



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-05-28 (1)

DATE: May 28, 2014
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Approval of Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns, to purchase the Wedgewood property

Background

This resolution would authorize me to sign a Purchase and Sale Agreement (PSA) to sell our Wedgewood properties to Dean and Anne Curry. The PSA would be in substantially the form shown in the attached draft.

Wedgewood was built in 1981 and THA acquired it in 1996. It is a 50 unit, single family home property; 46 of the units are in one neighborhood located just off of North Pearl Street, at North 39th Street. The four additional units are on the Eastside of Tacoma. The property has a loan with Heritage Bank with a balance of \$4.1 million; the loan with Heritage has no prepayment penalty, nor affordability covenants. The property has a HAP contract that expires in October, 2014; this contract can be renewed. We also anticipate that it can be transferred to the Buyer; confirmation of the ability to transfer the contract is included as a part of the Buyer's due diligence.

THA and Anne Curry negotiated a Letter of Intent, with a price of \$6,250,000. The Board had approved the LOI in April. Once we execute the PSA, a 45 day period will follow to allow the Buyer to complete due diligence and determine whether or not to proceed with the purchase. An additional 60 financing period will follow to allow the purchaser to arrange her financing..

The Purchase and Sale Agreement also outlines the brokerage fees to be paid to Wise Real Estate Investments. These fees are 2.5% of the sales price and total \$156,250.

The PSA outlines the Buyer's intent

- The Buyer intends to keep 75% of the units affordable for the first year by keeping the existing HAP contract in place for 75% or 38 of the units. The Buyer's goal is release 25% of the units or 12 units each year from the HAP contract.
- For those units released from the HAP contract, HUD will give THA Tenant Protection Vouchers. These vouchers can be used by the existing tenants to move or remain in place at Wedgewood.

As a result of the sale:

- THA will pay off an existing \$4.1 million debt to Heritage.
- The property currently has approximately \$700,000 in reserves that THA would keep.
- THA will net between \$2.5 and \$3 million from the combination of net sales proceeds and reserves, after the debt and fees are paid.

The Buyer intends to maintain affordability for a period of time, gradually releasing units from the HAP contract, maintaining 75% of the units as affordable and subsidized for the first year and releasing the remaining units from the HAP contract at a rate of 25% per year. This loss of subsidy will be replaced with Tenant Protection Vouchers which THA can provide to existing tenants. While the “hard” units may eventually be lost as affordable, the subsidies for 50 units will remain in the community. These subsidies can be used for tenants to remain in place at Wedgewood, or move, thereby distributing affordable housing around the City.

The proceeds of sale could be invested into Hillside Terrace II, or another development or acquisition. Hillside is planned as a new construction, 70 unit community, close to other THA properties, making it easier to manage.

Recommendation

Approve Resolution 2014-5-28 (1) authorizing the Executive Director to execute the Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns, to purchase the Wedgewood property.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-5-28 (1)

APPROVAL OF PURCHASE AND SALE AGREEMENT WITH ANNE CURRY TO PURCHASE THE WEDGEWOOD PROPERTY

WHEREAS, Tacoma Housing Authority (THA) owns the rental property known as Wedgewood;

WHEREAS, Tacoma Housing Authority (THA) has received a Letter of Intent from Anne Curry to purchase the Wedgewood property;

WHEREAS, the Letter of Intent outlines development of a Purchase and Sale Agreement containing the terms of the Letter of Intent;

WHEREAS, the Purchase and Sale Agreement has been reviewed by THA legal counsel;

WHEREAS, the Purchase and Sale Agreement contains the brokerage fees of 2.5% of the sales price (\$156,250) to be paid;

Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:

The Executive Director is authorized to execute the Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns to purchase the Wedgewood property.

Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:

1. the Executive Director is authorized to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns, to purchase the Wedgewood property. The PSA shall be in substantially the attached form.

Approved: May 28, 2014

A handwritten signature in black ink, appearing to read "Greg Mowat", is written over a horizontal line. Below the line, the text "Greg Mowat, Chairman" is printed.

Greg Mowat, Chairman

PURCHASE AND SALE AGREEMENT
(The Wedgewood Homes)

This Purchase and Sale Agreement ("**Agreement**") is made to be effective as of the ____ day of _____, 2014 (the "Effective Date"), by HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, ("**Seller**") and Dean and Anne Curry, husband and wife, and/or assigns ("**Buyer**").

1. Purchase and Sale. Upon the terms and conditions set forth herein, Buyer agrees to buy from Seller and Seller agrees to sell to Buyer the improved real property in Tacoma, Pierce County, Washington consisting of fifty (50) single-family homes, on 48 separate parcels of land, together with all improvements thereon and all other rights appurtenant to the Property, as described on Exhibit A (the "**Land**"), together with all improvements thereon and all other rights appurtenant thereto (the "**Property**"). The Property includes (i) Seller's interest in the Land and all easements and other rights appurtenant thereto, (ii) all buildings and improvements on the Land (the "**Improvements**"), (iii) personal property owned by Seller and used in the operation of the Property as listed on Exhibit B (the "**Personal Property**"), (iv) all leases and other agreements under which residential tenants occupy all or any portion of the Land and Improvements ("**Leases**" as reflected in the Rent Roll attached as Exhibit C), (v) all contract rights, service contracts and similar agreements Buyer agrees to assume at Closing pursuant to Section 5.5 below (the "**Contracts**"), (vi) the permits, approvals, studies, surveys, warranties and other documents associated with the Land, Improvements, Personal Property, Leases and Contracts (the "**Permits**"), and (vii) all licenses, franchises, trade names, trademarks, service marks, telephone numbers and advertising materials associated with the Property (the "**Intangibles**").

2. Price. The purchase price for the Property shall be SIX MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$6,250,000) ("**Purchase Price**") payable as follows: At Closing, Buyer shall pay to Seller the Purchase Price, less the amount of the Earnest Money, plus or minus applicable adjustments and pro-rations as provided below, in cash, or in immediately available funds. No portion (\$-0-) of the Purchase Price shall be allocated to taxable personal property for sales/use tax purposes.

3. Deposit and Earnest Money. Within two (2) business days after the Effective Date, Buyer shall deposit in escrow with First American Title Insurance Company (the "**Escrow Company**"), cash in the amount of FIFTY THOUSAND DOLLARS (\$50,000.00, the "**Earnest Money**"). The Earnest Money shall be credited towards the purchase price at Closing, or disbursed as set forth herein.

4. Title

4.1 Title. Within four (4) business days after the Effective Date, Buyer shall obtain a commitment for title insurance for the Property issued by First

American Title Insurance Company (the "**Title Company**"), together with complete and legible copies of all exceptions and encumbrances noted thereon (the "**Commitment**").

4.2 Survey. Within five (5) days after the Effective Date, Seller shall provide Buyer with a copy of any survey of the Property in Seller's possession or control (the "**Survey**"). All costs to survey, re-survey, or to update or recertify the Survey shall be paid by Buyer.

4.3 Title and Survey Review.

4.3.1 Buyer shall have ten (10) business days after the Effective Date (the "**Title Feasibility Period**") to advise Seller in writing (the "**Title Notice**") of any encumbrances, restrictions, easements or other matters contained in the Preliminary Commitment or on the Survey (the "**Exceptions**") to which Buyer objects. Buyer shall not object to (a) taxes, assessments, and similar impositions that are a lien but not yet delinquent (subject to proration at Closing), (b) the Leases, (c) applicable zoning and building ordinances and land use regulations, or (d) the Department of Housing and Urban Development HAP Contract for the Project ("**HAP Contract**"), collectively, the "**Permitted Encumbrances**". All Exceptions to which Buyer does not object in writing within the Title Feasibility Period, or Seller does not agree to remove, shall also be deemed Permitted Encumbrances.

4.3.2 If Buyer timely delivers a Title Notice to Seller, then Seller shall advise Buyer in writing ("**Seller's Removal Notice**") within ten (10) business days after receipt of Buyer's Title Notice ("**Seller's Notice Period**") (i) which Exceptions Seller will not remove at Closing, (ii) which Exceptions the Title Company has agreed to insure around in the title policy to be issued at Closing (together with any proposed form of endorsement for such matters) and (iii) which Exceptions will not be removed or insured around.

4.3.3 If Buyer timely delivers a Title Notice to Seller and (i) Seller does not deliver a Seller's Removal Notice within the Seller's Notice Period, or (ii) Seller's Removal Notice is not acceptable to Buyer, then Buyer may, within five (5) business days after the expiration of Seller's Notice Period, elect to terminate this Agreement in writing ("**Termination Notice**") given to Buyer and Title Company, and receive a refund of the Earnest Money. If Buyer does not timely deliver a Termination Notice, Buyer shall be deemed to accept title as reflected in Seller's Removal Notice (or the Commitment, if no Seller's Removal Notice is given), this Agreement shall continue in full force and effect, and the parties shall proceed to Closing.

4.3.4 Notwithstanding the foregoing process Seller agrees to remove all financial encumbrances and liens other than the Permitted Encumbrances, at or prior to Closing, provided, however, that if the amount of money demanded by the lender to release the lien of Heritage Bank under the Deed of Trust reflected as Exception No. _____ on the Commitment is in

excess of FOUR MILLION, TWENTY ONE THOUSAND ONE HUNDRED TWENTY SEVEN DOLLARS (\$4,021,127.00), then Seller shall have the election, within ten (10) days after its receipt of the Heritage Bank payoff demand, to terminate this Agreement by written notice to Buyer and to Title Company. If Seller elects to so terminate this Agreement, Seller shall pay the reasonable documented costs of Buyer's feasibility review, which payment shall not in any event exceed Ten Thousand Dollars (\$10,000.00).

4.4 Title Insurance. Title Company shall deliver to Buyer at Closing an Owner's ALTA Extended Coverage policy of title insurance (2006) issued by Title Company in the face amount of the Purchase Price, dated the date of Closing, insuring Buyer's title subject to no exceptions other than the standard printed exceptions and the Permitted Encumbrances pursuant to Section 4.3 above. Seller agrees to provide a commercially reasonable standard form of affidavit the Title Company may require to remove from the policy of title insurance the standard preprinted exception for parties in possession (other than tenants, as tenants only, under the Leases).

5. Review of Property.

5.1 Review Materials. Within five (5) days after the Effective Date, Seller shall provide to Buyer the following documents and materials, to the extent that they are in the possession or control of Seller (the "**Review Materials**):

5.1.1 The most current rent roll for the Property (the "**Rent Roll**").

5.1.2 A summary of the Personal Property.

5.1.3 Copies of all contracts and agreements applicable to the Property.

5.1.4 Any existing surveys of the Property.

5.1.5 Financial Statements for the Property for the last 3 years, together with monthly income and expense statements for the Property for each of the last two (2) months prior to the date of this Agreement.

5.1.6 A list and description of all litigation relating to the Property, if any.

5.1.7 A copy of all environmental, engineering and soils reports relating to the Property (or any property adjacent to the Land, if such reports are in Seller's possession).

In addition to the foregoing specific items, Seller shall also make available to Buyer for its review at Seller's office or the office of Seller's property manager, all of Seller's books and records relating to the Property, copies of all Leases, any inspection

reports with respect to the Property, reports of any capital needs assessments, records of capital improvements, advertising materials, correspondence, and other documents, materials and records related to the Property and the operation thereof.

5.2 Feasibility Period. Buyer shall have forty five (45) days from the Effective Date of this Agreement (the "**Feasibility Period**") to conduct a due diligence and feasibility review with respect to the Property and the Review Materials and to satisfy itself with respect to the condition of and other matters relating to the Property. Seller and its representatives and consultants shall cooperate with Buyer in connection with Buyer's review of the Property and the Review Materials.

5.2.1 Initial Feasibility Contingencies. Buyer's obligation to close the purchase of the Property under the terms of this Agreement will be contingent upon Buyer's review and satisfaction, within the Feasibility Period, with each of the following "**Initial Contingencies**":

5.2.1.1 Property Condition: Buyer will determine, in Buyer's sole discretion, the feasibility of the Property for Buyer's purposes.

5.2.1.2 Land Use/Zoning: Buyer will review and determine, in Buyer's sole discretion, whether the current and potential land use and zoning designations and environmental audits of the Property are sufficient and acceptable for Buyer's purposes.

5.2.1.3 Department of Housing and Urban Development HAP Contract: Buyer will review and determine, in Buyer's sole discretion, the ability of Buyer to assume, and operate the property in accordance with the affordability covenants of the Project-Based HAP Contract, its contractual obligations, language, and requirements, in a manner acceptable for Buyer's purposes. It is Buyer's intention to renew the HAP Contract for successive one year periods, after maturity of the current HAP Contract term, which expires in October 2014, with the ability to gain release from the contract, up to twelve (12) of the individual properties at each successive renewal, beginning with the second renewal in October 2015, but nothing in the Buyer's plans or intentions will have the effect of imposing any obligation on Seller with respect to the HAP Contract or otherwise. After closing, Tacoma Housing Authority shall have no further obligation with respect to the HAP Contract.

Not later than the last day of the Feasibility Period, Buyer shall give Seller notice in writing ("**Feasibility Notice**") either waiving the Initial Contingencies or terminating this Agreement. If Buyer fails to provide a Feasibility Notice to Seller prior to expiration of the Feasibility Period that the Property is acceptable to Buyer, then Buyer shall be deemed to have waived the Initial Contingencies, this Agreement shall continue in full force and effect, and the parties shall proceed to Closing.

5.3 Access, Entry and Restoration. During the Feasibility Period and subject to the rights of all Tenants, Buyer shall be entitled to access to the Property to

conduct such investigations, tests, surveys and other analyses as Buyer determines is necessary, provided (i) Buyer shall conduct such tests or investigations so as not to interfere with Seller or Tenant activities on the Property, (ii) Buyer shall restore the Property to its original condition following any such tests and investigations, and (iii) Buyer shall indemnify, defend and hold Seller harmless from and against all claims, costs, expenses and liabilities arising out of the entry by Buyer or any person on behalf of Buyer upon the Property and/or the performance of the tests and investigations conducted by Buyer on the Property. Any soils, water, or other materials bored or excavated by Buyer's inspectors shall be properly handled and disposed of at Buyer's expense in accordance with all applicable laws, rules and regulations. Buyer shall promptly pay, discharge, or otherwise remove any mechanics liens filed against the Property by Buyer's inspectors. Seller shall have the right to have an employee, agent or representative accompany Buyer and Buyer's inspectors, and Buyer shall give Seller at least four (4) days' notice ("**Entry Notice**") of any entry on the Property for any purpose, to facilitate the scheduling of such inspections. Seller shall provide notice to the Tenants of Buyer's proposed entry onto the Property in accordance with such Entry Notice. In the event that Buyer revises or reschedules an inspection time, then Buyer shall give to Seller an additional Entry Notice for such revised time. The indemnity obligations of Buyer set forth above shall survive the Closing or any termination of this Agreement.

5.4 Right to Interview Property Manager. During the Feasibility Period, Buyer shall be entitled to meet with and/or interview Seller's property manager and all on-site staff at the Property, at reasonable times upon advance notice.

5.5 Approval of Contracts. Prior to expiration of the Feasibility Period, Buyer shall also advise Seller in writing of the Contracts Buyer desires to assume and continue in effect following Closing, and those that Buyer will have Seller terminate. Seller at its sole cost and expense shall cause all Contracts not to be assumed by Buyer at Closing to be terminated at or prior to Closing provided, however, if such Contracts do not by their terms allow for termination within such time period, then such Contracts shall be terminated in accordance with their terms and Buyer shall assume all obligations under such Contracts until so terminated. If Buyer does not notify Seller of Contracts to be terminated, then Buyer shall assume all obligations under all Contracts.

5.6 Survey. During the Feasibility Period, Buyer may, at Buyer's sole option and expense, obtain a new survey of the Property or update any existing surveys provided by Seller.

6. Financing Contingencies. Buyer shall obtain new purchase financing for Buyer's acquisition of the property.

6.1 Acquisition Financing. Buyer's obligation to purchase the Property will be dependent on Buyer's subjective satisfaction with a loan commitment provided to Buyer from Buyer's lender. Buyer shall have a period of sixty (60) days after Buyer's waiver of the Initial Contingencies (the "**Financing Period**") in which to obtain said loan commitment from a lender of Buyer's choice.

6.2 Waiver or Termination of Financing Contingencies. Buyer shall have until the end of the Financing Period, to waive, in writing, this Financing Contingency ("**Financing Notice**"). If Buyer does not Deliver a Financing Notice by the end of the Financing Period, then Buyer shall be deemed to have waived the Financing Contingencies, this Agreement shall continue in full force and effect, and the parties shall proceed to Closing.

7. Closing.

7.1 Time and Place of Closing. Closing shall occur in the office of the Escrow Company, on a date agreed to by Buyer and Seller, not later than ten (10) business days after the earlier of (a) the date of delivery of the Financing Notice, or (b) the last day of the Financing Period. Buyer and Seller shall deposit in escrow all funds, instruments and documents necessary to complete the transaction in accordance with this Agreement. As used herein, "Closing" or "date of Closing" means the date on which all appropriate documents are recorded and the proceeds of sale are available for disbursement to Seller.

7.2 Closing Costs. At Closing, Seller shall pay (i) the premium for the standard coverage policy of title insurance, (ii) real estate excise taxes, and (iii) one-half of Escrow Company's escrow fees and charges. Buyer shall pay (i) the costs of the extended coverage portion of the policy of title insurance and any title insurance endorsements required by Buyer, (ii) one-half of Escrow Company's escrow fees and charges, (iii) the costs of ordering or updating any survey, and (iv) all recording fees. All other closing costs shall be paid and allocated in accordance with the custom in the county in which the Property is located. Each party shall be responsible for its own legal, accounting and consultant fees.

7.3 Pro-rations. Real property taxes, assessments, surface water management charges, utilities and other expenses of the Property shall be prorated as of the date of Closing. Lease income and all other income and revenue of the Property shall be prorated as of the date of Closing based upon the rental income and revenue actually collected for the month in which Closing occurs. Any rental delinquencies collected after Closing shall be paid to Buyer and applied first to rents owed to Buyer for rent due after Closing, then to past due rents owed to Seller for periods prior to Closing. Security deposits, prepaid rents, and all other refundable and non-refundable deposits and fees shall be transferred to Buyer in cash at Closing or, at Seller's option, at Closing, Buyer shall receive a credit against the Purchase Price for such amounts.

Any revenue or expense amount which cannot be ascertained with certainty as of Closing shall be prorated based upon the parties' reasonable estimation, and shall be reconciled within thirty (30) days of Closing or as soon thereafter as the precise amounts can be ascertained. Either party owing the other party money based upon the final reconciliation shall promptly pay it to the other party, which amount shall bear interest at the rate of 12% per annum from the date 10 days after written demand for such payment is made by the party entitled to such payment.

8. Deliveries at Closing.

8.1 Seller's Delivery. At Closing, Seller shall deliver the following:

8.1.1 Statutory Warranty Deed (the "**Deed**") and Real Estate Excise Tax Affidavit in the prescribed form, and any other transfer tax forms as may be required in connection with the transfer of the Property or any portion thereof.

8.1.2 Bill of Sale, in form attached hereto as Exhibit E.

8.1.3 Assignment and Assumption of Leases, in form attached hereto as Exhibit F.

8.1.4 Assignment and Assumption of Contracts, in form attached hereto as Exhibit G, transferring to Buyer the HAP Contract and the Service Contracts Buyer agrees to assume at Closing.

8.1.5 Such other quit claim assignments as Buyer may reasonably require to transfer all other Property to Buyer.

8.1.6 FIRPTA Affidavit.

8.1.7 All prepaid rents and security deposits and fees (whether refundable or nonrefundable) under the Leases, subject to Seller's right under Section 7.3 above to grant Buyer a credit at Closing against the amount otherwise due from Buyer.

8.1.8 Originals (if available) of all of the Leases and Contracts which Buyer has elected to assume at Closing relating to the Property.

8.1.9 Such other documents and instruments as may be reasonably required by Buyer or the Title and/or Escrow Company in connection with the Closing.

8.2 Buyer's Delivery. At Closing, Buyer shall deliver the following:

8.2.1 Cash in the amount of the Purchase Price (subject to adjustments and pro-rations as set forth herein and with a credit for the Earnest Money, and at Seller's option, a credit for all prepaid rents and security deposits and fees (whether refundable or nonrefundable) under the Leases.

8.2.2 A counterpart of the Assignment and Assumption of Leases.

8.2.3 A counterpart of the Assignment and Assumption of Contracts.

8.2.4 Real Estate Excise Tax Affidavit in the prescribed form and

any other transfer tax forms as may be required in connection with the transfer of the Property or any portion thereof.

8.2.5 Such other documents and instruments as may be reasonably required by Seller or the Title and/or Escrow Company in connection with the Closing.

9. Operations Pending Closing. From the date hereof until Closing, Seller agrees to manage and operate the Property in a prudent manner consistent with existing practices and to keep the Property in good working order and repair. Seller further agrees (i) to maintain the existing property and casualty insurance on the Property, (ii) to perform all of its obligations under any existing licenses, **permits**, Leases and Contracts, and (iii) to not lease, rent or otherwise permit any person or persons to occupy any portion of the Property other than pursuant to Leases executed in the ordinary course of business with parties unaffiliated with Seller (using a tenant occupancy lease form consistent with the form previously delivered to Buyer, and at rental rates and for terms generally as set forth in the Rent Roll.

10. Risk of Loss. Seller shall deliver the Property to Buyer at Closing in substantially the same condition existing as of the date hereof. Risk of loss of or damage to the Property shall be borne by Seller until the date of Closing. In the event of material loss or damage to the Property or any material portion thereof prior to Closing, Buyer may terminate this Agreement and the Earnest Money shall be refunded to Buyer. Notwithstanding the foregoing, Buyer may elect to purchase the Property in the condition existing on the date of Closing, and Seller shall assign or transfer to Buyer all insurance proceeds or insurance claims applicable to any loss or damage occurring prior to Closing.

11. Condemnation. If the Property or any material part thereof is or becomes the subject of a condemnation proceeding prior to Closing, Buyer may, at its option, terminate this Agreement by giving notice of such termination to Seller, and upon such termination the Earnest Money shall be refunded to Buyer; provided, however, that Buyer may elect to purchase the Property (or such portions thereof as have not been taken in the condemnation proceeding), in which case the total Purchase Price shall be reduced by the total of any condemnation award received by Seller at or prior to Closing. On Closing, Seller shall assign to Buyer all Seller's rights in and to any future condemnation awards or other proceeds payable or to become payable by reason of any taking. Seller agrees to notify Buyer of condemnation proceedings promptly after Seller learns thereof.

12. ENVIRONMENTAL MATTERS. Intentionally Omitted

13. Closing Conditions of Buyer. In addition to the other provisions set forth elsewhere in this Agreement, the obligations of Buyer hereunder are conditioned upon the following:

13.1 Seller's representations and warranties as set forth in Section 14.1 through 14.11 hereof shall be true, complete and current as of the date of Closing.

13.2 Seller shall have performed all of its obligations under this Agreement.

14. Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows:

14.1 Title. As of the date of Closing, Seller shall have good, marketable, indefeasible title to the Property free and clear of all liens, claims and encumbrances except for Permitted Encumbrances.

14.2 Leases. The Leases made available to Buyer have not been amended, orally or in writing, except as disclosed to Buyer. With respect to the Leases:

14.2.1 There are no oral or written leases, rental agreements or other occupancy agreements other than the Leases reflected on the Rent Roll at the Effective Date and the Closing Date.

14.2.2 No person other than the tenants named in the Leases has any right of possession to any portion of the Property.

14.2.3 Except as reflected in the Rent Roll, no concessions or abatements have been given to any tenant under a Lease and no tenant is occupying a portion of the Property free of rent.

14.2.4 Excluding security deposits and advanced rentals disclosed in the Rent Roll, no more than one month's rent has been paid in advance by any tenant under a Lease.

14.2.5 Each Lease has been executed and is in full force and effect without modification and full rent (as shown in the Rent Roll) is accruing thereunder.

14.2.6 No person has an option or right of first refusal to purchase or lease any fee interest in the Property, and no person has any expansion rights, renewal rights, or deferred leasing commissions.

14.2.7 Tenants have taken occupancy of their Units under the Leases.

14.2.8 Seller is not in default under any Lease.

14.2.9 To the best of Seller's knowledge, other than rental or other delinquencies as set forth on the Rent Roll, no Tenants under a Lease are in default thereunder.

14.2.10 No brokerage or leasing commission is due, unpaid or partially paid, or may become due in the future, with respect to Leases, and there is no

agreement (written or oral) that would commit Buyer to pay any such commission under any Lease.

14.3 Use of Property. Subject to matters disclosed in the Review Materials provided to Buyer, to the best of Seller's knowledge, Seller has not receive any notice indicating that the present use and operation of the Property (i) are not authorized by, or are not in material compliance with, any laws, rules, regulations, permits, agreements, and licenses with respect thereto or any covenants and restrictions disclosed in the Commitment, or (ii) are not in material compliance with all applicable zoning and land use laws and regulations.

14.4 Personal Property. Any Personal Property owned by Seller, which is discovered on the Property by Buyer or Seller prior to or after the Closing shall be transferred by Seller to Buyer at no additional cost, free and clear of all liens, claims and other encumbrances.

14.5 Contracts. All Contracts made available for Buyer's review have been executed and are in full force and effect (other than Contracts required to be terminated by Seller prior to Closing). No default or breach by Seller exists under any Contract. In addition, to the best of Seller's knowledge, the parties other than Seller to any Contract are not in default thereunder.

14.6 Litigation. To Seller's knowledge, there is no claim, litigation, proceeding or governmental investigation pending or threatened against or relating to Seller, the Property, or the transactions contemplated by this Agreement, or any dispute arising out of any contract or commitment entered into regarding the Property.

14.7 No Defaults. To the best of Seller's knowledge, neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of the terms hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument which affects the Property or to which the Property is subject or any applicable laws or regulations of any governmental body having jurisdiction over the Property.

14.8 Mechanics' Liens. Seller agrees to keep the Property free from liens which might result from any improvements, repairs or maintenance that have been made or will be made to the Property prior to Closing which might form the basis of mechanics' and materialmen's liens, and to indemnify, defend, protect and hold Buyer harmless from any and all such liens (except any such liens that may arise from the activities of Buyer or Buyer's inspectors on the Property).

14.9 Organization. Seller is authorized to own and operate the Property in the manner in which the Property is currently operated. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (i) be in violation of Seller's organizational documents; (ii) to the best of

Seller's knowledge, conflict with or result in a breach of any law, regulation, writ, injunction or decree of any or governmental instrumentality applicable to Seller; (iii) constitute a breach of any evidence of indebtedness or agreement to which Seller is a party or by which Seller is bound, provided that any such indebtedness is paid in full at Closing, and/or Buyer fully complies with the assumption requirements and affordability requirements of the Department of Housing and Urban Development HAP Contract.

14.10 Financial Statements. The financial statements provided to Buyer as part of the Review Materials (i) are true and complete and (ii) fairly present the income and expenses of the Property for the periods covered by such statements.

14.11 Hazardous Substances. To the best of Seller's knowledge, except as described in the environmental reports and Review Materials provided to Buyer, (i) the Property does not contain, no activity on the Property has produced, and the Property has not been used in any manner for the storage, discharge, deposit or dumping of hazardous or toxic wastes or substances, whether in the soil, ground water or otherwise; and (ii) the Property does not contain underground tanks of any kind.

14.12 Survival. The representations and warranties of Seller set forth in this Section 14 shall survive the Closing for a period of one (1) year ("**Survival Period**"). Buyer shall provide Seller with written notice (a "**Notice of Breach**") of any alleged breach or failure of any representation or warranty made by Seller and specifying the nature thereof within the Survival Period. Buyer must commence any action, suit, or proceeding with respect to any breach or failure that is the subject of the Notice of Breach, if at all, on or before the date that is ninety (90) days after the expiration of the Survival Period ("**Suit Deadline**"). Seller acknowledges and agrees that the resolution of such action, suit, or proceeding may not occur until after the expiration of the Survival Period and the Survival Period shall be deemed to be tolled with respect to (and only with respect to) any alleged breach or failure of a representation or warranty of which Seller receives a Notice of Breach before the expiration of the Survival Period, provided Buyer files an action, suit, or proceeding with respect thereto prior to the Suit Deadline. Notwithstanding the foregoing to the contrary, Seller shall have no liability in connection with this Agreement by reason of any inaccuracy of a representation or warranty if, and to the extent that, Buyer should reasonably have had knowledge of such inaccuracy at the time of the Closing given the circumstances, including without limitation the timing of the receipt of such information as disclosed to Buyer or otherwise included in the Review Materials, and Buyer elects, nevertheless, to consummate the transaction contemplated hereby.

14.13 **WAIVER OF RIGHT TO RECEIVE SELLER DISCLOSURE STATEMENT AND WAIVER OF RIGHT TO RESCIND. THE LAND AND IMPROVEMENTS CONSTITUTE "COMMERCIAL REAL ESTATE" AS DEFINED IN RCW 64.06. BUYER WAIVES THE RIGHT TO RECEIVE A SELLER DISCLOSURE STATEMENT (A "SELLER DISCLOSURE STATEMENT") IF REQUIRED BY RCW 64.06. RCW 64.06 PROVIDES THAT BUYER MAY WAIVE ITS RIGHT TO RECEIVE THE SELLER DISCLOSURE STATEMENT; PROVIDED, HOWEVER, IF THE ANSWER TO ANY OF THE**

QUESTIONS IN THE SECTION OF THE SELLER DISCLOSURE STATEMENT ENTITLED "ENVIRONMENTAL" WOULD BE "YES," BUYER MAY NOT WAIVE THE RECEIPT OF THE "ENVIRONMENTAL" SECTION OF THE SELLER DISCLOSURE STATEMENT. BY EXECUTING THIS AGREEMENT, BUYER ACKNOWLEDGES THAT IT HAS RECEIVED THE "ENVIRONMENTAL" SECTION OF THE SELLER DISCLOSURE STATEMENT ATTACHED HERETO AS EXHIBIT D, AND BUYER WAIVES ITS RIGHT TO RECEIVE THE BALANCE OF THE COMPLETED SELLER DISCLOSURE STATEMENT.

Buyer further agrees that any information discovered by Buyer concerning the Land and Improvements shall not obligate Seller to prepare and deliver to Buyer a revised or updated Seller Disclosure Statement. Buyer hereby waives any right to receive an updated or revised Seller Disclosure Statement, regardless of the source of any new information.

BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, THE RIGHT TO RESCIND THIS AGREEMENT PURSUANT TO ANY PROVISION OF RCW 64.06. IT IS THE INTENT OF BUYER THAT ANY SELLER DISCLOSURE STATEMENT PROVIDED BY SELLER WILL NOT BE RELIED UPON BY BUYER, AND SHALL GIVE BUYER NO RIGHTS WITH RESPECT TO SELLER OR UNDER THIS AGREEMENT. THIS WAIVER OF THE RIGHT TO RESCIND APPLIES TO SELLER DISCLOSURE STATEMENTS 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's Initials: _____

14.14 "AS IS" Condition of Property. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS OF SELLER MADE IN SECTION 14.1 through 14.11 OF THIS AGREEMENT (THE "EXPRESS REPRESENTATIONS"), SELLER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) VALUE; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH MAY BE CONDUCTED THEREON, INCLUDING, WITHOUT LIMITATION, THE POSSIBILITIES, IF ANY, FOR FUTURE DEVELOPMENT OF THE PROPERTY; (IV) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (V) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (VI) THE NATURE, QUALITY, OR CONDITION OF THE PROPERTY, INCLUDING,

WITHOUT LIMITATION, THE INDOOR AND OUTDOOR ENVIRONMENT AIR QUALITY, WATER, SOIL, AND GEOLOGY; (VII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDERS, ORDINANCES, OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (VIII) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (IX) COMPLIANCE WITH ANY FEDERAL, STATE, AND LOCAL ENVIRONMENTAL PROTECTION, POLLUTION, HEALTH AND SAFETY OR LAND USE LAWS, RULES, REGULATIONS, ORDINANCES, ORDERS, REQUIREMENTS OR COMMON LAW, INCLUDING, WITHOUT LIMITATION, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, AS AMENDED, THE FEDERAL WATER POLLUTION CONTROL ACT, AS AMENDED, THE RESOURCE CONSERVATION AND RECOVERY ACT, AS AMENDED, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE SAFE DRINKING WATER ACT, AS AMENDED, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, AS AMENDED, THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, AS AMENDED, THE TOXIC SUBSTANCE CONTROL ACT, AS AMENDED, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING AND ANALOGOUS STATE STATUTES AND REGULATIONS (COLLECTIVELY, "ENVIRONMENTAL LAWS"); (X) THE PRESENCE OR ABSENCE OF HAZARDOUS OR TOXIC MATERIALS, SUBSTANCES OR WASTE AT, ON, UNDER, OR ADJACENT TO THE PROPERTY (SUBSECTIONS (IX) AND (X) HEREIN COLLECTIVELY REFERRED TO AS, "ENVIRONMENTAL MATTERS"); (XI) THE CONTENT, COMPLETENESS, OR ACCURACY OF THE PROPERTY INFORMATION, THE REVIEW MATERIALS, THE SURVEY, OR THE COMMITMENT; (XII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PROPERTY, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO BUYER; (XIII) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT, OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (XIV) DEFICIENCY OF ANY UNDERSHORE, (XV) DEFICIENCY OF ANY DRAINAGE; (XVI) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; (XVII) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; OR (XVIII) ANY OTHER MATTER RELATING TO THE CONDITION OF THE PROPERTY.

BUYER FURTHER ACKNOWLEDGES AND AGREES THAT, HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY WITH QUALIFIED PERSONNEL AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, BUYER IS RELYING SOLELY ON THE EXPRESS REPRESENTATIONS, ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF INFORMATION AND DOCUMENTATION, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER, EXCEPT AS EXPRESSLY SET FORTH IN THE EXPRESS REPRESENTATIONS. BUYER

FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION MADE AVAILABLE TO BUYER OR PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF SELLER WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS EXPRESSLY SET FORTH IN THE EXPRESS REPRESENTATIONS. BUYER HEREBY ACKNOWLEDGES AND AGREES THAT BUYER SHALL NOT BE ENTITLED TO RELY ON ANY REPORTS OR OTHER PROPERTY INFORMATION SUPPLIED BY SELLER TO BUYER, EXCEPT AS SET FORTH IN THE EXPRESS REPRESENTATIONS.

BUYER AGREES TO FULLY AND IRREVOCABLY RELEASE SELLER FROM ANY AND ALL CLAIMS THAT BUYER MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SELLER FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION, OR CAUSE OF ACTION ARISING FROM BUYER'S INVESTIGATION AND SUCH INFORMATION OR DOCUMENTATION, EXCEPT TO THE EXTENT ARISING OUT OF A BREACH BY SELLER OF AN EXPRESS REPRESENTATION OR WARRANTY (SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION 14.12 HEREIN) MADE IN THE EXPRESS REPRESENTATIONS. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT, OR OTHER PERSON TO THE EXTENT NOT EXPRESSLY SET FORTH IN THE EXPRESS REPRESENTATIONS.

BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS AND DEFECTS, AND THAT SELLER HAS NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS, OR IMPROVEMENTS EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED HEREIN. BUYER REPRESENTS, WARRANTS, AND COVENANTS TO SELLER, WHICH REPRESENTATION, WARRANTY, AND COVENANT TO SELLER SHALL SURVIVE THE CLOSING AND NOT BE MERGED WITH THE DEED, THAT, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS, BUYER IS RELYING SOLELY UPON BUYER'S OWN INVESTIGATION OF THE PROPERTY.

BY INITIALING BELOW, BUYER ACKNOWLEDGES THAT (i) THIS SECTION 14.14 HAS BEEN READ AND FULLY UNDERSTOOD, (ii) BUYER HAS HAD THE OPPORTUNITY TO ASK QUESTIONS OF ITS COUNSEL ABOUT ITS MEANING AND SIGNIFICANCE, AND (iii) BUYER HAS ACCEPTED AND AGREED TO THE TERMS SET FORTH IN THIS SECTION 14.14.

BUYERS' INITIALS: _____

14.15 Waiver. WITHOUT IN ANY WAY LIMITING ANY PROVISION OF SECTION 14.14 ABOVE, BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT WITH RESPECT TO THE EXPRESS REPRESENTATIONS AND THE OBLIGATIONS OF SELLER SET FORTH IN THIS AGREEMENT, AND ANY CLOSING DOCUMENTS, BUYER HEREBY WAIVES, RELEASES, AND DISCHARGES ANY CLAIM IT HAS, MIGHT HAVE HAD, OR MAY HAVE AGAINST SELLER WITH RESPECT TO (A) THE DISCLAIMED MATTERS, (B) THE CONDITION OF THE PROPERTY AS OF THE CLOSING DATE, (C) THE PAST, PRESENT, OR FUTURE PHYSICAL, ENVIRONMENTAL, ECONOMIC, OR LEGAL CONDITION OR COMPLIANCE OF THE PROPERTY WITH ANY FEDERAL, STATE, OR LOCAL LAW, STATUTE, ORDINANCE, RULE, REGULATION, ORDER, OR DETERMINATION OF ANY GOVERNMENTAL AUTHORITY OR AGENCY AFFECTING THE PROPERTY, INCLUDING WITHOUT LIMITATION THOSE PERTAINING TO ENVIRONMENTAL MATTERS, OR (D) ANY OTHER STATE OF FACTS THAT EXISTS WITH RESPECT TO THE PROPERTY OR ANY OF THE PROPERTY INFORMATION OR REVIEW MATERIALS. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES, AND CAUSES OF ACTION. BUYER ACKNOWLEDGES THAT THE FOREGOING WAIVER INCLUDES CLAIMS BY BUYER AGAINST SELLER UNDER ALL ENVIRONMENTAL LAWS, AND CLAIMS UNDER THE AMERICANS WITH DISABILITIES ACT OF 1990, AS AMENDED. IN THIS CONNECTION AND TO THE EXTENT PERMITTED BY LAW, BUYER HEREBY AGREES, REPRESENTS, AND WARRANTS THAT BUYER UNDERSTANDS AND ACKNOWLEDGES THAT FACTUAL MATTERS NOW UNKNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES THAT ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND BUYER FURTHER AGREES, REPRESENTS, AND WARRANTS THAT THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND THAT BUYER NEVERTHELESS HEREBY INTENDS TO RELEASE, DISCHARGE, AND ACQUIT SELLER FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES THAT MIGHT IN ANY WAY BE INCLUDED IN THE WAIVERS AND MATTERS RELEASED AS SET FORTH IN THIS SECTION. BUYER ACKNOWLEDGES THAT BUYER HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS SELECTION AND BUYER IS GRANTING THIS RELEASE OF ITS OWN VOLITION AND AFTER CONSULTATION WITH ITS COUNSEL. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING OF THE SALE AND SHALL NOT BE DEEMED TO HAVE MERGED INTO ANY OF THE DOCUMENTS EXECUTED OR DELIVERED AT CLOSING. TO THE EXTENT REQUIRED TO BE

OPERATIVE, THE DISCLAIMERS OR WARRANTIES CONTAINED HEREIN ARE
"CONSPICUOUS" DISCLAIMERS FOR PURPOSES OF ANY LEGAL
REQUIREMENT.

NOTHING IN THE FOREGOING RELEASE SHALL INCLUDE CLAIMS ARISING OUT OF RIGHTS SPECIFICALLY GRANTED IN THIS AGREEMENT, THE CLOSING DOCUMENTS, OR CLAIMS THAT BUYER HAS AGAINST THIRD PARTIES.

BUYERS' INITIALS: _____

15. Liabilities and Assumption of Obligations. Except as expressly provided herein, Buyer shall not assume or take subject to any liabilities or obligations of the Property or Seller existing or accrued as of the date of Closing, and Seller shall pay the same as they mature and shall hold Buyer harmless with respect to all such liabilities and obligations. Liabilities and obligations of the Property accruing after the date of Closing shall be the responsibility of Buyer. Each party agrees to indemnify, defend and hold the other party harmless with respect to the liability and responsibility of such party in accordance with this Section 15.

16. Negotiation and Construction. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either party.

17. Brokers and Finders; Buyer Disclosure.

17.1 Buyer and Seller acknowledge and agree that Wise Real Estate Investments, Inc. ("**Broker**") represents Seller in this transaction. Seller agrees that it shall pay **Broker** at Closing a commission of two and one-half percent (2.5%) of the Purchase Price (the "**Broker Commission**"). Except for Wise Real Estate Investments, Inc, each party represents and warrants that it has not contracted with any other broker or finder in connection with this transaction. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against and hold Seller harmless from any and all damages, liabilities, costs, expenses, and losses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against and hold Buyer harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this section shall survive the termination of this Agreement or the Closing.

17.2 Buyer is a licensed real estate broker in the State of Washington. Buyer does not represent Seller in any capacity, but intends to purchase the Property on Buyer's own behalf for investment purposes.

18. Possession. Buyer shall be entitled to possession of the Property on the date of Closing, subject to existing Leases.

19. Governing Law, Attorneys' Fees. This Agreement shall be construed according to the laws of the state of Washington. If either Buyer or Seller should find it necessary to employ an attorney to enforce a provision of the Agreement or to recover damages for the breach hereof (including proceedings in bankruptcy), the prevailing party shall be entitled to be reimbursed for its costs and attorneys' fees, in addition to all damages, through all levels of appeal.

20. Default. Time is of the essence of this Agreement. In the event Buyer fails without legal excuse to complete the purchase of the Property, the Earnest Money deposited by Buyer shall be forfeited to Seller as the sole and exclusive liquidated damages remedy available to Seller for such failure. If Seller shall fail to perform any covenant or agreement of Seller contained herein, Buyer may elect to pursue (a) specific performance of this Agreement; or (b) rescission of this Agreement and recovery of the Earnest Money. In no event shall Buyer or Seller be liable for any consequential or punitive damages.

21. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, addressed as set forth below:

SELLER:

Executive Director
Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
(253) 207-4440 fax

SELLER'S ATTORNEY:

Van Ness Feldman, LLP
719 Second Avenue, Suite 1150
Seattle, WA 98104
Attn: Susan A. Shyne, Esq.
(206) 623-4986 fax

BUYER:

Dean and Anne Curry
2920 N Warner St
Tacoma, WA 98407
anne@annecurryhomes.com

BUYER'S ATTORNEY

Bryce Dille
Campbell, Dille, Barnett & Smith, PLLC
Post Office Box 488
Puyallup, Washington 98371

Either party hereto may by proper notice made by the other party designate such other address for giving of notices. All notices shall be deemed given on the day such notice is personally served, or on the third business day following the date such notice is mailed in accordance with this Section.

22. Assignment; Successors and Assigns. Except for an assignment by Buyer as permitted pursuant to this Section, neither party shall have the right to assign this Agreement without the prior written consent of the other, which consent may be granted or withheld in the sole and absolute subjective discretion of the party whose consent has been requested; provided, however, that Buyer shall have the right to assign its interest in this Agreement and delegate its duties to an affiliate, so long as such affiliate controls, is controlled by, or is under common control with Buyer, and provided that (a) such affiliate shall assume, in writing (by execution of an assignment and assumption of this Agreement in a form acceptable to Seller), all of Buyer's obligations under this Agreement, but Buyer shall not be released of any obligations under this Agreement. If Buyer so assigns this Agreement to an affiliate, Buyer shall, at least five (5) Business Days prior to the Closing Date, give the Seller written notice of such assignment, together with a copy of the assignment and assumption agreement executed by Buyer and the assignee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators and permitted assigns.

23. Entire Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior agreements between them respecting the subject matter hereof.

24. OFAC Representation; Further Assurances. Each of Buyer and Seller represent to the other that he, she, or it is not a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Assets Control of the Department of the Treasury ("OFAC") (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) or under any similar statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other similar governmental action. As and to the extent otherwise contemplated by this Agreement, each party to this Agreement agrees that it will at any time and from time to time after the date hereof, at its sole cost and expense, immediately following the reasonable request of the other party, promptly execute, acknowledge (if necessary) and deliver or cause to be properly executed, acknowledged (if necessary) and delivered, such agreements, certificates, statements, instruments and documents and promptly take, or promptly cause to be taken, such other and further steps and actions, as may be required by law or as reasonably shall be deemed necessary by the other party in order to more fully effect, evidence or carry out the intent and purposes of this Agreement.

25. Counterparts. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all counterparts so executed shall

constitute one agreement, binding on all the parties hereto, notwithstanding that all the parties are not signatory to the original or to the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against the person who executed it.

26. Tax Deferred Exchange. Either party may convey or receive a conveyance of the real property described herein as part of an IRC Section 1031 Tax Deferred Exchange. Notwithstanding the provisions of Section 22 above, either Buyer or Seller may assign all contract rights and obligations hereunder to a qualified exchange intermediary, as part of, and in furtherance of, such tax deferred exchange. In the event of such assignment, the non-exchanging party agrees to assist and cooperate in such exchange for the benefit of the exchanging party at no cost, expense or liability to the non-exchanging party, and further agrees to execute any and all documents (subject to the reasonable approval of the other party's legal counsel) as are reasonably necessary in connection with such exchange at the exchanging party's sole expense. Nothing contained in this Section 26 shall release the exchanging party of any of its obligations or liabilities under this Agreement, whether arising before, at or after Closing.

SELLER: HOUSING AUTHORITY OF THE CITY OF TACOMA, a
Public corporation,

By _____
Its _____

BUYER: DEAN CURRY and ANNE CURRY, husband and wife

Dean Curry

Anne Curry

EXHIBITS:

Exhibit A	Legal Description of Property
Exhibit B	Personal Property
Exhibit C	Rent Roll
Exhibit D	Environmental Disclosure
Exhibit E	Bill of Sale
Exhibit F	Assignment and Assumption of Leases
Exhibit G	Assignment and Assumption of Contracts and Intangible Property

EXHIBIT A
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

Legal Description

LEGAL DESCRIPTION MUST BE ADDED BEFORE PSA EXECUTION

PROPERTY PARCEL NUMBERS

Parcel #1	484400001	0	Parcel #26	484400026	0
Parcel #2	484400002	0	Parcel #27	484400027	0
Parcel #3	484400003	0	Parcel #28	484400028	0
Parcel #4	484400004	0	Parcel #29	484400029	0
Parcel #5	484400005	0	Parcel #30	484400030	0
Parcel #6	484400006	0	Parcel #31	484400031	0
Parcel #7	484400007	0	Parcel #32	484400032	0
Parcel #8	484400008	0	Parcel #33	484400033	0
Parcel #9	484400009	0	Parcel #34	484400034	0
Parcel #10	484400010	0	Parcel #35	484400035	0
Parcel #11	484400011	0	Parcel #36	484400036	0
Parcel #12	484400012	0	Parcel #37	484400037	0
Parcel #13	484400013	0	Parcel #38	484400038	0
Parcel #14	484400014	0	Parcel #39	484400039	0
Parcel #15	484400015	0	Parcel #40	484400040	0
Parcel #16	484400016	0	Parcel #41	484400041	0
Parcel #17	484400017	0	Parcel #42	484400042	0
Parcel #18	484400018	0	Parcel #43	484400043	0
Parcel #19	484400019	0	Parcel #44	484400044	0
Parcel #20	484400020	0	Parcel #45	484400045	0
Parcel #21	484400021	0	Parcel #46	484400046	0
Parcel #22	484400022	0	Parcel #47	659000050	7
Parcel #23	484400023	0	Parcel #48	562500238	0
Parcel #24	484400024	0			
Parcel #25	484400025	0			

EXHIBIT B
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

PERSONAL PROPERTY LIST

NONE

EXHIBIT C
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

RENT ROLL

EXHIBIT D
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

ENVIRONMENTAL SELLER DISCLOSURE STATEMENT

NOTICE TO PURCHASER:

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY LEGALLY DESCRIBED AS FOLLOWS: The Wedgewood Homes in Tacoma Washington (Legal description on Schedule 1 attached).

SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO PURCHASER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, YOU HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

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

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS, ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE PURCHASER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS OR WARRANTIES.

SELLER IS NOT OCCUPYING THE PROPERTY.

EXHIBIT D
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

SELLER'S ENVIRONMENTAL DISCLOSURES

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

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

EXHIBIT D
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

Schedule 1 to ENVIRONMENTAL SELLER DISCLOSURE STATEMENT
Legal Description of Property

EXHIBIT E
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

BILL OF SALE
(The Wedgewood Homes)

THIS BILL OF SALE is executed as of the _____ day of _____, 2014, by HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, ("Seller") and Dean and Anne Curry, husband and wife, and/or assigns ("Buyer"):

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, Seller does hereby convey, and quit claim unto Buyer all fixtures, furniture, equipment, furnishings, and other personal property (other than computer hardware and software) owned by Seller (the "Personal Property") located on that certain real property commonly known as the Wedgewood Homes, located in Tacoma, Pierce County, Washington, which real property has been sold by Seller to Buyer as of the date hereof and which is more particularly described on Exhibit A attached hereto.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the day and year first above written.

SELLER: HOUSING AUTHORITY OF THE CITY OF TACOMA, a
Public corporation

By _____
Its _____

BUYER: Dean and Anne Curry, husband and wife

Dean Curry

Anne Curry

Exhibit
Exhibit A: Legal Description

EXHIBIT F
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

**ASSIGNMENT AND ASSUMPTION OF LEASES
AND SECURITY DEPOSITS
(The Wedgewood Homes)**

This Assignment, effective as of the ____ day of _____, 2014, is made by and between HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, (“Assignor”) and Dean and Anne Curry, husband and wife, and/or assigns (“Assignee”):

In consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Property. The “Property” means the real property located in Pierce County, Washington, commonly known as the Wedgewood Homes, which is legally described in Exhibit A attached to this Assignment, together with the building, structures and other improvements located thereon.

2. Leases. The “Leases” means the leases affecting the Property, more particularly described in the Exhibit B rent roll attached to this Assignment.

3. Security Deposits. “Security Deposits” means the refundable security and other refundable deposits held by or for Assignor on account of tenants under the Leases with respect to which Assignee received a credit at the closing of the transaction pursuant to this Assignment. The Security Deposits are also set forth in the Exhibit B rent roll.

4. Assignment. Assignor hereby grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the Leases and the Security Deposits.

5. Assumption. Assignee hereby assumes the covenants, agreements and obligations of Assignor as landlord or lessor under the Leases which are applicable to the period and required to be performed from and after the date of this Assignment, but not otherwise, and Assignee further assumes all liability of Assignor for the proper refund or return of the Security Deposits if, when and as required by the Leases. No person or entity, other than Assignor shall be deemed a beneficiary of the provisions of this Section 5.

6. Indemnification. Assignor shall indemnify and hold Assignee harmless from and against all obligations of the “lessor” or “landlord” under the Leases to the extent such obligations were applicable to the period and required to be performed prior to the date of this Assignment. Assignee shall indemnify and hold Assignor harmless from and against all obligations of the “lessor” or the “landlord” under the Leases to the extent that such obligations are applicable to the period and required to be performed from and after the date of this Assignment.

7. Legal Expenses. If either party to this Assignment brings suit or otherwise becomes involved in any legal proceedings seeking to enforce the terms of this Assignment, or to recover damages for their breach, the prevailing party shall be entitled to recover its costs and

expenses (including fees of attorneys, expert witnesses, accountants, reporters and others) incurred in connection therewith including all such costs and expenses incurred in: (a) in trial and appellate proceedings, (b) in connection with any and all counterclaims asserted by one party to this Assignment against another whether or not such counterclaims arise out of or are otherwise related to this Assignment, (c) in bankruptcy or other insolvency proceedings, and (d) in post-judgment collection proceedings.

8. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

9. Power and Authority. Each party represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of such party represents and warrants to the other party that he or she is fully empowered and authorized to do so.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment as of the date first written above.

ASSIGNOR: HOUSING AUTHORITY OF THE CITY OF TACOMA, a
Public corporation

By _____
Its _____

ASSIGNEE: Dean and Anne Curry, husband and wife

Dean Curry

Anne Curry

Exhibits

Exhibit A: Legal Description
Exhibit B: Rent Roll

STATE OF WASHINGTON

COUNTY OF PIERCE

ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of The Housing Authority of the City of Tacoma, a public corporation, to be its free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 2014.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the state of Washington,
residing at _____

My appointment expires _____

STATE OF _____

COUNTY OF _____

ss.

I certify that I know or have satisfactory evidence that _____
and _____ are the persons who appeared before me, and they acknowledged
that they signed this instrument and acknowledged it to be their free and voluntary act for the
uses and purposes mentioned in the instrument

Dated this ____ day of _____, 2014.

(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 G
TO PURCHASE AND SALE AGREEMENT
(Wedgewood Homes)

**ASSIGNMENT AND ASSUMPTION OF
HAP CONTRACT, SERVICE CONTRACTS AND INTANGIBLES**
(The Wedgewood Homes)

THIS ASSIGNMENT AND ASSUMPTION OF HAP CONTRACT, SERVICE CONTRACTS AND INTANGIBLES (this "Assignment") is entered into as of the ____ day of _____, 2014, by and between THE HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, ("**Assignor**") and Dean and Anne Curry, husband and wife, and/or assigns ("**Assignee**") who agree as follows:

1. Property. The "Property" means the real property located in Tacoma, Pierce County, Washington, commonly known as the Wedgewood Homes and legally described in Exhibit A attached to this Assignment, together with the building, structures and other improvements located thereon.

2. HAP Contract. "HAP Contract" means the Project-Based Section 8 Housing Assistance Payments Basic Renewal Contract described on Exhibit B attached to this Assignment.

3. Service Contracts. "Service Contracts" means those maintenance, supply and service agreements, equipment leases, utility agreements, rights under bonds, and similar agreements relating to the Property.

4. Intangibles. "Intangibles" means, to the extent assignable by Assignor, the name "Wedgewood Homes," and those records in Assignor's possession (if any) respecting plans, specifications, building permits, certificates of occupancy, signs, maintenance supplies, utilities, permits, approvals, studies, surveys, guaranties, warranties, and any other similar items, relating to the Property.

5. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the HAP Contract, the Service Contracts, and the Intangibles. Assignor shall be responsible for and shall perform and satisfy its obligations under the HAP Contract and the Service Contracts insofar as such obligations relate to the period before the date of this Assignment.

6. Assumption. Assignee hereby assumes the covenants, agreements and obligations of Assignor under the HAP Contract and the Service Contracts which are applicable to the period and required to be performed from and after the date of this Assignment, but not otherwise. No person or entity other than Assignor shall be deemed a beneficiary of the provisions of this Section 5.

7. Indemnification. Assignor shall indemnify and hold harmless Assignee from and against all obligations of the Assignor under the HAP Contract and the Service Contracts to the extent such obligations were applicable to the period and required to be performed prior to the date of this Assignment. Assignee shall indemnify and hold harmless Assignor from and against all obligations assumed by the Assignee under the Service Contracts to the extent that such obligations are applicable to the period and required to be performed from and after the date of this Assignment.

8. Legal Expenses. If either party to this Assignment brings suit or otherwise becomes involved in any legal proceedings seeking to enforce the terms of this Assignment, or to recover damages for their breach, the prevailing party shall be entitled to recover its costs and expenses (including fees of attorneys, expert witnesses, accountants, reporters and others) incurred in connection therewith including all such costs and expenses incurred: (a) in trial and appellate proceedings, (b) in connection with any and all counterclaims asserted by one party to this Assignment against another whether or not such counterclaims arise out of or are otherwise related to this Assignment, (c) in bankruptcy or other insolvency proceedings, and (d) in post-judgment collection proceedings.

9. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

10. Power and Authority. Each party represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of such party represents and warrants to the other party that he or she is fully empowered and authorized to do so.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment as of the day and year first above written.

ASSIGNOR: HOUSING AUTHORITY OF THE CITY OF TACOMA, a
Public corporation

By _____
Its _____

ASSIGNEE: Dean and Anne Curry, husband and wife

Dean Curry

Anne Curry

Exhibit A: Legal Description

Exhibit B: HAP Contract Description

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number: WA190045001

Section 8 Project Number of Expiring Contract: WA190045001

FHA Project Number (if applicable): NA

Project Name: Wedgewood Apts

Project Description:³

1201 E 59th St, Tacoma, Pierce County, WA 98407