguished by the foreclosure, and other amounts relating to the Property to the extent due during such redemption period, and all of such expenses and payments, together with interest thereon from the date paid to reimbursement at the rate provided by statute for any other redemption amounts, shall be included in the amount required to be paid by any person to redeem the Property. The Prepayment Premium shall be assessed upon any amounts accelerated pursuant to the terms of this paragraph, and all such amounts shall bear interest at the Default Rate from and after the date they are so accelerated to and including the date of collection;

- (e) Specific Performance. The Seller may institute suit to specifically enforce any of the Purchaser's covenants hereunder, and the same may include redress by mandatory or prohibitive injunction;
- (f) Entry Upon Agricultural Property. In the event the parties hereto have indicated in the Specific Terms of this contract that the Property is to be used principally for agricultural or farming purposes, the Seller shall have the right, following three days' prior written notice to the Purchaser, to enter upon the Real Property from time to time to perform any one or more of the functions required of but not performed by the Purchaser in the agricultural provisions of this contract and to tend and care for any livestock and harvest, transport, store, and sell any of the crops which may be grown on the Property in such manner as the Seller shall elect. For the purposes of this paragraph, the Purchaser grants to the Seller a security interest in all of its seeds and crops, and the products and proceeds thereof, which may now or at any time hereafter be located upon or in the Property or be harvested therefrom. The exercise of this right shall not affect the liabilities of the Purchaser; provided, however, should the Seller receive any sums as a result of its actions hereunder, it shall apply the same to discharge the costs and expenses, including attorneys' fees, reasonably incurred in taking said action, together with interest thereon at the Default Rate from the date of expenditure to and including the date said proceeds are received, and the balance of such proceeds shall be applied against the Purchase Price principal last due and owing hereunder, including any Prepayment Premium applicable thereto. In the absence of receiving any such proceeds, or if and to the extent the same are insufficient to reimburse the Seller for such amounts and interest, the Purchaser shall reimburse the Seller for such amounts and interest on demand, with said interest being calculated to and including the date of payment;
- (g) Remedies Under the Uniform Commercial Code. The Seller shall have and the Purchaser hereby grants to the Seller all of the rights and remedies contained in the Uniform Commercial Code in effect in the state of Washington as of the date of the Purchaser's default and to the extent such remedies may be applicable to the type of collateral affected thereby;
- (h) Receivership. The parties hereto recognize and agree that in the event of default by the Purchaser in making any payments or in the performance of any of the other terms and conditions of this contract, the period of time involved in repossessing the Property, forfeiting this contract, or in obtaining possession of the Property by judicial process could cause irreparable damage to the Seller and to the Property or the possible acceleration of the debts secured by Prior Encumbrances. Therefore, the Purchaser hereby expressly agrees that in the event of any default under this contract which is not cured the Seller shall have the right to apply to the superior court of the county in which the Real Property is situated for the appointment of a receiver under Chapter 7.60 of the Revised Code of Washington (or any chapter supplemental thereto) to take charge of and maintain control of, manage, farm, or operate the Property, to evict tenants therefrom who are not then in compliance with their leases, to lease any portion or all of the Property in the name of the Purchaser on such terms as the receiver may deem advisable, to make such alterations, repairs, and improvements to the Property as the receiver may deem advisable, and to receive all rents and income therefrom and issue receipts therefor, and out of the amounts that are so received to pay all of the debts and obligations for which the Purchaser is liable hereunder prior to or during the period of the receivership, including, without limitation, payments on or for this contract, Prior Encumbrances, taxes, assessments, insurance premiums, utility bills, and cost of operating, maintaining, repairing, and managing the Property. Any sums received by the receiver in excess of said amounts shall be retained by the receiver to discharge all remaining liabilities of the Purchaser under this contract until the entirety of such obligations have been satisfied, at which point any remaining excess shall be paid to the Purchaser without interest. Regardless of the application thereof, no sums requested by or paid to the receiver shall be deemed a partial cure for the purpose of requiring a notice of insufficient cure to be given to any person under RCW 61.30.090(3); and
- (i) Property Rental. If this contract is forfeited or foreclosed as herein provided, or in any other manner permitted by law, or by mutual agreement of the Purchaser and the Seller, and the Purchaser shall thereafter remain in possession of the Property beyond any period otherwise permitted by law, the

Purchaser agrees that it will occupy the Property as a tenant at will, and the Purchaser shall be obligated to pay, and hereby promises to pay, during the period of such tenancy at will, a fair market rental in the amount then agreed to by the parties or, in the absence of such agreement or until such agreement is reached, an amount equal to two times the Installment Amounts as and when provided for in the Specific Terms hereof, and the Seller shall have, in addition to all other remedies for the collection of rentals and the recovery of possession that are available to landlords under the laws of the State of Washington, the right to institute and maintain an action for summary possession of Property as provided by law.

- (j) Seller may, in its sole discretion, avail itself of any and all remedies set forth in General Terms Section 2 and the Special Warranty Deed, to the exclusion of and/or in addition to (in part or in whole) Seller's Remedies set forth herein.
- (z) PURCHASER'S REMEDIES. In the event the Seller defaults under this contract and such default continues for 15 days after the Purchaser gives the Seller written notice specifying the nature thereof and the acts required to cure the same, the Purchaser shall have the right to specifically enforce this contract, institute suit for its damages caused by such default, or pursue any other remedy which may be available to the Purchaser at law or in equity.
- (aa) REMEDIAL ADVANCES. If either party to this contract shall fail to timely pay and discharge any payments or sums for which it has agreed to be responsible herein and said failure constitutes a default under this contract, or shall by any other act or neglect violate the terms and any conditions of this contract or of any Prior Encumbrance, the other party hereto may pay, effect, or discharge such sums as are necessary to cure such default upon giving the party required to make such payments not less than 15 days' prior written notice (except in any instance in which the Purchaser fails to obtain or maintain any insurance required herein or when immediate payment is required to avoid immediate hazards to persons or property or any foreclosure of or a similar action against or affecting any portion of the Property, in which case such notice may be given concurrently with or immediately following such payment). The party making such payment may recover from the defaulting party, upon demand, or through offsetting the same against existing or future debts, the full cost and expense of so doing, including its reasonable attorneys' fees and together with interest on said expenditures and fees at the Default Rate from the date of expenditure to and including the date of collection or the due date of any sum against which such offset is effected.
- (bb) CUMULATIVE REMEDIES; WAIVERS. The remedies stated herein are cumulative and not mutually exclusive and the Seller or the Purchaser may pursue any other or further remedies to enforce their respective rights under this contract; provided, however, except as provided in this contract with respect to the Purchaser's transfer of the Property, the Seller shall not have the right to accelerate the remaining balance of the Purchase Price in the event the Seller elects to forfeit the Purchaser's interest in the Property and such forfeiture is being enforced or is completed. In any action or proceeding to recover any sum or to enforce any remedy provided for herein, no defense of adequacy of security or that resort must first be taken against any particular security or any other person shall be asserted, and the Purchaser hereby expressly waives any legal or equitable rights that the Purchaser may have with respect to marshaling of assets. The Seller shall not be required to tender the Special Warranty Fulfillment Deed as a condition precedent to the enforcement of any remedy hereunder. In the event any check is tendered which is not honored upon first presentation because of any stop payment directive or insufficient funds, the payee's rights shall be reinstated as if such check had not been delivered. No waiver of any rights of either party under this contract shall be effective unless specifically evidenced in a written agreement executed by the waiving party. Any forbearance, including, without limitation, a party's acceptance of any payment after the due date or any extension thereof, shall not be considered a waiver of such party's right to pursue any remedy hereunder for any other existing or subsequent defaults of the same or a different nature or for breach of any other term, covenant, or condition hereof.
- (cc) COSTS AND ATTORNEYS' FEES. If either party shall be in default under this contract, the nondefaulting party shall have the right, at the defaulting party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce its rights under this contract. The defaulting

party hereby promises to pay all costs and expenses so incurred by the nondefaulting party, including, without limitation, collection agency charges; expenses of preparing, serving, mailing, posting, publishing, and recording any notices; title search expenses; and reasonable attorneys' costs and fees, and the failure of the defaulting party to promptly pay the same shall itself constitute a further and additional default. In the event either party hereto institutes, defends, or is involved with any action to enforce the provisions of this contract, the prevailing party in such action shall be entitled to reimbursement by the losing party for its court costs and reasonable attorneys' costs and fees, including such costs and fees that are incurred in connection with any forfeiture, foreclosure, public sale, action for specific performance, injunction, damages, waste, deficiency judgment, unlawful detainer, or to contest the reasonableness of any person's costs or attorneys' fees, and any mediation, arbitration, bankruptcy, probate, appeal, or other proceeding. All reimbursements required by this paragraph shall be due and payable on demand, may be offset against any sum owed to the party so liable in order of maturity and shall bear interest at the Default Rate from the date of demand to and including the date of collection or the due date of any sum against which the same is offset.

- (dd) **NOTICES.** Subject to the requirements of any applicable statute, any notices required or permitted by law or under this contract shall be in writing and shall be personally delivered or sent by first class certified or registered mail, return receipt requested, with postage prepaid, to the parties' addresses set forth in the Specific Terms of this contract. Either party may change such address for notice and, if payments are not made to an escrow or collection account, the Seller may change the address for payments, by designating the same to the other party hereto in the manner herein above set forth and by causing a copy of such change to be properly recorded. All notices which are so addressed and paid for shall be deemed effective when personally delivered or, if mailed, on the date of the deposit thereof in the US mail and irrespective of actual receipt of such notice by the addressee.
- (ee) **TIME OF PERFORMANCE.** Time is specifically declared to be of the essence of this contract and of all acts required to be done and performed by the parties hereto, including, but not limited to, the proper tender of each of the sums required by the terms hereof to be paid.
- (ff) **PARAGRAPH HEADINGS.** The word or words appearing at the commencement of paragraphs and subparagraphs of this contract are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging, or restricting the language or meaning of those paragraphs or subparagraphs.
- (gg) **GENDER AND NUMBER.** The use of any gender or neutral term shall include all genders, and the use of any number shall be construed as singular or plural, as the case may require. The terms "Purchaser" and "Seller" refer to either the singular or the plural, as the case may be.
- (hh) **DEFINITIONS.** As used herein the term "Property" means all of the estate, right, title, and interest currently held and hereafter acquired by the Seller in and to the Real Property and Personal Property described herein and the rights, easements, privileges, and appurtenances thereunto belonging or appertaining or held and enjoyed therewith, together with all timber and crops thereon and any repairs, improvements, replacements, and additions thereto whether made, erected, or constructed by the Seller or the Purchaser prior to or subsequent to the date hereof. All capitalized terms in this contract shall have the meanings ascribed herein or set forth opposite the same in the Specific Terms of this contract. References to the Special Warranty Fulfillment Deed shall include assignments of a vendee's interest under a prior real estate contract, provided, however, any form of conveyance shall contain the warranties to which the Purchaser is entitled under this contract or other agreement with the Seller.
- (ii) **INVALIDITY.** In the event any portion of this contract should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof unless the court's ruling includes a determination that the principal purpose and intent of this contract are thereby defeated. The intention of the Seller is to charge the Purchaser a lawful rate of interest, and in the event it is determined by any court of competent jurisdiction that any rate herein provided for exceeds the maximum permitted by law for a transaction of the character evidenced by these presents, the amounts so determined to be above the legal rate shall be applied against the last installments of principal due hereunder or, if such principal has been paid, or

otherwise at the discretion of the then holder of this contract, said excess shall be refunded to the Purchaser on demand without interest, and the interest rates specified hereunder shall be reduced to the maximum rate then permitted by law for the type of transaction to which this contract pertains. The intention of the parties hereto is to assess a legal rate of interest on default, and if the Default Rate is determined by any court of competent jurisdiction to exceed the maximum rate of interest permitted by law for such purposes, the Default Rate shall be reduced to the highest rate so permitted, with any excess theretofore paid being applied against any debt of the defaulting party in inverse order of maturity, or if in excess of such debt, being refunded upon demand without interest.

- (jj) **LEGAL RELATIONSHIPS.** The parties to this contract execute the same solely as a seller and a buyer. No partnership, joint venture, or joint undertaking shall be construed from these presents, and, except as herein specifically provided, neither party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other. All terms, covenants, and conditions to be observed and performed by either of the parties hereto shall be joint and several if entered into by more than one person on behalf of such party, and a default by any one or more of such persons shall be deemed a default on the part of the party with whom said person or persons are identified. No third party is intended to be benefitted by this contract. All persons executing this contract in their individual capacities (or as a general partner or other capacity causing them to be personally liable) acknowledge that this agreement benefits their marital communities and personal recourse may be obtained against the separate property and marital community of any such person and the marital community of such person's spouse.
- (kk) **SUCCESSORS.** Subject to the restrictions contained herein, the rights and obligations of the Seller and the Purchaser shall inure to the benefit of and be binding upon their respective estates, heirs, executors, administrators, successors, successors in trust, and assigns, provided, however, no person to whom this contract is pledged or assigned for security purposes by either party hereto shall, in the absence of an express, written assumption by such party, be liable for the performance of any covenant herein. Any assignee of any interest in this contract, or any holder of any interest in the Property, shall have the right to cure any default in the manner permitted and between the time periods required of the defaulting party, but except as otherwise required by law, no notices in addition to those provided for in this contract need be given.
- (ll) **APPLICABLE LAW.** This contract shall be governed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought to interpret or enforce any provision of this contract shall be laid in the county in which the Real Property is situated. All sums herein referred to shall be calculated by and payable in the lawful currency of the United States.
- (mm) **ENTIRE AGREEMENT.** This contract and the Purchase and Sale Agreement entered contemporaneous herewith contain the entire agreement of the parties hereto and, except for any agreements or warranties otherwise stated in writing to survive the execution and delivery of this contract, supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. Neither the Seller nor the Purchaser shall be liable to the other for any representations made by any person concerning the Property or regarding the terms of this contract, except to the extent that the same are expressed in this instrument. This contract may be amended only by written instrument executed by the Seller and the Purchaser subsequent to the date hereof. To the extent there is any conflict between this contract, and/or the Purchase and Sale Agreement, and/or the Special Warranty Deed, the agreement of the parties shall be determined in the following order of priority, with the first being controlling: (1) Special Warranty Deed; (2) This Real Estate Contract; (3) Purchase and Sale Agreement.

THE SELLER AND THE PURCHASER HEREBY AGREE TO THE TERMS HEREIN ABOVE SET FORTH AND THE COVENANTS AND CONDITIONS CONTAINED IN THE GENERAL TERMS, ALL OF WHICH ARE INCORPORATED BY THIS REFERENCE. IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE SPECIFIC TERMS (INCLUDING ANY EXHIBITS ATTACHED) AND THE GENERAL TERMS, THE FORMER SHALL CONTROL.

IN WITNESS WHEREOF, the Seller and the Purchaser have executed this agreement as of the date first above stated.

SELLER: PORT OF CAMAS-WASHOUGAL

By: _____

David Ripp

Its: Executive Director

Date: _____

STATE OF WASHINGTON)

) ss.

COUNTY OF CLARK)

I certify that I know or have satisfactory evidence that David Ripp is the person who appeared before me, and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute this instrument and acknowledged it as the Executive Director of the PORT OF CAMAS-WASHOUGAL, a Washington Port district, to be the free and voluntary act of such entity for the uses and purposes therein mentioned.

Dated: _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing
at _____

My appointment expires _____

PURCHASER: CITY OF WASHOUGAL

By: _____

Its: _____

Date: _____

STATE OF WASHINGTON)

) ss.

COUNTY OF CLARK)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, and on oath stated that he/she was authorized to execute this instrument and acknowledged it as the _____ of the CITY OF WASHOUGAL, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes therein mentioned.

Dated: _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at _____

My appointment expires _____

EXHIBIT A

LEGAL DESCRIPTION

A tract of land in the north half of Section 21, Township 1 North, Range 4 East of the Willamette Meridian, Washington, described as follows:

COMMENCING at a 5/8" iron rod on the Northerly right-of-way line of the Corps of Engineer's dike, said point being N01°20'15"E, 4.58 feet and S52°13'54"E, 740.08 feet from the Northwest corner of said Section 21; thence leaving said right-of-way line, N44°38'23"E, 1916.07 feet to an iron rod; thence S76°36'27"E, 1253.45 feet to an iron rod; thence S10°34'17"W, 2084.38 feet to an iron rod at the TRUE POINT OF BEGINNING of the parcel herein described, said point also being on the Northerly right-of-way line of said dike; thence leaving said right-of-way line, N10°34'45"E, 461.58 feet; thence S88°36'01"E, 374.39 feet; thence S68°07'52"E, 343.29 feet; thence S73°19'26"E, 198.36 feet; thence S73°26'56"E, 160.51 feet; thence N17°28'45"E, 102.65 feet; thence S67°16'49"E, 31.65 feet; thence S65°33'04"E, 376.31 feet; thence N63°42'19"E, 112.43 feet; thence N01°23'59"E, 222.21 feet; thence S88°36'01"E, 313.55 feet; thence S31°10'01"E, 475.46 feet; thence S05°24'22"E, 132.60 feet to the Northerly right-of-way line of the Corps of Engineer's dike; thence along said right-of-way line the following courses: along the arc of a 152.39 foot radius, non-tangent curve to the left, through a central angle of 08°39'03", an arc length of 226.84 feet (chord bears N84°15'42"W, 226.63 feet); thence N88°35'14"W, 1209.15 feet; thence along the arc of a 2794.79 foot radius curve to the right, through a central angle of 02°20'11", an arc length of 113.96' (chord bears N87°25'08"W, 113.95 feet); thence N86°15'03"W, 141.48 feet; thence N03°44'57"E, 30.00 feet; thence N86°15'03"W, 516.09 feet up to a 5/8" iron rod and the point of beginning.

SITUATE IN THE COUNTY OF CLARK, STATE OF WASHINGTON.

EXHIBIT B

TITLE EXCEPTIONS

Title Exceptions shall have the same meaning as “Permitted Exceptions” as provided in the Purchase and Sale Agreement, to include: (a) all existing building and use restrictions, easements, rights of way, reservations, conditions, covenants, and restrictions presently of record or general to the area; (b) all building and zoning ordinances, laws, regulations, and restrictions of any municipal or other governmental authority applicable to the Property; (c) all easements, encroachments, and other encumbrances that do not materially affect the value of the Property or unduly interfere with Buyer’s reasonable use of the Property; (d) all taxes and special assessments which are a lien but which are not yet due and payable or for which statements have not yet been tendered; (e) all matters created by Buyer; (f) all matters contained in the preprinted general exceptions for a standard owner’s policy contained in the Title Binder, except that any printed exception as to any lien for taxes shall be limited to the period during which the Closing is scheduled to occur for which said taxes are not yet due and payable; and (g) all exceptions that are approved by Buyer or that Buyer is deemed to have approved as provided in this Agreement.

In addition, and in accordance with the Purchase and Sale Agreement, if Purchaser has failed to give Seller notice of its disapproval of any exception (including any exception noted in the Title Binder or any supplemental report as an exception to be deleted at or prior to Closing upon the occurrence of certain specified events) within such period as set forth in the Purchase and Sale Agreement, then Purchaser shall be deemed to have approved such exception(s), and the same shall be considered Title Exceptions pursuant to this Real Estate Contract.

EXHIBIT C

SPECIAL WARRANTY DEED (Fulfillment)

When Recorded Return To:
Port of Camas-Washougal
24 S. A Street
Washougal WA 98671

Grantor/Declarant:	Port of Camas-Washougal
Grantee:	City of Washougal
Abbreviated Legal:	One Tract in North Half of Sec. 21, T1N, R4E, W.M.
Legal Description:	Official legal description on Exhibit A
Assessor's Tax Parcel ID#:	135307000

The PORT OF CAMAS-WASHOUGAL (“Grantor”), a Port District operating under the laws of the State of Washington, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, in hand paid, bargains, sells, and conveys to the City of Washougal, a Washington State municipal corporation, (“Grantee”), the real property described on Exhibit A (the “Property”) attached hereto situated in the City of Washougal, the County of Clark, State of Washington.

The Grantor for itself and for its successors in interest does by these presents expressly limit the covenants of this Special Warranty Deed to those herein expressed, and excludes all covenants arising or to arise by statutory or other implication. Grantor and Grantee further agree that the following covenants, conditions, and restrictions shall constitute real covenants that run with the land and are binding upon all heirs, successors and assigns of all or any portion or interest of or in the Property:

- A. The property shall be used solely for the development and operation of water wells and appurtenant equipment, improvements, and facilities for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended; Except that the Grantee, its successors and assigns may utilize the Property for other utility purposes and general municipal purposes, provided that Grantee, its successors and assigns first obtains Grantor’s prior written consent, as determined by Grantor in its sole discretion. Grantee, its successors and assigns, shall not transfer, assign or use the Property for private use, except under those circumstances where (i) the Grantor has provided its prior written consent, as determined by Grantor in its sole discretion, (ii) there is no reverter of the Property, (iii) the Property is being sold, and (iv) the Grantor has elected to not exercise its right of first refusal as set forth herein.
- B. The Grantee shall not transfer title to the property within one year from the date of such owner’s purchase of the property
- C. Grantee, its successors and assigns shall not re-sell less than all of the Property, without the prior written consent of the Grantor, as determined in the Grantor’s sole discretion, unless the Grantor has elected to not exercise its right of first refusal as provided herein.
- D. If any owner of the property fails to complete the development of water wells and appurtenant equipment, improvements, and facilities on the Property within fifty (50) years of the Closing Date of the sale of the Property by the Port of Camas-Washougal, then the Port of Camas-Washougal Port Commission may cancel the sale and return the money paid on the purchase price to the owner of the

EXHIBIT C - Continued

SPECIAL WARRANTY DEED (Fulfillment)

EXHIBIT "A"

Legal Description

A tract of land in the north half of Section 21, Township 1 North, Range 4 East of the Willamette Meridian, Washington, described as follows:

COMMENCING at a 5/8" iron rod on the Northerly right-of-way line of the Corps of Engineer's dike, said point being N01°20'15"E, 4.58 feet and S52°13'54"E, 740.08 feet from the Northwest corner of said Section 21; thence leaving said right-of-way line, N44°38'23"E, 1916.07 feet to an iron rod; thence S76°36'27"E, 1253.45 feet to an iron rod; thence S10°34'17"W, 2084.38 feet to an iron rod at the TRUE POINT OF BEGINNING of the parcel herein described, said point also being on the Northerly right-of-way line of said dike; thence leaving said right-of-way line, N10°34'45"E, 461.58 feet; thence S88°36'01"E, 374.39 feet; thence S68°07'52"E, 343.29 feet; thence S73°19'26"E, 198.36 feet; thence S73°26'56"E, 160.51 feet; thence N17°28'45"E, 102.65 feet; thence S67°16'49"E, 31.65 feet; thence S65°33'04"E, 376.31 feet; thence N63°42'19"E, 112.43 feet; thence N01°23'59"E, 222.21 feet; thence S88°36'01"E, 313.55 feet; thence S31°10'01"E, 475.46 feet; thence S05°24'22"E, 132.60 feet to the Northerly right-of-way line of the Corps of Engineer's dike; thence along said right-of-way line the following courses: along the arc of a 152.39 foot radius, non-tangent curve to the left, through a central angle of 08°39'03", an arc length of 226.84 feet (chord bears N84°15'42"W, 226.63 feet); thence N88°35'14"W, 1209.15 feet; thence along the arc of a 2794.79 foot radius curve to the right, through a central angle of 02°20'11", an arc length of 113.96' (chord bears N87°25'08"W, 113.95 feet); thence N86°15'03"W, 141.48 feet; thence N03°44'57"E, 30.00 feet; thence N86°15'03"W, 516.09 feet up to a 5/8" iron rod and the point of beginning.

SITUATE IN THE COUNTY OF CLARK, STATE OF WASHINGTON.

EXHIBIT D
Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (“Agreement”) is made and entered into by and between the PORT OF CAMAS-WASHOUGAL, a Washington port district (“Seller”), and the CITY OF WASHOUGAL, a Washington municipal corporation (“Buyer”). Seller and Buyer are each referred to as a “Party”, and collectively as the “Parties”.

For and in consideration of the mutual covenants contained herein, the sufficiency of which is unconditionally acknowledged by Buyer and Seller, the Parties hereby agree as follows:

RECITALS; AGREEMENT TO BUY AND SELL; PROPERTY.

Authority. This Agreement is entered by the Parties under Chapter 39.33 & 53.08 RCW. The Property below-described is acquired by the Buyer solely for the development and operation of water system wells and appurtenant equipment, improvements and facilities, ~~for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended and other utility purposes and general municipal purposes as set forth in this Agreement.~~ Except as may otherwise be authorized by the Seller under this Agreement, Buyer shall not transfer, assign or use the Property for private use.

Property. Upon and subject to the terms, covenants, and conditions in this Agreement and the Real Estate Contract (defined in Section 3.3), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, pursuant to a real estate contract, that certain real property located in Clark County, Washington, identified as Clark County Tax Parcel No. 135307000, consisting of approximately 19.65 acres of land, which is legally described and generally depicted in Schedule 1 (the “Property”). The Property includes all right title and interest in the Property, including water rights and improvements on the Property such as exiting water wells, and, to the full extent permitted by applicable law, all permits, licenses, and approvals issued by any governmental agency with jurisdiction over the Property.

PURCHASE PRICE. The Purchase Price to be paid by Buyer to Seller for the Property is Six Hundred Fifty Nine Thousand Two Hundred Eighty Six Dollars and Sixty Cents (**\$659,286.60**), plus Interest in the amount of Two Hundred Forty Thousand Seven Hundred Thirteen Dollars and Forty Cents (**\$240,713.40**), for a total Purchase Price of Nine Hundred Thousand Dollars (**\$900,000.00**).

PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid as follows:

Earnest Money Deposit. Within five (5) business days from the Agreement Effective Date, Buyer shall wire to Clark County Title Co., 1400 Washington St, Ste

100, Vancouver WA 98660, Attn: Cheryl A. Flack ("Escrow Agent"), the sum of **Zero Dollars (\$0)** in immediately available funds as earnest money under this Agreement. The total amount of the earnest money delivered by Buyer to Escrow Agent under this Agreement and all interest earned thereon is referred to herein collectively as the "Earnest Money Deposit." All portions of the Earnest Money Deposit shall be deposited by Escrow Agent in an interest bearing account at a financial institution selected by Escrow Agent and reasonably acceptable to Seller and Buyer to ensure appropriate safety and liquidity. The Earnest Money Deposit shall be held and disbursed as provided in this Agreement. If this transaction closes as provided in this Agreement, then the Earnest Money Deposit shall be paid to Seller and credited against the Purchase Price as part of the Down Payment under the Real Estate Contract. If Buyer fails to timely make the earnest money payment under this Agreement and such failure continues for five (5) business days after written notice from Seller to Buyer, then Buyer shall be in default under this Agreement, and Seller may terminate this Agreement. If Seller elects to terminate this Agreement under this Section 3.1, then neither Party shall have any further rights or obligations hereunder, except for those rights and obligations which by their terms expressly survive termination of this Agreement.

Closing Payment. On or before the Closing Date (as defined in Section 9.5), Buyer shall wire to Escrow Agent the amount of **Eighteen Thousand Three Hundred Seventy One Dollars and Fifty Cents (\$18,371.50)** in immediately available funds ("Closing Payment"). If this transaction closes as provided in this Agreement, the Closing Payment shall be paid to Seller and credited against the Purchase Price.

Real Estate Contract. The balance of the Purchase Price shall be paid by Buyer to Seller in accordance with the terms of a Real Estate Contract in the form attached as Schedule 3.3 hereto ("Real Estate Contract"). In the event of any conflict between the terms of this Agreement and the terms of the Real Estate Contract, the terms of the Real Estate Contract shall govern.

CONDITIONS TO PURCHASE AND SALE.

Title and Survey Matters.

Title Binder. Within five (5) business days from the date of this Agreement, Buyer shall order a preliminary commitment for an ALTA owner's coverage title insurance policy from Clark County Title Co. ("Title Company") describing the Property, showing all matters pertaining to the Property, listing Buyer as the prospective named insured, and showing as the policy amount the total Purchase Price, without any deduction for credits. The Title Company shall deliver the title insurance policy commitment to Buyer and Seller together with true, correct, and legible copies of all instruments referred to in such title commitment as affecting

title to the Property. Such title insurance policy commitment and instruments affecting title are herein collectively referred to as the "Title Binder".

Survey. If Buyer desires to have a survey of the Property, or if a survey is required by the Title Company for coverage requested by Buyer, then Buyer at its sole cost and expense shall obtain a current and accurate ALTA/ACSM survey of the Property ("Survey"), prepared by a registered land surveyor licensed in the State of Washington. The Survey shall be completed within forty-five (45) days from the Agreement Effective Date and shall (i) show the boundaries and perimeter description of the Property; (ii) show the location, description, and dimension of all water wells on the Property, all right-of-way lines of, and location of access to, all public roads, private roads, streets, alleys, railroads, drainage channels, creeks, rivers, other water bodies or water courses, areas designated as wetlands, recreations areas, flood plains, flood hazard areas or overlaps thereon where they are over or adjacent to the Property, easements, fences, encroachments, the outside boundary lines of all improvements, and all pipelines, transmission lines, or conduits, on, adjacent to, or abutting the Property; (iii) state the total actual gross area within the boundaries and perimeter description of the Property; (iv) identify all matters disclosed by public record by volume and page reference or recording number; and (v) include the surveyor's registered number, be embossed with his seal, state the date of the survey, and be certified by such surveyor as being in accordance with ALTA/ACSM standards. Buyer, at no cost to Seller, shall provide a copy of the Survey to Seller upon Buyer's receipt thereof.

Objections to Title or Survey. Buyer shall have ten (10) business days after the Agreement Effective Date or Buyer's receipt of the Title Binder and Survey, whichever is later, as to exceptions contained in such Title Binder and Survey, and ten (10) business days after the Agreement Effective Date or Buyer's receipt of any supplemental report, whichever is later, as to exceptions contained in such supplemental report, to approve or disapprove any exceptions or conditions contained therein (other than Permitted Exceptions, defined below), in Buyer's sole and absolute discretion. If Buyer fails to give Seller notice of its disapproval of any exception (including any exception noted in the Title Binder or any supplemental report as an exception to be deleted at or prior to Closing upon the occurrence of certain specified events) within such period, then Buyer shall be deemed to have approved such exception (except for monetary liens attributable to Seller which Seller shall pay or cause to be satisfied at or prior to Closing).

Action on Objections. If Buyer disapproves any exception (other than a Permitted Exception) appearing in the Title Binder, Survey, or any supplemental report, then Seller shall have ten (10) business days after receipt of Buyer's notice to notify Buyer in writing of its agreement to cure or remove any of the disapproved exceptions. Seller's failure to notify Buyer that it will cure or remove a particular exception shall be deemed to constitute notice by Seller that it will not cure or remove that exception. Seller shall remove or cure by Closing the exceptions it

has agreed to remove or cure. If Seller notifies or is deemed to have notified Buyer that it will not agree to cure or remove any exception disapproved by Buyer, Buyer shall have ten (10) business days from the date of such notification to notify Seller in writing whether it will, in its sole discretion, waive such objections and close the transaction or terminate this Agreement. Buyer's failure to give such notice shall constitute Buyer's election to waive its objections and close the transaction. In that event, the disapproved exceptions shall become Permitted Exceptions. If Buyer elects to terminate this Agreement, then Seller shall pay any cancellation fee or other cost of the Title Company and Escrow Agent, and this Agreement and all rights and obligations of the Parties thereunder shall terminate, except for such obligations as expressly survive any termination of this Agreement. Notwithstanding anything to the contrary contained herein, a lien, encumbrance, or other exception to title representing a security interest relating to an obligation to pay money and attributable to Seller shall be deemed disapproved and shall be removed by Seller at or before Closing.

Title Policy. At Closing, Seller at its cost will cause the Title Company to issue to Buyer an ALTA standard coverage owner's policy of title insurance, in the amount of the Purchase Price, insuring Buyer against loss or damage arising from defects in title to the Property other than the Permitted Exceptions (the "Title Policy"). The Title Policy shall contain such endorsements as shall be reasonably requested by Buyer. If Buyer elects to obtain an ALTA extended coverage owner's policy, Buyer shall pay the difference in the premium between the standard coverage policy and the extended coverage policy, together with the cost of a survey or an update of the existing survey, if such is required in order to obtain the extended owner's coverage. Buyer shall also pay for the cost of any endorsements requested by Buyer. If at Closing the Title Company will not insure the title as provided above, Buyer may either proceed to close despite the lack of required insurance or terminate this Agreement. If Buyer terminates this Agreement, then the Escrow Agent shall immediately return the Earnest Money Deposit to Buyer, Seller shall pay any cancellation fee or other cost of the Title Company and Escrow Agent, and this Agreement and all rights and obligations of the Parties thereunder shall terminate, except for such obligations as expressly survive any termination of this Agreement.

Permitted Exceptions. As used herein, the term "Permitted Exceptions" means: (a) all existing building and use restrictions, easements, rights of way, reservations, conditions, covenants, and restrictions presently of record or general to the area; (b) all building and zoning ordinances, laws, regulations, and restrictions of any municipal or other governmental authority applicable to the Property; (c) all easements, encroachments, and other encumbrances that do not materially affect the value of the Property or unduly interfere with Buyer's reasonable use of the Property; (d) all taxes and special assessments which are a lien but which are not yet due and payable or for which statements have not yet been tendered; (e) all matters created by Buyer; (f) all matters contained in the preprinted general

exceptions for a standard owner's policy contained in the Title Binder, except that any printed exception as to any lien for taxes shall be limited to the period during which the Closing is scheduled to occur for which said taxes are not yet due and payable; and (g) all exceptions that are approved by Buyer or that Buyer is deemed to have approved as provided in this Agreement.

Buyer's Feasibility Contingency. Buyer's obligation to purchase the Property is subject to and contingent upon the satisfaction or waiver, within the applicable contingency period, of the following conditions:

Seller Deliverables. Within five (5) business days from the Agreement Effective Date, Seller shall make available for review by Buyer all documents regarding the Property reasonably requested by Buyer and Seller's possession or control, including environmental reports, inspection reports, surveys, engineering studies and reports, and other documents related to the Property in Seller's possession or control, except to the extent such documents are protected from disclosure under any applicable law. Seller will provide electronic copies of such documents as already exist in electronic format, or make copies of such documents, as Buyer may request, and Buyer shall pay for the cost of such copying. Seller makes no representation to Buyer as to the accuracy or completeness of the information in such documents, and all documents and information provided to Buyer pursuant to this Agreement are provided without any warranty whatsoever. Buyer shall use the documents and information obtained from Seller only for purposes of analyzing whether it will complete the purchase of the Property and shall not disclose the contents thereof to any person other than its employees, attorneys, accountants, consultants, agents and representatives who are assisting Buyer in evaluating the Property, unless required by any applicable law. Upon termination of this Agreement, Buyer shall return all copies of Seller's documents to Seller upon Seller's request, except such copies as Buyer is required to retain pursuant to applicable law.

Review of Property and Related Matters by Buyer. Buyer shall have sixty (60) days from the Agreement Effective Date (the "Feasibility Contingency Period") in which to investigate and review the Property and all matters relating thereto and to determine, in Buyer's sole and absolute discretion, whether to proceed with this transaction. Buyer's investigation and review may include, but is not limited to, the review of any existing surveys, reports, studies, and other written materials regarding the Property; the conducting of surveys, toxic and hazardous waste studies, engineering, electrical, mechanical, historical use, structural, geologic, hydrologic, and other studies, and physical inspections, soils sampling and/or tests (including borings) with respect to the Property (subject to Section 5 below); the investigation and review of endangered species, habitat, wetlands, zoning, and other laws, ordinances, codes, covenants, and/or restrictions affecting the Property; and the review of the requirements and conditions of governmental bodies with jurisdiction over the Property, the restrictions, if any, to demolishing any existing improvements on the Property, the certificates, licenses, and permits existing with respect to the

Property and the likelihood and anticipated cost of obtaining additional certificates, licenses, and permits that Buyer desires to obtain with respect thereto, the availability and access to public roads, the availability of utilities and sewer capacity, the potential opportunity to acquire additional property adjacent to or contiguous with the Property, the past performance of the Property and the potential future performance of the Property, any leases and other agreements affecting the Property, the potential to finance the Property and/or the development thereof in a manner satisfactory to Buyer, in all respects, and the feasibility of Buyer's planned use of the Property. All reviews, investigations, inspections, and studies made by Buyer shall be at Buyer's sole cost and expense. If Buyer terminates this Agreement, then the results of all tests, surveys, reviews, investigations, inspections, and studies of the Property made by or for Buyer, and all reports and other documents related thereto, shall become the property of Seller and shall be delivered by Buyer to Seller upon such termination, all at no cost to Seller.

Buyer's Right to Terminate. If Buyer does not approve the results of its investigation and review of the Property and all matters relating thereto, and/or Buyer decides not to proceed with this transaction, then Buyer may terminate this Agreement by giving written notice to Seller and Escrow Agent stating Buyer's disapproval and intent to terminate this Agreement ("Feasibility Termination Notice"). Buyer's failure to give such Feasibility Termination Notice prior to the expiration of the Feasibility Contingency Period shall be deemed to constitute the waiver of this contingency. If Buyer gives such Feasibility Termination Notice to Seller prior to the expiration of the Feasibility Contingency Period, then Escrow Agent shall disburse the Earnest Money Deposit to Buyer, and upon such disbursement neither Buyer nor Seller shall have any further liability to the other under this Agreement, except for such obligations as expressly survive any termination of this Agreement.

Buyer's Closing Conditions. Buyer's obligation to purchase the Property is subject to and contingent upon the satisfaction or waiver, as of Closing, of the following conditions:

Seller shall have performed all obligations to be performed by Seller hereunder and under escrow on or before Closing (or, if earlier, on or before the date set forth in this Agreement for such performance); and

The condition of the Property shall be substantially the same as on the date of this Agreement, except for the effects of ordinary wear and tear and actions taken by either party in accordance with this Agreement.

At Closing, (a) Seller shall sign and deliver to Escrow Agent a Real Estate Contract in the form attached as Schedule 3.3 hereto, and (b) the Title Company shall deliver the Standard Owner's ALTA Title Policy specified in Section 4.1.5 of this Agreement, or an Extended Title Policy if so requested by Buyer and Buyer satisfies all requirements for the delivery of an Extended Title Policy.

1.1 Parties' Closing Condition Concerning Governing Body Approval / Actions. The Parties' obligations under this Agreement are subject to and contingent on the following occurring prior to Closing: (i) the approval of this Agreement and all terms of this transaction by the Port of Camas-Washougal Commission in open public meeting; and (ii) the Port of Camas-Washougal Commission declaring the Property to be surplus and amending the Port's comprehensive scheme to permit the sale of the Property in open public meeting; and (iii) the successful completion of all appropriate environmental review processes (if any) necessary for the sale of the Property, including any appeals. The Parties' obligations under this Agreement are also subject to and contingent on the approval of this Agreement and all terms of this transaction by the City of Washougal City Council in open public meeting prior to Closing.

1.2 Use of Property. The Parties acknowledge that the Seller had previously acquired, prepared, and purposed the Property for Port industrial uses, and that the Seller is only willing to sell the Property to Buyer given the Buyer's representation of its need to acquire the Property for use as a municipal water system. The Property is acquired by the Buyer solely for the development and operation of water system wells and appurtenant equipment, improvements and facilities, for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended. In addition, the Buyer, its successors and assigns may utilize the Property for other utility purposes and general municipal purposes, provided that Buyer, its successors and assigns first obtains Seller's prior written consent, as determined by Seller in its sole discretion. Buyer, its successors and assigns, shall not transfer, assign or use the Property for private use, except under those circumstances where (i) the Seller has provided its prior written consent, as determined by Seller in its sole discretion, (ii) there is no reverter of the Property, (iii) the Property is being sold, and (iv) the Seller has elected to not exercise its right of first refusal as set forth herein.

1.3 Transfer Within One Year. Buyer shall not transfer title to the Property within one year from the date of purchase.

1.4 Sale of Less than Entire Property. Buyer, its successors and assigns shall not re-sell less than all of the Property, without the prior written consent of the Seller, as determined in the Seller's sole discretion, unless the Seller has elected to not exercise its right of first refusal as provided in Section 4.9 herein.

1.5 Non-Completion of Wells. Buyer represents that the timing for permitting and development of well fields on the property may take decades, and actual well construction may be phased over subsequent years. If Buyer fails to complete the development of water wells and appurtenant equipment, improvements, and facilities on the Property within fifty (50) years of the Closing Date (the "Development Term"), then the Seller may cancel the sale and return the money paid

on the purchase price to Buyer, and title to the Property shall revert to Seller. The Development Term shall be extended for any reasonable period of (1) administrative processing of permits by the Washington Department of Health, Washington Department of Ecology or other state or federal jurisdiction with authority; (2) administrative appeals before the Washington Pollution Control Hearings Board, Shoreline Hearings Board or other administrative appeals entity; and (3) judicial review; provided such administrative process, appeal, or judicial review has been commenced prior to ten years from the expiration of the Development Term.

1.6 Right of First Refusal.

1.6.1 For a period of one hundred (100) years of the Closing Date, the Seller shall have a continuing right of first refusal with respect to the Property. If at any time any owner of the Property or any part thereof solicits or receives a bona fide arms-length offer by a third party to purchase the Property or any part thereof that such owner intends to accept, then such owner shall transmit such offer in writing to the Seller, who shall have a continuing right of first refusal, exercisable within thirty (30) business days from the receipt of such third party offer, to purchase the Property (or material part thereof) from such owner at the same price and terms; provided, that if such terms include payment of the purchase price in installments, then the Seller may elect to pay such purchase price entirely in cash at closing, and if such offer includes non-monetary consideration, then the Seller may substitute an equal monetary sum. Upon any change in the terms of such sale, or upon the failure of such sale, or upon the Seller's election to not exercise its right of first refusal with respect to such offer, the Seller's continuing right of first refusal shall continue to apply to the Property. The continuing right of first refusal set forth in this section shall also attach to each subsequent ownership interest in the Property and any part thereof.

1.7 The Seller's Right of First Refusal set forth in Section 4.9.1 shall not apply to the sale of all or a portion of the Property to the City of Camas or other municipality or public utility, provided such sale is for the express purpose of the development and operation of water system wells and appurtenant equipment, improvements and facilities, for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended.

1.8 **Sale, Real Estate Contract, and Deed.** The sale of the Property is conditioned on and subject to, and the Real Estate Contract and Deed shall contain, the above provisions in the form attached as Schedule 4.13 hereto, as covenants running with the land. Any violation thereof shall result in the right by the Port of Camas-Washougal Port Commission to declare a forfeiture and reassume title to the Property. This remedy shall be in addition to all other remedies available to Seller under this Agreement and under any and all applicable law, and shall survive Closing.

1.9 Seller Acknowledgement for Wells and Well Field Development.
Seller acknowledges that Buyer's development of water wells and associated well fields on the Property are in the City's interest and are intended to support economic development of other Seller property and the community.

BUYER'S LICENSE TO ENTER PROPERTY.

License to Enter Property. From the Agreement Effective Date through the end of the Feasibility Contingency Period or earlier termination of this Agreement, Buyer and its contractors, agents, servants, employees, and licensees shall have the right and permission to enter upon the Property or any part thereof at all reasonable times after reasonable notice to Seller, without interfering with the use of the Property by Seller or any other person rightfully in possession of the Property, for the purpose of making any and all soil tests, surveys, and such other studies and investigations of the Property as Buyer may desire to make, all at Buyer's sole cost and expense. Provided, however, that Buyer shall not conduct any sampling, boring, or other investigation of the soil or groundwater on the Property without first providing a work plan for such investigation to Seller and obtaining Seller's prior written consent to such work plan, which consent shall not be unreasonably withheld, conditioned, or delayed, and provided further that all work conducted by Buyer on the Property shall be strictly in accordance with any work plan approved by Seller.

Insurance. Before entering the Property and thereafter for the duration of this Agreement or until Closing, whichever occurs first, Buyer at its sole cost and expense shall procure and maintain policies of liability insurance valid in the State of Washington reasonably acceptable to Seller, which are primary as to any other existing, valid and collectible insurance insuring Buyer against loss or liability caused by or in connection with the performance of this Agreement by Buyer, its agents, servants, employees, invitees, guests, contractors or subcontractors, in types and amounts not less than: (i) a Commercial General Liability Insurance Occurrence Form or equivalent, including Blanket Contractual Liability, with a minimum combined single limit of Two Million Dollars (\$2,000,000) each occurrence for Bodily Injury, Personal Injury, and Property Damage; (ii) Comprehensive Automobile Liability Insurance or equivalent covering all owned, hired or otherwise operated non-owned vehicles, with a minimum combined single limit of One Million Dollars (\$1,000,000) each occurrence for Bodily Injury and Property Damage; and (iii) Workers' Compensation Insurance as required by law. The policies of liability insurance shall name Seller and its officers, directors, agents and employees as additional insured and shall not exclude or restrict coverage based upon alleged or actual negligence of an additional insured. Buyer shall deliver to Seller a certificate of insurance and additional insured endorsements evidencing the existence of the policies and further evidencing that coverage will not be canceled or materially changed prior to thirty (30) days' advance written notice to Seller. Subrogation against Seller shall be waived as respects all of the insurance policies set forth above (including without limitation policies of any subcontractor).

Restoration of Property. If Buyer does not close the purchase of the Property, then Buyer shall, as soon as possible and in any event within thirty (30) days from the termination of this Agreement, and at Buyer's sole cost and expense, repair any damage to the Property caused by Buyer or its agents, employees or contractors, and restore the Property to the same physical condition it was in immediately prior to the time Buyer or its agents, employees, or contractors entered on the Property under this License. If Buyer fails to so restore the Property, then Seller may perform the work and Buyer shall reimburse Seller for the cost and expense thereof within thirty (30) days after Seller's delivery of a bill for such costs to Buyer.

Indemnification of Seller. Buyer shall indemnify and hold harmless Seller from and against any mechanic's or other liens, and any other claims or encumbrances, that may be filed or asserted against the Property or Seller arising out of or related to any actions of Buyer or Buyer's contractors, agents, servants, employees, or licensees in connection with the Property. In addition, to the fullest extent it may lawfully do so, Buyer shall indemnify and hold harmless Seller, its commissioners, members, directors, officers, agents, servants and employees, from and against any and all liability, loss, costs, and expense of whatsoever nature growing out of property damage, personal injury to, or death of, persons whomsoever, where such property damage, personal injury, death, loss, destruction or damage arises in connection with or incident to the occupation or use of the Property by, or the presence thereon of, Buyer or Buyer's contractors, agents, servants, employees, or licensees prior to Closing.

Survival of Buyer's Obligations. Notwithstanding anything in this Agreement to the contrary, the obligations of Buyer set forth in this Section 5 shall survive any termination of this Agreement, and shall survive Closing and the delivery of Seller's Deed to Buyer.

CONDITION OF PROPERTY AND PURCHASE AND SALE.

"AS IS" Purchase. Except as otherwise expressly provided in this Agreement, Buyer agrees that the Property is being sold to and purchased by Buyer **"AS IS, WHERE IS, AND WITH ALL FAULTS"**, Seller shall have no obligation to make any repairs or improvements to the Property before or after Closing, and Seller hereby disclaims any and all representations and warranties, and makes no representations or warranties to Buyer of any kind, express or implied, including, without limitation, the physical or environmental condition, habitability, or suitability for any particular purpose of the Property or any improvements or personal property located thereon. Buyer acknowledges, covenants, represents, and warrants that: (i) Buyer has been given a reasonable opportunity to inspect and investigate the Property either independently or through agents of Buyer's choosing, and Buyer has inspected or will inspect the Property, the improvements thereon, if any, and all matters relating thereto which Buyer desires, to the extent desired by Buyer; (ii)

except as otherwise expressly provided in this Agreement, neither Seller nor anyone on Seller's behalf has made or is making any representations or warranties with respect to the Property, and Seller expressly disclaims any representations or warranties concerning the accuracy or completeness of any of the disclosures made to Buyer with respect to the Property; (iii) Buyer is relying solely on Buyer's own investigation of the Property and all matters pertaining thereto, including but not limited to the environmental condition of the Property, and is not relying on any statement or representation, express or implied, of Seller or any representative of Seller; and (iv) except as otherwise expressly set forth in this Agreement, Buyer is purchasing the Property **"AS IS, WHERE IS, AND WITH ALL FAULTS"**. Buyer further agrees that, notwithstanding anything in this Agreement to the contrary, in no event shall Seller be liable for any special, indirect, or consequential damages, or claim for contribution, including but not limited to claims for loss of use, rents, anticipated profit or business opportunity, business interruption, diminution in value, or mental or emotional distress or fear of injury or disease.

Waiver of Right to Receive Seller Disclosure Statement. BUYER AGREES AND ACKNOWLEDGES THAT THE PROPERTY CONSTITUTES "COMMERCIAL REAL ESTATE" AS DEFINED IN RCW 64.06.005. BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, RECEIPT OF A SELLER DISCLOSURE STATEMENT REQUIRED UNDER RCW 64.06.013 FOR TRANSACTIONS INVOLVING THE SALE OF COMMERCIAL REAL ESTATE EXCEPT FOR THE SECTION OF THIS STATEMENT ENTITLED "ENVIRONMENTAL". THE DISCLOSURE STATEMENT WITH THE "ENVIRONMENTAL" SECTION COMPLETED BY SELLER IS ATTACHED TO THIS AGREEMENT AS SCHEDULE 6.2 (THE "DISCLOSURE STATEMENT"). BUYER ACKNOWLEDGES ITS RECEIPT OF THE DISCLOSURE STATEMENT AND WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, ITS RIGHT TO RESCIND THE AGREEMENT UNDER RCW 64.06.013. THIS WAIVER OF THE RIGHT TO RESCIND APPLIES TO THE SELLER DISCLOSURE STATEMENT PROVIDED BEFORE, ON, OR AFTER THE DATE OF THIS AGREEMENT, AND APPLIES PROSPECTIVELY TO ANY UPDATED OR REVISED SELLER DISCLOSURE STATEMENTS THAT MAY BE PROVIDED BY SELLER TO BUYER. BUYER FURTHER AGREES THAT ANY INFORMATION DISCOVERED BY BUYER OR SELLER CONCERNING THE PROPERTY SHALL NOT OBLIGATE SELLER TO PREPARE AND DELIVER TO BUYER A REVISED OR UPDATED SELLER DISCLOSURE STATEMENT, AND BUYER HEREBY WAIVES ANY RIGHT TO RECEIVE AN UPDATED OR REVISED SELLER DISCLOSURE STATEMENT, REGARDLESS OF THE SOURCE OF ANY NEW INFORMATION.

Buyer's Initials

Release And Waiver Of Claims. Except as otherwise expressly provided in this Agreement, effective upon Closing, Buyer assumes the risk and waives and

releases Seller and its present and former commissioners, directors, officers, employees, agents, insurers, affiliates, related persons, successors, and assigns, and their respective present and former parents, subsidiaries, affiliates, shareholders, directors, officers, employees, agents, and representatives (each a "Released Party"), from any and all present and future claims, liabilities, losses, damages, and expenses, including attorney fees, related to the Property purchased by Buyer.

Indemnity of Seller. Except as otherwise expressly provided in this Agreement, from and after Closing, Buyer shall indemnify, protect, defend and hold harmless Seller and each Released Party (each, an "Indemnified Party") from and against any and all present and future claims, liabilities, losses, damages, and expenses, including attorney fees, related to the Property purchased by Buyer, such indemnification to be from the first dollar and without limitation in amount or time.

Material Consideration to Seller; "Walk Away" by Seller. The Parties acknowledge and agree that Buyer's assumption of liabilities, and the release and indemnification by Buyer of Seller and the Released Parties as set forth herein, are specifically bargained for portions of the consideration to Seller for the sale and conveyance of the Property hereunder, and that Seller would not enter into this Agreement without such provisions. It is the intent and agreement of the Parties that after Closing, Seller and any Released Parties shall "walk away" and have no liability whatsoever at any time with respect to the Property purchased by Buyer or the ownership, use, or condition thereof.

Survival. The provisions of this Section 6 shall survive Closing and the delivery of Seller's Deed to Buyer.

REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants to Seller, which representations and warranties shall be deemed made by Buyer to Seller also as of the Closing Date, that:

Buyer has the power and authority to enter into this Agreement, and each individual executing this Agreement on behalf of Buyer has the full power and authority to enter into this Agreement and to perform on Buyer's behalf all of Buyer's obligations hereunder, subject to Section 4.4 above;

No consent, approval, authorization, or order of, or registration or filing with, any court or governmental agency or body or other third party is required in connection with Buyer's execution and delivery of this Agreement or the performance by Buyer of its obligations hereunder, subject to Section 4.4 above;

The obligations of Buyer set forth in this Agreement are valid and binding obligations of Buyer, enforceable against Buyer in accordance with the provisions of this Agreement, subject to Section 4.4 above; and

Neither execution or delivery of this Agreement, nor consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, contravenes any provision of any law, rule, statute, or ordinance to which Buyer is subject, or conflicts with or results in a breach of, or constitutes a default under, any of the terms, conditions, or provisions of any agreement or instrument to which Buyer is a party.

REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby makes the following representations and warranties to Buyer, which representations and warranties shall also be deemed to be made by Seller to Buyer as of the Closing Date, and shall also be deemed to be continuing thereafter insofar as appropriate:

Seller has the power and authority to enter into this Agreement, and each individual executing this Agreement on behalf of Seller has the full power and authority to enter into this Agreement and to perform on Seller's behalf all of Seller's obligations hereunder, subject to Section 4.4 above;

1.10 No consent, approval, authorization, or order of, or registration or filing with, any court or governmental agency or body or other third party is required in connection with Seller's execution and delivery of this Agreement or the performance by Seller of its obligations hereunder, subject to Section 4.4 above;

1.11 The obligations of Seller set forth in this Agreement are valid and binding obligations of Seller, enforceable against Seller in accordance with the provisions of this Agreement, subject to Section 4.4 above;

1.12 Neither execution or delivery of this Agreement, nor consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, contravenes any provision of any law, rule, statute, or ordinance to which Seller is subject, or conflicts with or results in a breach of, or constitutes a default under, any of the terms, conditions, or provisions of any agreement or instrument to which Seller is a party;

1.13 Seller is the sole legal fee owner of the Property, and is not holding fee title as a nominee for any other person or entity. No person or entity other than Buyer has any right of first refusal or option to acquire any interest in the Property or any part thereof, and Seller has not sold or contracted to sell the Property or any portion thereof or interest therein other than as set forth herein;

1.14 Except as expressly set forth in this Agreement, Seller makes no representations or warranties regarding the Property or any improvements, including without limitation any warranties with respect to condition or suitability for a particular purpose.

ESCROW.

Opening of Escrow. Upon execution of this Agreement by Buyer and Seller, Buyer shall open escrow with Clark County Title Co. in Vancouver, Washington ("Escrow Agent"), by depositing with Escrow Agent a copy of this Agreement. This Agreement shall become a part of the escrow and shall constitute the basic instruction of Buyer and Seller to Escrow Agent. However, Buyer and Seller agree to execute such additional instructions and documents as are reasonably required to complete the closing of the sale of the Property in accordance with the terms and conditions of this Agreement. In case of conflict, this Agreement shall control.

Deposits into Escrow. Buyer and Seller shall deposit into Escrow, on or before the Closing Date, all documents and funds necessary to carry out this Agreement, including the following:

Deposits by Buyer. Buyer shall deposit into Escrow: (i) cash or other form of payment recognized by Escrow Agent as immediately available funds equal to the Closing Payment, plus Buyer's share of escrow fees and related charges; and (ii) the Real Estate Contract, duly executed and acknowledged by Buyer. Buyer shall also deposit into Escrow such other documents and funds as are reasonably required to close the sale of the Property pursuant to the terms of this Agreement.

Deposits by Seller. Seller shall deposit into Escrow the Real Estate Contract, duly executed and acknowledged by Seller. Seller shall also deposit into Escrow such other documents and funds as are reasonably required to close the sale of the Property pursuant to the terms of this Agreement.

Prorations. The following items shall be prorated as follows:

Real and personal property taxes and assessments with respect to the Property, and any refunds thereof, to the extent the same are prorated by the appropriate taxing agencies under applicable law, which shall be prorated as of Closing;

Utility charges and assessments with respect to the Property, which shall be prorated as of Closing, but Buyer and Seller hereby waive the services of the Closing Agent in disbursing closing funds necessary to satisfy unpaid utility charges affecting the Property pursuant to RCW 60.80;

All charges and payments made or received with respect to any contracts with respect to the Property which are assigned to and assumed by Buyer, which shall be prorated as of Closing;

Special assessments against the Property for public improvements, to the extent remaining unpaid, which shall be allocated to Seller if such improvements are commenced and completed prior to the date of this Agreement, and shall be allocated to Buyer if such improvements are commenced or completed after the date of this Agreement, regardless of the date of levy or assessment and regardless of whether such assessments can be paid in installments; and

Any latecomer fees relating to utilities that serve the Property, which shall be prorated as of the date of this Agreement.

Fees and Costs. Buyer shall pay at closing the cost of recording the Real Estate Contract, and one-half of the escrow fees pertaining to this transaction. If Buyer elects to obtain an ALTA extended coverage owner's policy, then Buyer shall also pay the difference in the premium between the standard policy and the extended policy, together with the cost of a survey or an update of the existing survey, if one is required to obtain the extended policy. Buyer shall also pay for the cost of any endorsements requested by Buyer. Seller shall pay at closing all real estate excise taxes or similar charges incident to the conveyance of title to the Property to Buyer, the cost of a standard coverage owner's policy of title insurance, and the other one-half of the escrow fees pertaining to this transaction. Provided, that if escrow is terminated due to the failure of both Parties to perform any of their respective material obligations, then the Parties shall each pay one-half (1/2) of the escrow fees charged, and if escrow is terminated due to the failure of only one party to perform any of its material obligations, then such party shall pay all escrow fees charged. Such payment shall not affect any other rights between the Parties. Except as otherwise expressly provided above, each Party shall pay its own respective fees and costs incurred with respect to this transaction including, without limitation, attorneys' fees.

Closing Date. Provided that all conditions set forth in this Agreement have been fulfilled or waived, this transaction shall be closed at the offices of the Escrow Agent on a date to be selected by Buyer which shall be no later than (30) days after the expiration of the Feasibility Contingency Period. If Buyer waives all or a portion of the Feasibility Contingency Period, Buyer may select a date prior to the expiration of the Feasibility Contingency Period for Closing (hereinafter the "Closing Date"). This escrow may be extended only by a written extension agreed to and signed by both Buyer and Seller. If this transaction does not close by the Closing Date as provided herein or as subsequently agreed to by the Parties in writing, then escrow shall be terminated. Notwithstanding anything to the contrary, if a Party requires additional time to complete action required to be completed by a Party prior to Closing, the Closing shall be extended for a reasonable time to permit the Party to complete such action, provided that the Party diligently pursues completion of such action.

Close of Escrow. When all of the conditions and instructions provided for herein have been satisfied and complied with, and this transaction is ready to close, then Escrow Agent shall promptly close this transaction (the "Close of Escrow" or "Closing") and shall:

Record the Real Estate Contract for the Property;

Deliver original bills of sale, assignments, and all other documents included in the sale of the Property to Buyer;

Disburse funds on deposit in escrow to the appropriate persons in accordance with this Agreement and final settlement statement approved by the Parties;

Deliver the original title insurance policy to Buyer; and

Deliver copies of the recorded Real Estate Contract, filed excise tax affidavit, final settlement statement, and all other documents included in the sale of the Property, to Buyer and to Seller, as appropriate.

GENERAL PROVISIONS.

No Agency or Partnership. Buyer and Seller agree that nothing contained herein shall be construed to create the relationship of principal and agent, joint venture, partnership, or any other form of legal association which would impose liability upon one party for the act or failure to act of another party.

Amendment or Modification. No amendment, modification, or change of this Agreement shall be valid unless made in writing and signed by the Parties hereto.

Assignment. Buyer shall not assign, agree to assign, offer to assign, or solicit offers for, Buyer's interest in or rights to purchase the Property, without the prior written consent of Seller, in its sole and absolute discretion. Provided, however, that Seller's consent shall not be unreasonably withheld if Buyer sells all or a portion of the Property to the City of Camas or other municipality or public utility, provided such sale is for the express purpose of the development and operation of water system wells and well fields. The Property is acquired by the Buyer solely for the development and operation of water system wells and appurtenant equipment, improvements and facilities, for a municipal regional potable water supply, and consistent with the Application for a Water Right Permit (Washington Ecology No. G2-30528, August 2009), as amended, and for other utility purposes and general municipal purposes as set forth in this Agreement.

Further Assurances. Each of the Parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts

and things reasonably necessary in connection with the performance of its obligations hereunder in good faith, to carry out the intent of the Parties herein.

Authority. Each of the signatories hereto hereby represents and warrants that he or she has the right, power, legal capacity, and authority to enter into this Agreement and to bind the entity he or she represents to this Agreement and the obligations hereunder.

Casualty or Condemnation. If on or after the Agreement Effective Date and prior to Closing any fire, windstorm, or other casualty occurs with respect to all or any part of the Property, or any action is initiated by any governmental entity other than Buyer to acquire all or part of the Property by condemnation, and such casualty or condemnation has a material and substantial affect on the Property and on Buyer's proposed use of the Property, then Buyer may elect, by written notice to Seller prior to Closing, to terminate this Agreement and the escrow created pursuant hereto, and be relieved of its obligation to purchase the Property. If Buyer makes such election, then the entire Earnest Money Deposit shall be disbursed by Escrow Agent to Buyer, and upon such disbursement neither Buyer nor Seller shall have any further liability to the other under this Agreement, except for such obligations as expressly survive termination. If Buyer fails to make such election prior to the Closing Date, then this Agreement shall continue in effect, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment in form and substance reasonably satisfactory to Buyer, its entire right, title, and interest in and to all insurance or condemnation claims and proceeds to which Seller may be entitled in connection with such casualty or condemnation with respect to the Property, as the case may be. For purposes of this subsection, the term "material and substantial affect" shall mean one that would make the remaining or unaffected portion of the Property unsuitable or economically unfeasible for Buyer's intended use. Seller shall forthwith notify Buyer in writing of any such casualty or condemnation with respect to the Property. In the event of any condemnation (or deed in lieu thereof) that does not have a material and substantial affect on the Property, the Purchase Price shall nonetheless be reduced based upon the area of the Property so taken.

Commissions. Each Party represents and warrants that it is not and has not been represented by any broker, agent, or other person in connection with any of the transactions contemplated by this Agreement, and that it has not dealt with any broker, agent, or other person to which a commission or other fee is due in connection with any of the transactions contemplated by this Agreement, and that insofar as it knows, no broker, agent, or other person is entitled to any commission, charge, or fee in connection with any of the transactions contemplated by this Agreement. Each Party agrees to indemnify, defend, and hold harmless the other Party against any loss, liability, damage, cost, claim, or expense, including interest, penalties, and reasonable attorney fees, that the other Party incurs or suffers by reason of a breach by the first Party of the representations and warranties in this section.

Counterparts. This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement binding on the Parties.

Default. In the event of a default under this Agreement by Seller prior to Closing without any default by Buyer or failure of any condition to Seller's obligations hereunder, Buyer's sole and exclusive remedy shall be the return of the entire Earnest Money Deposit, to be retained by Buyer as liquidated damages and not as a penalty. In the event of a breach or default by Buyer prior to Closing without any default by Seller or failure of any condition to Buyer's obligations hereunder, Seller's sole and exclusive remedy shall be the forfeiture of the Earnest Money Deposit from Buyer, to be retained by Seller as liquidated damages and not as a penalty. The Parties acknowledge that in the event of default prior to Closing, Buyer or Seller may have incurred substantial but unascertainable damages and that, therefore, the provisions herein for liquidated damages are valid and enforceable. Buyer further agrees that, notwithstanding anything in this Agreement to the contrary, in no event shall Seller be liable for specific performance or for any special, consequential, or other damages, including but not limited to claims for loss of use, rents, anticipated profit or business opportunity, business interruption, diminution in value, or mental or emotional distress or fear of injury or disease.

Escrow Agent. The funds deposited into escrow and all interest earned thereon shall be disbursed by the Escrow Agent to the party ultimately entitled to receive same pursuant to the terms and conditions of this Agreement. Escrow Agent has executed this Agreement to indicate its agreement to comply with each of the obligations imposed on it hereunder and to acknowledge that it is aware that in entering into this Agreement both Buyer and Seller are relying on Escrow Agent's agreement to so comply. All Parties hereby agree to indemnify and hold Escrow Agent harmless from any loss, liability or expense incurred by Escrow Agent hereunder except for violation by Escrow Agent of this Agreement. If Escrow Agent becomes uncertain at any time of the proper disposition of any funds or documents it may be holding hereunder, then it may interplead the same with a court of competent jurisdiction and abide by such court's direction. Escrow Agent shall file all tax reporting documents required to be filed in connection with the transaction described herein.

Exhibits and Schedules. All exhibits and schedules attached hereto are incorporated herein by reference.

Extensions. Should any dates of this Agreement be extended for the benefit of Seller or Buyer to meet their obligations under this Agreement (including, but not limited to, any time beyond the title review period needed for the curing of title defects), then the corresponding dates under this Agreement shall be extended by an appropriate number of days.

Headings. The headings used in this Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the interpretation or construction of any term or provision hereof.

Inducements. The execution and delivery of this Agreement by the Parties hereto has been induced by no statements, representations, warranties, or agreements other than those expressed herein.

Integration. This Agreement constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and any and all other agreements, understandings, or representations with respect thereto, whether oral or otherwise, and whether occurring before or after the date of this Agreement, are of no force or effect.

Interpretation. This Agreement is the result of negotiations between the Parties, each of which participated in the preparation of this Agreement, and each of which was or had the opportunity to be represented by legal counsel, and this Agreement shall be interpreted and construed according to the fair intent of the language as a whole, and not for or against any particular Party.

Notices. Any and all notices, requests, approvals, or other communications required or desired to be given hereunder (collectively, "notice") shall be in writing and shall be validly given or made if: (i) personally served; (ii) sent by regular mail, (iii) sent by email to the email addresses provided herein, if any, or (iv) sent by Federal Express or other nationally recognized courier service; however, in case of a notice of breach or termination, then notice must be made in writing and (i) personally served or (ii) sent by certified, registered, or express mail with postage prepaid thereon and return receipt requested. Notice shall be deemed given (i) at the time of personal service; or (ii) upon receipt or refusal by the addressee if sent by mail or courier; or (iii) upon receipt by the addressee and written confirmation of such receipt by the addressee (other than by automatic electronic confirmation). Notice shall be effective and deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Seller:

Port of Camas-Washougal
24 S A St
Washougal, WA 98671
Attn: David Ripp
Phone: (360) 835-2197 ext 101

With a copy to Seller's attorney:

Goodstein Law Group PLLC
501 S G St

Tacoma, WA 98405
Phone: (253) 779-4000

To Buyer:

City of Washougal
1701 "C" Street
Washougal, WA 98671
Attn: Public Works Director
Phone: (360) 835-8501

With a copy to Buyer's attorney:

Foster Pepper PLLC
Suite 3400
1111 Third Avenue Bldg.
Seattle, WA 98101-3299
Phone: (206) 447-4400

To Escrow Agent:

Clark County Title Co.
1400 Washington St, Ste 100
Vancouver, WA 98660
Attn: Cheryl A. Flack
Phone: (360) 694-4722
Fax: (360) 694-4734
Email: cherylf@clarkcountytile.com

Any party may change its address for the purpose of receiving notices by written notice to the other party hereto as herein provided.

Possession. Buyer shall be entitled to possession of the Property upon Closing.

Successors and Assigns. Subject to the provisions of Section 10.3 above, this Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, legal representatives, successors, and assigns.

Survival. All agreements, covenants, representations, and warranties of the Parties contained in this Agreement or in any other document provided for herein shall survive the Closing and the delivery of any deed, except where the context clearly indicates a contrary intent.

No Third Party Beneficiaries. Except as expressly provided in this Agreement, nothing in this Agreement is intended to confer any rights or remedies

under or by reason of this Agreement on any person other than the Parties to it and their respective successors and assigns, if any, nor shall any provision give any third parties any right of subrogation or action against any party to this Agreement.

Time. Time is of the essence of each provision of this Agreement.

Waiver. No waiver shall be effective unless set forth in writing and signed by the Party charged with making the waiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver constitute a waiver of any preceding, succeeding, or continuing occurrence or condition, unless expressly stated in the waiver.

Applicable Law; Venue. This Agreement shall be governed in all respects by the internal laws of the State of Washington. All actions and proceedings related to this Agreement shall be held in Clark County, Washington.

Attorney Fees. In any legal action or proceeding, including but not limited to arbitration, brought to enforce this Agreement, to declare the rights and duties under this Agreement, or to resolve a dispute, breach, or default in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs, including expert witness fees, incurred in such action or proceeding, in addition to any other relief to which such party may be entitled, whether incurred at trial or on appeal or in any bankruptcy proceeding.

Agreement Effective Date. This Agreement takes effect and shall be in force on the last date of signature by each of the Party's representatives, below.

SIGNATURES APPEAR ON FOLLOWING PAGES

IN WITNESS WHEREOF, the Parties have hereunto set their hands on the day and year written below.

SELLER: PORT OF CAMAS-WASHOUGAL

By: _____
David Ripp
Its: Executive Director
Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF CLARK)

I certify that I know or have satisfactory evidence that David Ripp is the person who appeared before me, and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute this instrument and acknowledged it as the Executive Director of the PORT OF CAMAS-WASHOUGAL, a Washington Port district, to be the free and voluntary act of such entity for the uses and purposes therein mentioned.

Dated: _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of
Washington, residing at _____
My appointment expires _____

BUYER: CITY OF WASHOUGAL

By: _____

Its: _____

Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF CLARK)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, and on oath stated that he/she was authorized to execute this instrument and acknowledged it as the _____ of the CITY OF WASHOUGAL, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes therein mentioned.

Dated: _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of
Washington, residing at _____
My appointment expires _____

CLARK COUNTY TITLE CO.
AGREES TO PERFORM AS ESCROW
AGENT IN ACCORDANCE WITH THE
TERMS AND CONDITIONS OF THIS
AGREEMENT.

By: _____
Authorized Agent

APPROVED AS TO FORM:

SCHEDULE 1

LEGAL DESCRIPTION FOR PROPERTY

A tract of land in the north half of Section 21, Township 1 North, Range 4 East of the Willamette Meridian, Washington, described as follows:

COMMENCING at a 5/8" iron rod on the Northerly right-of-way line of the Corps of Engineer's dike, said point being N01°20'15"E, 4.58 feet and S52°13'54"E, 740.08 feet from the Northwest corner of said Section 21; thence leaving said right-of-way line, N44°38'23"E, 1916.07 feet to an iron rod; thence S76°36'27"E, 1253.45 feet to an iron rod; thence S10°34'17"W, 2084.38 feet to an iron rod at the TRUE POINT OF BEGINNING of the parcel herein described, said point also being on the Northerly right-of-way line of said dike; thence leaving said right-of-way line, N10°34'45"E, 461.58 feet; thence S88°36'01"E, 374.39 feet; thence S68°07'52"E, 343.29 feet; thence S73°19'26"E, 198.36 feet; thence S73°26'56"E, 160.51 feet; thence N17°28'45"E, 102.65 feet; thence S67°16'49"E, 31.65 feet; thence S65°33'04"E, 376.31 feet; thence N63°42'19"E, 112.43 feet; thence N01°23'59"E, 222.21 feet; thence S88°36'01"E, 313.55 feet; thence S31°10'01"E, 475.46 feet; thence S05°24'22"E, 132.60 feet to the Northerly right-of-way line of the Corps of Engineer's dike; thence along said right-of-way line the following courses: along the arc of a 152.39 foot radius, non-tangent curve to the left, through a central angle of 08°39'03", an arc length of 226.84 feet (chord bears N84°15'42"W, 226.63 feet); thence N88°35'14"W, 1209.15 feet; thence along the arc of a 2794.79 foot radius curve to the right, through a central angle of 02°20'11", an arc length of 113.96' (chord bears N87°25'08"W, 113.95 feet); thence N86°15'03"W, 141.48 feet; thence N03°44'57"E, 30.00 feet; thence N86°15'03"W, 516.09 feet up to a 5/8" iron rod and the point of beginning.

SITUATE IN THE COUNTY OF CLARK, STATE OF WASHINGTON.