



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(1)

Date: June 25, 2014
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Purchase and Sale Agreement, Salishan Area 2B

Background

THA's Salishan HOPE VI redevelopment project is nearing complete build-out. The remaining areas that need to be developed include (a) the Salishan Core; (b) Arlington Road site; and (c) the homeownership lots in Area 2B. In May 2014, THA listed the Area 2B lots for sale on the Multiple Listing Service (MLS). The Realtor also did a direct marketing campaign to several builders. THA received a very competitive offer from DR Horton to purchase all 76 of the lots. DR Horton is also developing the Area 3 lots.

Staff met with representatives from DR Horton. DR Horton is proposing to begin development in Area 2B this fall. They are almost sold out of their alley-loaded lots in Area 3 and would like to continue the sales momentum they have achieved. They are proposing to use different models in Area 2B; in Area 2B most of the houses are alley-loaded. In Area 3 mostly front-loaded lots have been built.. In keeping with the commitments THA made to HUD in the Revitalization Plan, 25% (19 units) will be sold to households earning up to 60% of the area median income.

There are seventy-eight (78) single family home lots in Area 2B. THA is in discussions with Metro Parks for a possible land swap that trade two (2) lots in Area 2B for a small parcel of Metro Parks land along E 38th Street. This would enable Metro Parks to develop an access point for Swan Creek Park over First Creek. THA staff is evaluating this proposal separately. If, for some reason, this land swap does not proceed, DR Horton would purchase these two lots as well.

Purchase and Sale Agreement Details & Milestones

THA and DR Horton have tentatively agreed to use the Purchase and Sale Agreement (PSA) we negotiated for Area 3 as the basis for the PSA for Area 2B. DR Horton is looking to close on this transaction as soon as possible. In order for THA to close, we need to obtain a Disposition Amendment from HUD. Following are the details of this transaction:

- Purchase price: \$43,000 per lot (\$3,268,000). This is an increase of \$8,000 per lot (23%) over the previous sale
- Earnest Money: 3% (\$100,000)
- Feasibility Period Complete: 30-days from DR Horton Corporate Approval (estimated July 30, 2014)
- THA staff & Salishan Association have approval rights for design options
- Acquisition Closing: 1st week of August 2014 (contingent on HUD approval)

THA's Asset Management Committee recommends that we accept this offer. I attach the memo from Sandy Burgess, the Asset Manager. These are the main advantages of the offer:

- This is a full price offer. The sale of the lots will mitigate future market risk. While it may be possible to receive more money in the future, it is also possible that the value will drop. Our broker recommends that we accept this offer.
- The sales proceeds will assist THA with other projects, including acquisition and new construction. Funding from THA is likely to be required to complete these projects.
- The sale will eliminate the annual holding costs associated with these lots (about \$55,000)
- D.R. Horton has proven to be a reliable and considerate partner

Recommendation

Approve Resolution 2014-6-25(1) authorizing the Executive Director to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with DR Horton for the purchase of up to seventy-eight (78) lots in Salishan Area 2B to be developed as single family for – sale homes, 25% of which will be affordable to households earning up to 60% of area median income.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(1) Salishan Area 2B Purchase and Sale Agreement

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

Whereas, the Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the "City");

Whereas, the RCW 35.82.070(2) provides that a housing authority may "prepare, carry out, acquire lease and operate housing projects; and "provide for the construction, reconstruction, improvement alteration or repair of any housing project or any part thereof...";

Whereas, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking...to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for person of low income";

Whereas, the Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (RCW 35.82.070(2)); (ii) "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project" (RCW 35.82.070(5)); (iii) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (iv) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (v) "make ... loans for the ... acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income."

Whereas, The Executive Director and the Board of Commissioners find the terms of the Purchase and Sale Agreement acceptable to THA;

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute a Purchase and Sale Agreement with DR Horton, in substantially the same form as attached.
2. Acting Officers Authorized. The proper officers of the Authority are and are hereby

authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

3. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: June 25, 2014



Greg Mowat, Chair



TACOMA HOUSING AUTHORITY

To: Michael Mirra
From: Sandy Burgess and Asset Management Committee
Date: June 16, 2014
Re: Recommendation to Enter into Purchase and Sale Agreement with DR Horton for Salishan Area 2B Lots

In May 2014 THA decided to list the 76 homeownership lots in Salishan Area 2B for sale on the Multiple Listing Service. The asking price was \$43,000 per lot. DR Horton responded with a full price offer, and this is a nearly 23% increase from the price we received one year ago with the CitiBank transaction. Real estate values have increased in general by only approximately 10% over this same period. THA's broker, Bob Fredrickson, Coldwell Banker, updated a Competitive Market Analysis (CMA) in January, 2014 which showed comparable lot sales at \$30-40,000 per lot. While the market is showing the potential to increase 3-4% over the next year, this is not guaranteed.

DR Horton's intent is to begin construction immediately. They have developed good momentum in Area 3 and would like to continue. According to the Salishan Revitalization Plan, 25% (19 units) of the units need to be sold at affordable prices to households earning up to 60% of the area median income. DR Horton has proven to be a successful partner in marketing the affordable lots concurrent with the market rate lots, and this is important to the success of the Salishan neighborhood. In order to sell these lots THA needs to obtain an amendment to our Disposition Approval from HUD.

Key points:

- Purchase price is \$43,000 per lot (\$3,268,000)
- Earnest Money: 3% (\$100,000)
- Feasibility Period: 30-days from DR Horton Corporate Approval (estimated July 30, 2014)
- THA staff & Salishan Association have approval rights for design options
- Net proceeds to THA: \$3,104,600 (\$3,268,000 – \$163,400 (5% commission))
- Acquisition Closing: 1st week of August 2014 (contingent on HUD approval)

Recommendation:

The Asset Management Committee (AMC) recommends acceptance of the offer from DR Horton and recommends signing the Purchase and Sale Agreement. The AMC recommends that the net sales proceeds be used to either (i) develop new affordable housing units through new construction or acquisition and/or (ii) facilitate development of the Salishan Core. The AMC further recommends selling all the lots at this time for the following reasons:

1. A series of development projects, including acquisition and new construction are being planned. Funding from THA is likely to be required to complete these projects.
2. Funding for the Salishan Core is also needed.
3. The sale will eliminate the annual holding costs associated with these lots.
4. The sale of the lots will mitigate future market risk. While it may be possible to receive more money in the future, it is also possible that the value will drop.
5. D.R. Horton has proven to be a reliable and considerate partner.

Please let me know if you have any questions. Thank you.

TACOMA HOUSING AUTHORITY

DR HORTON

PURCHASE AND SALE AGREEMENT

76 BUILDING LOTS – SALISHAN DIVISION 4

June 2014

HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, (“**Seller**”) and SSHI LLC, a Delaware limited liability company, dba DR Horton (“**Buyer**”) enter this Purchase and Sale Agreement (“**Agreement**”) dated for reference purposes as of this 2nd day of June, 2014, for the purchase and sale of 76 lots (the “**Lots**”) at the community of Salishan, Tacoma, WA.

RECITALS

A. Seller is redeveloping the public housing community of Salishan as a HOPE VI Redevelopment Project. The overall Salishan HOPE VI redevelopment is referred to herein as the “**Community**.”

B. Seller desires to sell and Buyer desires to purchase the real property legally described in the attached Exhibit A, incorporated by reference herein (the “**Property**”). In consideration of (a) the mutual goals of Buyer and Seller, (b) the facilitation of the Salishan Revitalization Plan and the goals set forth therein, and (c) the covenants and agreements of the parties set forth in this Agreement, the receipt and sufficiency of which they hereby acknowledge, the parties agree as follows:

1. PURCHASE AND SALE

Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property described on Exhibit A, for the price and in accordance with the terms and conditions set forth in this Agreement. The rights and interests in the Property to be purchased under this Agreement are as follows: Fee simple title to the Property, including the land and all other infrastructure improvements situated thereon, and all rights appurtenant thereto, including, but not limited to, all easements, privileges, entitlements, rights of way and appurtenances benefiting such land, development rights, air rights, water rights, mineral, oil and gas and other subsurface rights, and all rights, title, and interest of Seller in and to adjacent streets, alleys, easements, and rights-of-way, free and clear of all liens and encumbrances other than Permitted Exceptions (as defined

below in Section 3 of this Agreement) and those covenants of Seller included in Section 8.5 below.

2. EARNEST MONEY; PURCHASE PRICE AND PAYMENT

2.1 Earnest Money

2.1.1 Within five (5) business days after Buyer's corporate approval as set forth in the Section 13.18 below, Buyer shall deliver to Chicago Title Insurance Company, 701 5th Ave, Ste. 2300, Seattle, WA 98104, attn.: Mike Costello ("**Title Company**"), the sum of One Hundred Thousand DOLLARS (\$100,000.00) (the "**Earnest Money**"). If Buyer fails to deposit the Earnest Money as required herein, and such failure continues for a period of two (2) business days after such date, this Agreement shall be deemed to have terminated as of the date that the Earnest Money was originally to have been deposited and neither party shall have any further rights and responsibilities under this Agreement except as specifically provided herein.

2.1.2 Upon delivery of the Buyer's Waiver Notice, the Earnest Money shall become non-refundable as to Buyer (except in the event of a Seller default or failure of a condition precedent to closing set forth herein). At Closing the Earnest Money shall be applied to Buyer's payment obligation under Section 2.2 of this Agreement. If Buyer fails to deliver Buyer's Waiver Notice prior to the expiration of the Feasibility Period (defined below), then the Earnest Money, shall be immediately returned to Buyer, whereupon Seller's and Buyer's rights hereunder shall immediately cease and terminate except as specifically provided herein.

2.2 Purchase Price. The purchase price for the Property shall be Three Million Two Hundred Sixty Eight Thousand Dollars (\$3,268,000.00; \$43,000.00 per Lot x 76 Lots) ("**Purchase Price**") to be paid in cash or other immediately available funds including the Earnest Money as described at Section 2.1.1.

3. TITLE; CONTINGENCY, EXCEPTIONS, AND POLICY

3.1 Within four (4) business days of the Effective Date, Buyer shall order a preliminary title report (the "**Preliminary Commitment**"), issued by Title

Company, showing the status of title to the Property, together with complete and legible copies of all documents evidencing the exceptions to title shown therein.

- 3.2 Within ten (10) business days after Buyer's receipt of the Preliminary Commitment together with complete copies of all exception documents shown therein, Buyer shall give written notice to Seller ("**Buyer's Title Notice**") either (i) accepting the state of title to the Property and all exceptions to title stated in the Preliminary Commitment, in which case the exceptions shall be deemed "**Permitted Exceptions**;" or (ii) objecting to one or more exceptions to title stated in the Preliminary Commitment in which case such exceptions shall be deemed "**Objected-to Exceptions**." If Buyer does not timely give Buyer's Title Notice to Seller, then Buyer shall be deemed to have objected to the state of the title to the Property as set forth in the Preliminary Commitment, and all exceptions set forth therein shall be deemed Objected-to Exceptions. The Restated Declaration of Covenants, Conditions, Restrictions and Easements for Salishan recorded January 5, 2012, under recorder's number 201201050393 ("**Declaration**"), a copy of which has been provided to Buyer, shall be deemed a Permitted Exceptions for purposes of section 3.
- 3.3 In the event Buyer gives Seller timely written objection to any exception(s) to title to the Property, Seller shall give Buyer written notice ("**Seller's Title Response Notice**") within ten (10) business days after Seller's receipt of Buyer's Title Objection Notice, stating whether Seller is willing and able to remove the Objected-to Exception(s). If Seller gives notice that it is willing and able to remove the Objected-to Exception(s), then Seller shall remove such exceptions at or before Closing; in that event, Seller's failure to remove such Objected-to Exceptions at or before Closing shall constitute its default under this Agreement. If Seller fails to give Seller's Title Response Notice, Seller will be deemed to be unable or unwilling to remove the Objected-to Exception(s).
- 3.4 If (a) Seller's Title Response Notice states that Seller is either unwilling or unable to remove all or any of the Objected-to Exception(s), or (b) pursuant to Section 3.3, Seller is deemed unable or unwilling to remove any Objected-to Exception(s), then this Agreement shall automatically terminate. Termination shall be effective five (5) business days after the date of Seller's Title Response Notice described in Section 3.3 of this Agreement (or after the expiration of the notice period described in said Section 3.3) unless before that time Buyer gives Seller another written notice ("**Buyer's Title Acceptance Notice**") that Buyer will accept title to the Property subject to any Objected-to Exception that Seller does not agree to remove, in which case such exception or exceptions shall be Permitted Exceptions.

- 3.5 In the event of a termination pursuant to Section 3, this Agreement shall become null and void. The Title Company shall then return the Earnest Money, if in its possession, to the Buyer upon the Buyer's written request in accordance with Section 2.1.2.
- 3.6 Seller shall convey title to Property by bargain and sale deed free and clear of all encumbrances and defects except those deemed to be Permitted Exceptions pursuant to this section.
- 3.7 At Closing, Title Company shall issue to Buyer an extended coverage title insurance policy (the "**Title Policy**"), insuring Buyer's good and marketable, indefeasible fee simple title to the Real Property (including all recorded appurtenant easements insured as a separate legal parcel), subject only to the Permitted Exceptions, dated as of the Closing Date, insured in the amount of the Purchase Price. Buyer shall obtain and bear the cost of any additional survey(s) required for extended title insurance coverage. The Title Policy may include such endorsements as are requested by Buyer and agreed to by Title Company prior to the Closing Date.

4. **INITIAL CONTINGENCIES: RECORDS, INSPECTION OF PROPERTY**

The Records Contingency and the Inspection Contingency set forth in this section together are referred to as the "**Initial Contingencies.**"

- 4.1 **Seller's Delivery of Records (Records Contingency).** Seller shall, within five (5) business days after the Effective Date, provide Buyer with true and accurate copies of all of the following documents ("**Property Documents**"), to the extent they are in Seller's possession or otherwise available to Seller, for Buyer's review and approval. If Seller is unable to deliver any of the Property Documents, after a good faith effort on Seller's part, Seller shall so notify Buyer in writing:
- 4.1.1 Copies of any previously performed Phase I or Phase II environmental review(s) or any other type of environmental review of the Property.
- 4.1.2 Copies of notices received by Seller from any governmental bodies including without limitation law enforcement agencies affecting the Property, the operation of the Property and/or the management of the Property.
- 4.1.3 Copies of all available reports or documents pertaining to the physical condition of the Property including those pertaining to: (i) soils investigations and recommendations; (ii) grading reports; (iii) reports of

structural engineering; (iv) topographical surveys; (v) boundary surveys or maps; (vi) drainage studies, and (vii) wetlands reports.

To the extent that Seller provides or has provided to Buyer information from any inspection, engineering or environmental reports, Seller makes no representations or warranties with respect to the accuracy or completeness, methodology of preparation or otherwise concerning the contents of such reports. Buyer acknowledges that Seller has requested Buyer to inspect fully the Property and investigate all matters relevant thereto and to rely solely upon the results of Buyer's own inspections or other information obtained or otherwise available to Buyer, rather than any information that may have been provided by Seller to Buyer. In furtherance of the foregoing, Seller makes no representations or warranties as to the truth, accuracy or completeness of any Property Documents, materials, data or other information supplied to Buyer in connection with Buyer's inspection of the Property (e.g., that such materials are complete, accurate or the final version thereof, or that all such materials are in Seller's possession). It is the parties' express understanding and agreement that the Property Documents and all other materials are provided only for Buyer's convenience in making its own examination and determination during the Feasibility Period, as to whether it wishes to purchase the Property. The Buyer's obligation to purchase the Property is contingent on the Seller's timely compliance with the disclosure obligations of this section. ("**Records Contingency.**")

- 4.2 Buyer's Inspection of the Property (Inspection Contingency).** Buyer may enter onto the Property and make any reasonable, non-destructive inspection, test, or investigation relating to the purchase of the Property, including without limitation, Phase I or Phase II environmental review, as Buyer deems necessary or appropriate in making its due diligence investigation of the Property. Buyer shall give Seller reasonable advance notice of such inspections, tests or investigations, and may be accompanied by representatives of Seller, at Seller's election. Seller shall cooperate with Buyer and Buyer's consultants as reasonably necessary for the Buyer's inspections, tests, or investigations of the Property and other due diligence measures. Buyer shall have the exclusive use and ownership of any reports and materials generated in Buyer's inspection and review of the Property. Buyer's obligation to purchase the Property is contingent upon Buyer's satisfaction, at its sole and absolute discretion, with the results of its inspections. ("**Inspection Contingency.**")

- 4.2.1** Buyer shall perform all its tests, inspections and studies on the Property reasonably, in good faith, and with due diligence, and shall immediately return the Property to as close as practicable to the condition existing prior to the commencement of same. All costs and expenses of all of Buyer's tests, inspections and studies shall be paid by Buyer when due, regardless

of whether or not this transaction closes. Buyer shall promptly upon notice, remove any claim or lien against the Property arising out of Buyer's tests, inspections, studies, and/or entry on the Property.

4.2.2 Buyer agrees that it will be solely responsible for the nature, scope and extent of its investigations of the Property and no statements made or information provided by Seller or any representative, agent or employee of Seller shall be construed or relied upon as advice or a recommendation as to the kind or extent of any studies, tests or evaluations which should be obtained by Buyer or will be adequate for Buyer's purposes.

4.2.3 [Intentionally Omitted]

4.2.4 Notwithstanding any other contrary provision of this Agreement, Buyer's obligation to close hereunder is expressly conditioned upon: (i) Buyer's receipt and approval during the Feasibility Period, at Buyer's expense, of an environmental engineering report (or reports), addressed to Buyer, the form and content of which and the individual or firm preparing the report(s) being acceptable to Buyer, presenting the results of an investigation of the Property and such property in the vicinity of the Property, as may be appropriate in Buyer's discretion in light of the intended use of the Property, with regard to the existence, generation, processing, storing, disposal, release or discharge of any hazardous materials, from, on, under, about, or in the vicinity of the Property and with respect to any environmental laws relating to hazardous materials affecting the Property, including without limitation an investigation commonly referred to as a "Category I", "Phase I", or "Level I" environmental audit ("**Phase 1**"), which report(s) have been prepared or updated to no more than 6 months prior to the Closing, and such further investigations and/or reports as Buyer may require due to the results obtained in the Phase 1 (collectively, the "**Subsequent Environmental Reports**"); and (ii) Buyer's satisfaction determined prior to the expiration of the Feasibility Period (or extension thereof as provided by this paragraph) with the results of the foregoing investigations(s) and report(s). Buyer shall engage a qualified consultant (as determined by Buyer) to prepare the Phase 1 within two (2) business days of the Effective Date and request its preparation and delivery to be completed as expeditiously as reasonably possible. In the event that Buyer's Phase 1 indicates or recommends that one or more Subsequent Environmental Reports is required, then the Feasibility Period shall be extended automatically by the number of days required to complete such Subsequent Environmental Report(s), but in no event later than the date that is 3 months after the Effective Date. Buyer's obligation to close hereunder is expressly

conditioned upon there having been no change in the physical or environmental condition of the Property or the property in the vicinity of the Property as such condition was reflected in such investigation(s) and report(s).

- 4.3 Feasibility Period: Buyer's Acceptance of Initial Contingencies.** Buyer shall have a "Feasibility Period" of thirty (30) calendar days beginning upon the date of Buyer's Corporate Approval (as set forth in Section 13.18, below), to determine whether or not the Property is suitable to Buyer, in Buyer's sole and absolute discretion ("Feasibility Period"). In the event that the Housing Plan Approval condition set forth in Section 5.2, below has not been satisfied, the Feasibility Period shall be automatically extended until the date that is 5 business days after the Housing Plan Approval is granted to Buyer.

Should the feasibility study indicate, in Buyer's sole and absolute judgment and discretion, that the Property is suitable to Buyer, Buyer will notify Seller in writing not later than 5:00 p.m., Tacoma time, on the last day of the Feasibility Period that Buyer waives the Initial Contingencies ("**Buyer's Waiver Notice**"), or the rights and obligations of the Buyer and Seller under the Purchase and Sale Agreement shall terminate. If Buyer does not give Buyer's Waiver Notice and such failure continues for a period of one (1) business day after written notice from Seller, or if Buyer affirmatively terminates this Agreement within the Feasibility Period, then the termination shall be effective as of the earlier of the date of the notice terminating this Agreement, or the end of the Feasibility Period. Upon termination in accordance with this Section 4.3, the Earnest Money shall be returned to the Buyer in accordance with Section 2.1.2 and neither party shall have any further rights and responsibilities under this Agreement except as specifically provided herein. Buyer may give Buyer's Waiver Notice at any time, resulting in the early termination of the Feasibility Period. Notwithstanding anything contained herein to the contrary, **the Buyer's Waiver Notice shall not be effective unless it shall have been signed by either one of Donald R. Horton, Donald J. Tomnitz, or Bill Wheat.**

5. APPROVAL CONDITIONS

- 5.1 HUD Approval.** Seller is required by the terms of certain agreements or grant assurances with the United States Department of Housing and Urban Development ("**HUD**") to obtain HUD approval to enter into this Agreement ("**HUD Approval**"). The obligation of Seller to close the transaction contemplated in this Agreement is subject to Seller securing HUD Approval on terms reasonably acceptable to Seller. In the event Seller has not secured HUD Approval on or before the date that is 6 months after the Effective Date ("**HUD Approval Outside Date**"), absent written agreement to the contrary, either party

may terminate this Agreement by notice to the other and Escrow Agent, and in the event of such termination, Escrow Agent shall promptly return the Earnest Money to Buyer and neither party shall have any further obligation to the other except as otherwise specifically provided herein.

5.2 Housing Plan Approval. Within 14 days of the Effective Date, Buyer shall submit to Seller for approval the plans and specifications required under the Declaration for each house design Buyer intends to build in the Community (the "Plans"). Seller shall review the Plans within 15 days of receipt and notify Buyer of its approval or disapproval of the Plans. Upon Seller's approval of the Plans, Buyer shall submit the Plans to the Construction Committee of the Salishan Community Association (the "CC"). Seller agrees to facilitate prompt review of the Plans by the CC but the parties acknowledge the CC is an independent body and not controlled by Seller. If any Plans are disapproved by Seller, Seller shall specify in writing the modifications that would be required in order to obtain approval of the Plans from Seller. Seller will join Buyer in requesting that the CC also specify in writing the modifications that would be required in order to obtain approval of the Plans. Notwithstanding anything contained herein to the contrary, Buyer shall be under no obligation to close on the Property until the Plans have received all necessary approvals from Seller and the CC.

5.3 Intentionally Omitted.

6. CLOSING

6.1 Place and Time of Closing. The purchase and sale of the Property shall be closed ("Closing") on a date agreed to between Buyer and Seller not more than fifteen (15) calendar days after Buyer's delivery of Buyer's Waiver Notice ("Closing Date"). Closing may be extended by Seller if necessary to obtain a reconveyance of the Lots from the underlying deed of trust. When used herein, "Closing" shall mean the date the Deed from Seller to Buyer is recorded, and Seller is entitled to the use of Buyer's funds. Notwithstanding any other provision of this Contract, the Closing must occur on a Tuesday, Wednesday, or Thursday (a "Permitted Closing Day"), and if the scheduled Closing would otherwise occur on a day that is not a Permitted Closing Day, the Closing shall be extended automatically to the next day that is a Permitted Closing Day.

6.2 Events of Closing. At Closing, the following shall occur:

6.2.1 Buyer shall deliver the Purchase Price in cash or other immediately available funds to the Title Company, including a credit for the Earnest Money and accrued interest, together with sufficient funds to pay Buyer's share of the closing costs as set forth in Section 6.3 of this Agreement.

- 6.2.2 Seller shall execute, acknowledge, and deliver to Buyer a bargain and sale in a form set forth in Exhibit C (the "**Deed**"), conveying to Buyer fee simple title to the real property included in the Property, free and clear of all encumbrances except the Permitted Exceptions. The Deed shall contain the Declaration, and the Deed for the Lots designated for Affordable Housing shall contain the Restrictive Covenant (as defined in section 8.5.1.4). The Deed shall be recorded by the Title Company.
- 6.2.3 Seller shall execute and deliver to Buyer a general assignment agreement in substantially the form set forth in Exhibit "N" (the "**General Assignment Agreement**").
- 6.2.4 Seller shall have caused a full and valid release of the HUD Covenant from the Property and Seller shall execute and deliver to the Title Company the Restrictive Covenant (in the form set forth in Exhibit O), to be recorded immediately after the release of the HUD Covenant, but prior to the recording of the Deed to Buyer.
- 6.2.5 Buyer and Seller shall take all other steps reasonably necessary to effect the transfer of the Property to Buyer as contemplated by this Agreement.
- 6.3 Closing Costs.** The costs associated with the Closing are allocated between the parties as follows:
- 6.3.1 Seller shall pay: (i) one-half of the escrow fee charged by the Title Company; and (ii) the entire cost of the premium for the standard coverage Title Policy; Seller has represented to Buyer that Seller is exempt from payment of real estate excise taxes. To the extent any such taxes are due in connection with the Closing, Seller shall be responsible for the satisfaction of such taxes;
- 6.3.2 Buyer shall pay: (i) one-half of the escrow fee charged by the Title Company; (ii) the recording fees for the Deed; (iii) all costs and expenses of surveys undertaken for the benefit of Buyer; and (iv) all additional premiums for any extended coverage Title Policy requested by the Buyer together with any special endorsements to the Title Policy which Buyer may elect to purchase.
- 6.3.3 Except as expressly provided in this Agreement, the respective parties shall bear all other costs and expenses incurred individually by each party

in connection with this transaction, in accordance with the customary practice in Pierce County.

6.4 Prorations and Adjustments. Items of expense with respect to the Property shall be prorated or otherwise adjusted by the parties as follows:

6.4.1 Seller has represented to Buyer that Seller is exempt from payment of real property taxes and personal property taxes, therefore any such taxes or assessments due for the tax year during which the Closing occurs shall be the responsibility of Buyer. To the extent any such taxes or assessments are due for the period of time the Property is owned by Seller, Seller shall be responsible for the satisfaction of such taxes or assessments.

6.4.2 All other items of expense with respect to the Property, including without limitation any applicable HOA assessments, shall be prorated as of the Closing Date to the extent the information necessary for such proration is then available. To the extent, if any, that any such information is not then available, the parties shall make appropriate compensating payments as soon after the Closing as the necessary information becomes available.

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

7. OPERATION PENDING, AND CONDITIONS TO, CLOSING

Prior to the Closing, Seller shall not, without Buyer's prior written consent and timely notice thereof given to Seller, take any action which could have a material adverse effect on the Property or its use to Buyer. Buyer shall act reasonably in granting or denying any such consent sought by Seller. Buyer's obligation to close will be contingent upon (i) no material adverse change in the physical condition of the Property, whether caused or permitted by Seller or occurring otherwise due to reasons and/or circumstances beyond the Seller's control; (ii) the Title Company shall be unconditionally committed to issue the Title Policy to Buyer; and (iii) all of Seller's representations and warranties shall be true and correct as of the Closing, excluding Exception Matters (defined in Section 8.3), if any, and Seller shall not be in default in performing Seller's obligations under this Agreement, and (iv) Seller shall have obtained HUD Approval on or before the HUD Approval Outside Date. If any of the foregoing conditions precedent are neither satisfied nor waived by Buyer by the Closing Date (or such other time periods set forth in this Agreement), Buyer may (a) terminate this Agreement by giving a written notice of termination to Seller, and in such case the Earnest Money shall be returned and neither party shall have any further rights, obligations or liabilities under this Agreement except as specifically provided herein, (b) continue with the Closing on the Property prior to satisfaction or waiver of such conditions precedent, or (c) extend the Closing Date to the

date that is seven business days after the date that such condition is satisfied (as determined by Buyer) or waived in writing by Buyer.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS OF BUYER

All representations, warranties, promises, covenants and obligations set forth in this section shall survive the Closing of this Agreement.

8.1 Seller's Representations and Warranties

8.1.1 Restrictions on Property: To the best of the Seller's knowledge, the Property complies with and is not in material violation of any: (i) applicable governmental regulatory controls, including without limitation, building codes, zoning codes, environmental laws, flood zone codes, planning regulations, fire codes, health regulations, traffic regulations, and similar laws, zoning and land use laws, together with any and all other applicable local, state and federal laws, codes, rules, ordinances, regulations and requirements; and (ii) agreements, covenants, conditions or restrictions affecting the Property.

8.1.2 Governmental Action: To the best of Seller's knowledge, Seller has not received notice issued by any governmental agency having jurisdiction in the matter, of any existing violation of any statute, law, ordinance, deed restriction or rules or regulations pertaining to or affecting the Property.

8.1.3 Legal Actions: To the best of Seller's knowledge, except as disclosed in writing to Buyer, there have been no past, and there are no pending or threatened legal or administrative actions or proceedings by any person or entity, governmental or non-governmental, regarding the Property and there is no pending or threatened claim, dispute or litigation against, involving or relating to the condition of the Property nor any fact or condition which, given the passage of time, would result in a potential claim, dispute or litigation involving or relating to the Property.

8.1.4 Hazardous Material: To the best of the Seller's knowledge, except as disclosed in writing to Buyer: (i) no hazardous substances, hazardous waste, hazardous materials or pollutants, as those terms are defined in any federal, state or local statute, have been or are stored on the Property in violation of any environmental laws, or have been disposed of on or under the Property in violation of any environmental laws, or have been or are being emitted from the Property or have been or are being transported from the Property in violation of any environmental laws; (ii) no storage

tanks of any kind are located on or beneath the surface of the Property; and (iii) the Property has never been used as a dump or a landfill site.

- 8.1.5 **Special Assessment Proceedings:** To the best of Seller's knowledge, there are no planned, pending or existing special assessment proceedings with respect to the Property.
- 8.1.6 **Seller's Authority:** Subject to HUD Approval, Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated by this Agreement. The individual executing this Agreement on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement. Upon request, Seller shall furnish Title Company with evidence of the foregoing authority (e.g., corporate resolution, partnership agreement, limited liability agreement, joint venture agreement, etc.).
- 8.1.7 **Contract or Commitments:** As of the Closing, except for the Permitted Exceptions and matters arising under recorded documents including but not limited to the Declaration (as described in Section 8.4), there will be no contracts, licenses, commitments or undertakings respecting the maintenance of the Property or performance of services on the Property or the use of the Property or any part of it; other than those which (a) Buyer agrees in writing to assume in advance of the Closing evidenced by a written consent and timely notice thereof given to Seller, and (b) are cancelable upon not more than thirty (30) days notice without penalty.
- 8.1.8 **[Intentionally Omitted]**
- 8.1.9 **No Tenants or Trespassers.** There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers.
- 8.1.10 **No Unpaid Charges.** To the best of Seller's knowledge there are no unpaid charges, debts, liabilities, claims, or other monetary obligations arising from the construction, occupancy, ownership, use, or operation of the Property.
- 8.1.11 **Statutory Disclosure.** The Property is "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 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 Property 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.

Buyer's Initials: _____

8.2 Seller's Knowledge and Survival Period. In each event in which any representation of Seller is limited to the best of Seller's knowledge or such knowledge is otherwise referred to in this Agreement, such knowledge shall include only the actual, personal (but no implied, imputed or constructive knowledge) of Michael Mirra and Roberta Schur, whom Seller represents and warrants are the persons responsible for oversight and management of the Property, without any independent Property inspection or any investigation or inquiry, and without review of any files or public records. The representations and warranties set forth in Section 8.1 shall survive for a period of twenty-four (24) months after the Closing, excluding the representations and warranties set forth in section 8.1.6 (Seller's Authority). Any claim which Buyer may have at any time against the Seller for a breach of any such representation or warranty, whether known or unknown, which is not asserted by written notice to Seller within such twenty-four (24) month period shall not be valid or effective, and the Seller or its employees or officials shall have no liability with respect thereto.

8.3 No Liability for Exception Matters

8.3.1 As used herein, the term "**Exception Matter**" shall refer to a material fact (i) disclosed to Buyer by Seller in writing during the Feasibility Period and extending through Closing and labeled "Exception Matter" that would make a representation or warranty of Seller contained in this Agreement untrue or incorrect or (ii) discovered by Buyer during the Feasibility

Period and extending through Closing that would cause a reasonable person to conclude that a representation or warranty of Seller contained in this Agreement is untrue or incorrect.

- 8.3.2 If Seller discloses any Exception Matter at any time during the Feasibility Period and extending up to Closing, Buyer may terminate this Agreement and receive a return of the Earnest Money deposit upon written notice to Seller within five (5) business days after Buyer learns of such Exception Matter and Buyer's receipt of a written notice from Seller that Seller elects not to cure or remedy any such Exception Matter. If Buyer discovers any Exception Matter, Buyer shall provide Seller with a written request for Seller to cure such Exception Matter. Seller shall provide a written response regarding Seller's intent to cure or remedy the Exception Matter within five (5) business days of receipt of Buyer's request. If Seller notifies Buyer that Seller elects not to cure the Exception Matter, or Seller fails to timely respond to Buyer's request, Buyer may terminate this Agreement and receive a return of the Earnest Money by providing written notice of termination to Seller in which case this Agreement would be deemed to have terminated as of the date of Buyer's written request to Seller to cure the Exception Matter. Should Seller elect to cure the Exception Matter, Seller shall have ten (10) business days from Seller's notice to Buyer to cure or remedy the Exception Matter to Buyer's satisfaction. If Seller is unable to cure the Exception Matter to Buyer's satisfaction, Buyer may terminate this Agreement and receive a return of the Earnest Money, in which case this Agreement would be deemed to have terminated as of the date of Buyer's written request to Seller to cure the Exception Matter. Either party shall promptly notify the other party in writing of any Exception Matter of which the first party obtains knowledge before the Closing.
- 8.3.3 If Buyer nonetheless elects to proceed with the acquisition of the Property, Buyer shall consummate the acquisition of the Property subject to such Exception Matter and Seller shall have no liability for breach of this Agreement with respect to such Exception Matter, notwithstanding any contrary provision, covenant, representation or warranty contained in this Agreement, except in the case of Seller's intentional fraud or misrepresentation.
- 8.3.4 If Buyer elects to terminate this Agreement on the basis of any Exception Matter which can only occur prior to Closing, Buyer shall so notify Seller not later than the later of three (3) business days prior to Closing or two (2) business days after Buyer's discovery or notification from Seller of the Exception Matter, and the Earnest Money Deposit shall be returned to

Buyer. Buyer's failure to give such notice within such period shall be deemed a waiver by Buyer of such Exception Matter, provided that Buyer had actual knowledge of the Exception Matter. Except as provided in Section 3.7 with respect to delivery of title at Closing, Seller shall have no obligation to cure or remedy any Exception Matter and Seller shall have no liability whatsoever to Buyer under this Agreement with respect to any such Exception Matter.

8.4 Buyer's Representations and Warranties. The following constitute representations and warranties of Buyer to Seller:

8.4.1 Buyer's Authority: Subject to the terms and conditions in the Corporate Approval Section, Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated by this Agreement. Subject to the terms and conditions in the Corporate Approval Section, the individual executing this Agreement on behalf of Buyer has the legal power, right and actual authority to bind Buyer to the terms and conditions of this Agreement. Upon request, Buyer shall furnish Title Company with evidence of the foregoing authority (e.g., corporate resolution, partnership agreement, limited liability agreement, joint venture agreement, etc.).

8.4.2 [Intentionally Omitted]

8.4.3 Interstate Land Sales Full Disclosure Act. The Salishan community is not registered under the Interstate Land Sales Full Disclosure Act (the "Act") in reliance upon exemptions contained in the Act. Buyer shall reasonably cooperate with Seller in taking any action necessary to preserve any such exemptions insofar as they relate to the Property. To assure that Seller's operations insofar as they relate to the Property qualify for exemption from the Act, Buyer represents and warrants: (i) Buyer is a duly organized and validly existing business enterprise; (ii) Buyer is purchasing the Property for its own use and development and is acquiring the Property for the purpose of engaging in the business of constructing residential units on such Property for resale to third parties; and (iii) Buyer has been represented in the negotiations regarding the subject purchase by a representative of its own choosing.

8.4.4 Buyer's Knowledge and Survival Period. In each event in which any representation of Buyer is limited to Buyer's knowledge or such knowledge is otherwise referred to in this Agreement, such knowledge shall include only the actual, personal (but no implied, imputed or constructive knowledge) of Michael T. Jones and Kevin Capuzzi, whom

Buyer represents and warrants are the persons primarily responsible for the acquisitions of the Property, without any independent inspection or any investigation or inquiry, and without review of any files or public records. The representations and warranties set forth in Section 8.4 shall survive for a period of twenty-four (24) months after the Closing, excluding the representations and warranties set forth in section 8.4.1 (Buyer's Authority). Any claim which Seller may have at any time against Buyer for a breach of any such representation or warranty, whether known or unknown, which is not asserted by written notice to Buyer within such twenty-four (24) month period shall not be valid or effective, and the Buyer or its employees or officials shall have no liability with respect thereto.

8.5 Buyer's Covenants

8.5.1 Affordable Housing Requirement.

8.5.1.1. Buyer and Seller acknowledge that **19** units to be developed within the Property need to be sold to homebuyers qualifying at or below 60% of Area Median Income as established by HUD for the Pierce County MSA ("**Low Income Buyers**") in accordance with the restrictions recorded in that certain Declaration of Restrictive Covenants recorded at Pierce County AFN # 200801220236 ("**HUD Covenant**") and the Revitalization Plan referenced therein, adopted by Seller and approved by HUD with respect to the Salishan development. Buyer hereby agrees to sell to Low Income Buyers at least that number of the Lots and the homes constructed on them ("**Affordable Housing Requirement**"). For any transaction Buyer proposes to count towards satisfying the Affordable Housing Requirement, Buyer shall confirm in advance, via e-mail (provided verification of receipt is obtained), of the closing of such transaction with a designated representative of Seller ("**Designated Representative**"), the eligibility of the proposed homebuyer as a Low Income Buyer and Seller will respond to Buyer within five (5) business days of confirmed receipt of a complete application containing the required eligibility information for a candidate Low Income Buyer. The initial Designated Representative shall be Roberta Schur (rschur@tacomahousing.org). In the event the Designated Representative is no longer employed by

Seller, or Seller wishes to appoint a new Designated Seller, Seller shall provide written notice to Buyer of the appointment of a new Designated Representative.

8.5.1.2. Those 19 lots that will be subject to the Affordable Housing Requirement shall be reasonably dispersed throughout the Property in a pattern generally consistent with that illustrated on the attached Exhibit E. The homes on these Lots will also be generally architecturally indistinguishable from the homes on the other Lots. Should Buyer wish to alter the designation of Lots subject to the Affordable Housing Requirement after the Feasibility Period, the Parties agree to cooperate in good faith to agree upon such re-designation and to take steps to effectuate the same.

8.5.1.3. The obligations of this Section shall survive closing and run with the land for those designated Lots, binding Buyer and its successors and assigns until such time as homes are developed on designated Lots and sold to an initial qualified Low Income Buyer. Upon the sale of each Lot designated with the Affordable Housing Requirement to an approved Low Income Buyer, the Affordable Housing Requirement shall terminate with respect to said Lot and Seller shall take all steps necessary to release the applicable designated Lot from the Affordable Housing Requirement.

8.5.1.4. At or prior to Closing Seller shall effectuate a full and valid release of the HUD Covenant from the Property. Such release shall be a condition precedent to Buyer's obligation to close the transaction. Upon the release of the HUD Covenant, but prior to the recording of the Deed to Buyer, Seller shall record the Declaration of Restrictive Covenant Re Affordable Housing, the form of which is attached as Exhibit O, (the "**Restrictive Covenant**") on the Lots designated and depicted on Exhibit E. Seller shall be obligated to release the Restrictive Covenant concurrent with the sale of each lot depicted on Exhibit E to an approved Low Income Buyer, pursuant to this Agreement. Seller's obligation to release the Restrictive Covenant shall survive Closing.

8.5.2 Deed and Use Restrictions and Duties:

8.5.2.1. Buyer understands and agrees that all of Salishan Division 4, including the Property, is subject to the Declaration. The Declaration, among other things, requires each owner of property in Salishan to belong to a homeowners association, requires owners to pay assessments for maintenance of common areas, imposes restrictions on initial construction and modification of improvements, landscaping, etc., requires maintenance of improvements and landscaping, and imposes rules restricting the uses of lots and homes. Buyer agrees that in its sales presentations it shall provide homebuyers with a copy of the Declaration together with a complete explanation of its provisions.

8.5.2.2. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns.

8.5.3 Buyer's Covenant regarding Design of Structures on Lots.

Buyer will ensure that the Buyer's home designs, colors and specifications are compatible with the overall Salishan project and consistent with the criteria set forth in Exhibit G. Buyer will obtain Seller's prior written approval for the design, specifications and colors of structures to be constructed on the Lots, consistent with the Declaration and Exhibit G, which consent shall not be unreasonably withheld or delayed by Seller. Seller's approval of Buyer's design, specifications and colors of structures to be constructed on the Lots shall be obtained prior to expiration of the Feasibility Period. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns.

8.5.4 Seller's Development, Product, and Marketing Strategies. Seller, Buyer, and other developers will all be developing property in Salishan. Seller requires that the development activities of all entities be reasonably consistent and that Seller be informed and aware of the activities intended to be performed by Buyer on the Property. Buyer agrees Buyer's work on the Property shall be conducted in accordance with the development, product and marketing strategies for the Property consistent with the standards and other terms stated in Exhibits G, H, I, J and K.

8.5.5 Buyer's Commitment to Develop and Market Lots.

8.5.5.1. Buyer agrees that, subject to all of the other specific provisions contained in the various subsections of this Section 8.5.5, following Closing Buyer shall diligently

pursue the development of the Lots, and the construction and marketing of homes built on the Lots. Buyer shall commence construction of its model home and at least one (1) spec home at its earliest convenience but in no event later than 90 days following Closing, subject to receipt of necessary building permits and any other necessary approvals therefor and subject to events of Force Majeure (as defined below). In the event that Buyer sells either the model home or the spec home, then Buyer will commence construction of a replacement home within 60 days after the sale and conveyance of the model home or spec home, subject to receipt of necessary building permits and any other necessary approvals therefor and subject to events of Force Majeure. Seller may not enforce specific performance of this Contract. Buyer shall not be in default or violation of this Agreement and the time periods set forth above shall be extended for up to 90 days if Buyer is delayed as a result of events beyond Buyer's reasonable control, including but not limited to acts of God, war, riot, civil disobedience or disturbance, weather, impracticality, accident, delay in issuance of necessary permits by applicable jurisdictions, strike or other labor disputes, delays of suppliers, contractors or carriers, fire, flood or casualty, governmental or judicial actions and shortages of material, components, fuel labor of facilities ("Force Majeure").

8.5.5.2. Buyer agrees at all times commencing on the date that is 180 days from the date of Closing, subject to market conditions and sales velocity, to try to have at least two (2) homes (excluding the Model Home and the Sales Office) constructed or in active construction. It is not the intention of the parties hereto that Buyer "bank" the undeveloped Lots for any reason. Buyer is not obligated to build homes on a speculative basis or in excess of reasonable requirements for sales from time to time.

8.5.5.3. So that Seller can satisfy its reporting requirements to HUD, Buyer agrees it shall file with Seller, within 5 days of written notice from Seller, a written sales progress report on a quarterly basis, commencing on the last day of the initial quarter immediately following the Closing date, which shall include the following information pertaining to

Buyer's development of the Property: (i) the number of Lots sold; (ii) the number of houses under construction; (iii) the number of houses closed and whether or not they are affordable or market rate homes; and (iv) aggregate data for average sales price for all homes sold broken down into market rate and affordable categories. Seller shall not be entitled to a copy of a homebuyer's HUD 1 settlement statement of any other information that Buyer or the escrow agent for the sale of units would not be permitted by law to disclose.

8.5.5.4. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns until such time as homes are developed on all Lots within the Property and sold to an initial homebuyer.

8.5.6 **Maintenance of Undeveloped Lots.** Until such time as it commences construction on a particular Lot, Buyer shall maintain all Lots in substantially the same condition as exists as of the date of Closing including, without limitation, keeping fencing properly maintained, regularly mowing grass and other vegetation, and maintaining Lots free and clear of trash, abandoned vehicles or other debris.

8.5.7 **Resale of Undeveloped Lots.** In the event, following Closing hereunder, Buyer elects to sell any or all of the Lots to a third party homebuilder prior to commencing construction of homes on such Lots, the following requirements shall apply:

8.5.7.1. Seller shall have the right to approve the sale to any non-affiliated developer prior to the sale, which approval may not be unreasonably withheld, conditioned or delayed. Seller shall respond in writing to Buyer with its approval or disapproval within 10 business days following Buyer's delivery of written notice to Seller of intent to sell. Seller's failure to respond in writing within such 10-business day period shall be deemed to constitute Seller's approval of the developer. Any Seller disapproval shall be accompanied by reasonably detailed grounds for such disapproval. Upon any disapproval, Seller and Buyer shall cooperate diligently and in good faith to resolve Seller's objections. It shall be unreasonable for Seller to disapprove a developer with a demonstrated successful history of development and sale of homes in the South Puget Sound

area of comparable quality as that built by the Buyer and who contractually commits to adhering to the requirements set forth in Section 8.5.

8.5.7.2. In the event the undeveloped Lots are sold in a transaction for which Seller's approval is required pursuant to Section 8.5.7 for a price in excess of \$47,000.00 per Lot, Buyer shall pay to Seller in cash 50% of the proceeds of the sale over and above \$47,000.00 per Lot, after deducting from the excess all reasonable and customary expenses directly incurred by Buyer in association with the sale, including without limitation real estate excise tax, commissions, escrow fees and closing costs. Such payment shall be made by Buyer within 30 days after closing on the sale of the undeveloped Lots.

8.5.7.3. Any sale of Lots to a third party homebuilder shall oblige that homebuilder to honor all provisions of this Agreement and shall include a provision allowing the Seller all the same remedies against that homebuilder for any breach that this Agreement provides for the Buyer's breach.

8.5.7.4. Buyer's obligation to pay amounts due to Seller under the terms of subsection 8.5.7.2 above is unsecured. If Buyer fails to timely pay any amount due following the satisfaction of all conditions to payment, then Seller shall have the right to (i) charge and collect interest at the rate of twelve percent (12%) on amounts not timely paid; and (ii) execute and record a notice against all Lots and property then owned by Buyer in the Salishan development, which recorded notice shall state that Buyer and Seller are parties to an agreement whereby Buyer is obligated to pay a portion of the proceeds of any future Lot sale to Seller. The form of the notice to be filed is attached hereto as Exhibit L.

8.5.8 Seller's Repurchase Option.

8.5.8.1. In the event that a period of twelve (12) consecutive months passes where Buyer fails to complete at least one home for marketing and sale (a "No Construction Period"), Seller shall have an option to repurchase any undeveloped Lots then still owned by Buyer (the "Repurchase Option"); provided, however, that Seller's

exercise of its repurchase rights shall be conditioned upon Seller providing written notice to Buyer of its intent to enforce the Repurchase Option whereby Buyer shall have a period of one (1) month to begin Substantive Home Construction (as defined below) (the "**Construction Commencement Period**"). Buyer's commencement of Substantive Home Construction within the Construction Commencement Period shall eliminate Seller's right to exercise of its Repurchase Option with regard to that particular No Construction Period but Seller shall have a continuing Repurchase Option if there are subsequent No Construction Periods. "**Substantive Home Construction**" for the purpose of this Agreement shall mean employment of a full construction crew diligently and continuously pursuing completion of at least one home to be placed on the market for sale. If at the time Buyer receives a written notice from Seller of its intent to enforce the Repurchase Option Buyer has no valid building permits in force and effect which would allow construction of a home on any Lot within the Property, Buyer can satisfy the requirement of Substantive Home Construction within the Construction Commencement Period by (i) filing a complete building permit application for at least one home within ten (10) days of receipt of Seller's notice, (ii) diligently pursuing the issuance of said permit, (iii) commencing construction of said home within ten (10) days of notice of the availability of said permit for issuance and (iv) diligently and continuously pursuing completion of said home.

8.5.8.2. The purchase price per Lot under the Repurchase Option (the "**Repurchase Price**") shall be \$45,500.00 during the first two (2) years after the date of Closing by Buyer under this Agreement, payable in immediately available funds due at closing of such repurchase. Commencing on the date of the third anniversary of the date of Closing by Buyer under this Agreement, and every subsequent anniversary of said date thereafter (each an "**Adjustment Date**"), the Repurchase Price shall be increased by four percent (4%) per annum.

8.5.8.3. Marketable title shall be delivered at closing free and clear of all liens and encumbrances other than those which are Permitted Exceptions under this Agreement and any

necessary easements that may have been recorded in the course of Buyer's development of the Property. Seller shall have sixty (60) days following the expiration of the Construction Commencement Period without Buyer initiating Substantial Home Construction to exercise its Repurchase Option by written notice of such exercise to Buyer. Closing of the repurchase shall occur on or before sixty (60) days following Seller's written exercise of its Repurchase Option. The parties agree that the other terms and conditions of the Repurchase Option shall be those established by this Agreement, modified only as necessary to conform to the terms set forth in this Section or as the context may otherwise require.

9. INDEMNITY AND HOLD HARMLESS AGREEMENT

The provisions of this section survive the termination of this Agreement or Closing.

9.1 Buyer's Indemnity and Hold Harmless Protection to Seller. Buyer shall indemnify, hold harmless and, at the election of Seller and with counsel acceptable to Seller, defend Seller from any cost, expense (including attorneys and experts fees and costs) loss, liability, damage or claims to persons or property arising out of inspection activities on the Property prior to the Closing of the Buyer, its representatives, employees, agents independent contractors, licensees or invitees, provided, however, that the foregoing indemnity and hold harmless obligations shall not apply to (i) any loss, liability, cost, claim, damage, injury or expense arising from or related to the negligent acts or omissions of Seller, its officers, directors, shareholders, employees, agents, contractors, or invitees, (ii) any diminution in value in the Property arising solely from or relating to matters discovered by Buyer or its agents, employees, representatives, contractors or subcontractors during Buyer's investigation of the Property; (iii) any defects in the Property discovered by Buyer or its agents, employees, representatives, contractors or subcontractors; (iv) the existence of any Hazardous Substances which are discovered (but not deposited or unreasonably disturbed by Buyer) on or under the Property by Buyer or its agents, employees, representatives, contractors or subcontractors; and (v) any government action which results from matters discovered in such tests, studies or reports. This provision shall not apply to any loss, liability, damage or claims resulting from (i) Seller's or Seller's employees', agents', or independent contractors' negligence or (ii) from the Buyer's discovery of any pre-existing conditions (including but not limited to the existence of any hazardous material) or any exacerbation of a pre-existing

condition except to the extent that the exacerbation results from the acts of the Buyer, its agents or independent contractors and (iii) any government action which results from such tests, studies or reports. Buyer's indemnity obligations hereunder shall survive the expiration or termination of this Agreement.

- 9.2 Seller's Indemnity and Hold Harmless Protection to Buyer.** Seller shall indemnify, hold harmless and, at the election of Buyer and with counsel acceptable to Buyer, defend Seller from any cost, expense (including attorneys and experts fees and costs) loss, liability, damage or claims to persons or property caused by the activities on the Property prior to Closing of the Seller or its employees, agents or independent contractors. This provision shall not apply to any loss, liability, damage, or claims resulting from Buyer's acts, omissions or negligence.

10. ACCEPTANCE OF PROPERTY

Buyer acknowledges and agrees that it has been or will prior to the expiration of the Feasibility Period be given a full opportunity to ascertain, or will ascertain, all material facts and information concerning the Property, including but not limited to its size, configuration, utility service, environmentally sensitive areas, means of access, permitted uses, status of title, value and condition of the Property and, except as specifically stated herein and in any exhibit hereto, no representations or warranties have been made or are made and no responsibility has been or is assumed by Seller or by any partner, officer, person, firm, agent or representative acting or purporting to act on behalf of Seller as to any matters concerning the Property. Except as stated herein and any exhibit hereto, Buyer is not relying on, nor has Buyer been influenced by, any representation of Seller or any agent or representative of Seller regarding any of such items. Except as stated herein and any exhibit hereto, Buyer specifically acknowledges and agrees that the Property is being sold in an "AS IS" condition and "WITH ALL FAULTS" as of the Closing. Except for any actionable breaches of Seller's representations and warranties contained herein and in any exhibit hereto, Buyer's acceptance of the Property and the satisfaction or waiver of all of Buyer's contingencies to closing shall be evidenced solely by the closing of this transaction and without any other act or confirmation by Buyer. Buyer shall not have the option to close this transaction without accepting the Property in its then current condition, and Buyer acknowledges that except for any Seller's breach of an express representation or warranty stated in this Agreement, including any exhibits hereto, Buyer is acquiring the Property in its condition existing as of the date of Closing.

11. RISK OF LOSS

Notwithstanding any other provision of this Agreement or Buyer's acceptance or waiver of any contingency or condition to the contrary, Seller shall bear the risk of all loss or damage to the Property from all causes through the Closing. If, prior to the Closing, all or part of the Property is damaged by fire or by any other cause of whatsoever nature, or any portion of the Property is taken by eminent domain or threatened by such a taking, and in any such case of damage or taking or threatened taking wherein the reasonable value of the loss or cost of restoration will exceed Thirty Three Thousand Dollars (\$33,000.00), Seller shall promptly give to Buyer written notice describing the damage or taking (the "Loss Notice") and shall keep Buyer informed as to such matters. In such event, Buyer shall have the right, but not the obligation, to terminate this Agreement by written notice delivered to Seller within twenty (20) business days after Buyer's receipt of Seller's Loss Notice. Buyer shall also have the right to elect to Close the transaction contemplated hereby despite such damage, taking or threatened taking. If the Buyer elects to Close rather than to terminate this Agreement, then Buyer shall receive at Closing: (i) credit for all insurance or condemnation proceeds which Seller has previously collected by reason of such damage, taking or threatened taking; (ii) an assignment of Seller's rights to unpaid insurance and/or condemnation proceeds; and (iii) a credit from Seller in an amount equal to all deductibles on any applicable property insurance policy.

12. DEFAULT; REMEDIES

12.1 Time of Essence. Time is of the essence of the parties' obligations under this Agreement, provided that each party shall be entitled to written notice of any default and shall have 10 days from receipt of such notice to cure such default prior to the exercise of any remedy provided herein.

12.2 Remedies

12.2.1 In the event the Buyer fails, without legal excuse, to complete the purchase of the Property after the delivery of Buyer's Waiver Notice and deposit of the Earnest Money, the Earnest Money shall be forfeited to the Seller as the sole and exclusive remedy available to the Seller for such failure. In the event of Buyer's default, Title Company shall pay the Earnest Money to Seller, including accrued interest. The parties agree that the damages resulting from such a failure by Buyer to Close would be extremely difficult or impracticable to determine. They further agree that the Earnest Money paid by Buyer, including accrued interest, is not a penalty and that it is a reasonable estimate, at the time of this Agreement, of such damages including, without limitation, the risk of losing the

opportunity to sell for a higher price, the risk that the market for the Property could drop substantially, the lost time value of Seller's equity resulting from any delay, lost opportunities for other investments, changes in the availability or cost of financing, and costs that the Seller could incur as a result of the Buyer's default. Seller releases any and all right to specific performance of this Agreement and/or to recover actual damages incurred as a result of Buyer's default.

12.2.2 Notwithstanding any other provision in this Agreement to the contrary, in the event the contingencies and conditions set forth in this Agreement are fully satisfied or are waived by Buyer, in writing, and Buyer's Waiver Notice has been timely given to Seller, and Seller nevertheless fails to close the sale of the Property in accordance with this Agreement without legal excuse, Buyer shall have, as its sole and exclusive remedy, the right to either (a) specifically enforce this Agreement provided, however, that if the remedy of specific performance is not available, Buyer shall be entitled to recover its receipted out-of-pocket costs, fees, and expenses it has reasonably incurred relating to or arising from its investigation of the Property in an amount not to exceed Twenty Five Thousand Dollars (\$25,000.00) and Buyer shall receive, immediately upon demand, a return of Buyer's Earnest Money Deposit. Buyer hereby releases any and all right to recover any other actual and/or consequential damages incurred as a result of Seller's default.

13. MISCELLANEOUS PROVISIONS

13.1 Binding Effect & Assignment. Buyer shall have no right to assign this Agreement (other than to any parent, subsidiary, or other affiliate of Buyer) without the express written consent of Seller, which may be withheld in Seller's discretion. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

13.2 Notices. Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed given when personally delivered, delivered by facsimile with copy sent by mail, when delivered by private courier service (such as Federal Express), or three days after being deposited in the United States Mail in registered or certified form, return receipt requested, addressed as follows, or to such other address as any party may, subsequent to the Effective Date, indicate by written notice to the other parties in the manner set forth in this Section 13.2. The Parties agree that the attorney for such Party shall have the authority to deliver Notices on such Party's behalf to the other Party hereto. The Parties expressly acknowledge and agree that the Buyer's Waiver Notice may be transmitted by Buyer to Seller by

electronic scanning and e-mail or by facsimile so long as Buyer obtains verification of delivery to Seller. Delivery of the Buyer's Waiver Notice by any methods described above shall also be valid.

<p>If to Buyer:</p> <p>D. R. Horton, America's Builder 12910 Totem Lake Blvd, N.E., Ste. 220 Kirkland, WA 98034 Attn: Michael T. Jones, VP/Division President, Tia Brotherton Heim, Esq., and Brandon R. Carroll, Esq. E-mail: mtjones@drhorton.com; tbheim@drhorton.com; brcarroll@drhorton.com Phone: 425-821-3400; Fax: 425-814-2638</p>	<p>If to Seller:</p> <p>Executive Director Tacoma Housing Authority 902 South L Street Tacoma, WA 98405 (253) 207-4440 fax</p>
<p><u>With a copy to:</u></p> <p>D. R. Horton, West Region 501 W. Broadway, Suite 1200 San Diego, CA 92101 Attn.: William. E. Mayer, Esq. E-mail; wemayer@drhorton.com Phone: 619-849-4947;;</p>	<p><u>With a copy to:</u></p> <p>Van Ness Feldman GordonDerr, LLP 719 Second Avenue, Suite 1150 Seattle, WA 98104 Attn: Joel M. Gordon, Esq. (206) 623-4986 fax</p>
<p><u>And with a copy to:</u></p> <p>D. R. Horton, Inc. 301 Commerce Street, Suite 500 Fort Worth, TX 76102 Attn: Ted I. Harbour, Esq. and Mark Karnes, Esq. E-mail: tedharbour@drhorton.com; mkarnes@drhorton.com Phone: 817-390-8200; Fax: 817-390-1709</p>	

If to Title Company:

Chicago Title Insurance Company
Attn: Mike Costello
701 5th Ave, Ste 2300
Seattle, WA 98104

206-628-5619 phone
206-628-9739 fax
Michael.Costello@ctt.com

- 13.3 Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision. Nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.
- 13.4 Amendment.** This Agreement may not be modified or amended except by a written agreement executed by both Seller and Buyer, including Buyer's Corporate Approval as set forth below.
- 13.5 Attorneys' Fees.** In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement or with respect to any dispute relating to this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, mediation, or other proceeding, the amount thereof shall: (i) be determined by the judge or arbitrator; (ii) include fees and expenses incurred on any appeal or review; and (iii) be in addition to all other amounts provided by law.
- 13.6 Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 13.7 Integration.** This Agreement, including the Exhibits attached, contains the entire agreement and understanding of the parties with respect to the purchase and sale of the Property and supersedes and merges all prior and contemporaneous agreements between them with respect to such purchase and sale.
- 13.8 Construction and Interpretation.** The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement. The use in this Agreement of the words "including," "such as," and

words of similar import following any general statement, term, or matter shall not be construed to limit such statement, term, or matter in any manner, whether or not language of non-limitation (such as "without limitation" or "but not limited to") is used in connection therewith, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the scope of the general statement, term, or matter. All provisions of this Agreement have been negotiated at arms length and this Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision hereof.

- 13.9 Exhibits.** All exhibits referred to in and attached to this Agreement are hereby incorporated and made a part hereof by this reference.
- 13.10 Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any action brought to enforce or interpret the terms of this Agreement shall be brought in Tacoma, Pierce County, Washington.
- 13.11 Escrow Instructions; Further Instruments.** Buyer and Seller agree that the terms of this Agreement shall constitute Title Company's escrow instructions. Buyer and Seller each shall promptly, upon the request of the other party or Title Company, execute and deliver to the other party or Title Company any and all further instruments reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement, including without limitation supplemental escrow instructions.
- 13.12 Brokerage Commissions.** Seller and Buyer each represents that it has not engaged a broker or finder in connection with the sale of the Property by Seller to Buyer other than as follows: Bob Fredrickson of Coldwell Banker Commercial Danforth ("Seller's Broker") is representing Seller in this transaction. Seller's Broker shall be paid a commission by Seller per the terms of an outside agreement. Buyer is not represented by a real estate broker in this transaction. Each party agrees to indemnify and hold the other harmless from any commission or claim therefor made against the other on account of any other broker or finder which that party has engaged or dealt with in connection with the Property or this Agreement.
- 13.13 Counting of Days.** Whenever a time period set forth in this Agreement would otherwise expire on other than a business day, such time period shall be deemed extended to the next following day that is a business day. As used in this Agreement, "business day" means a day other than a Saturday, Sunday, or banking, federal, or State of Washington holiday.

- 13.14 Counterparts and Acceptance of Offer.** This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution and delivery of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. The signatures to this Agreement may be executed on separate pages and when attached to this Agreement shall constitute one complete document. However, this Agreement shall not be effective unless and until all counterpart signatures have been obtained. An unsigned draft of this Agreement shall not be considered an offer by either party. Acceptance, for purposes hereof, shall mean that each party is in physical possession of a fully-signed counterpart copy or original of this Agreement. Unless otherwise expressly set forth in this Agreement, Buyer does not assent or agree to and will not be bound by any electronic signature or other electronic record. Without limiting the foregoing, Buyer and Seller agree that except as expressly set forth in this Agreement, the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act, or any other law applicable to contracting electronically do not and shall not apply to this Agreement or any amendment hereto.
- 13.15 Memorandum of Agreement.** The parties shall simultaneously with the execution of this Agreement, execute and Seller shall subsequently record a memorandum of this Agreement in the form attached hereto as Exhibit M provided Seller shall pay any recording fees due by reason of such recording. If for any reason Closing does not occur, Buyer agrees to provide such reasonable documentation necessary to remove the memorandum of agreement for the record title of the Property.
- 13.16 No Individual Liability.** In no event shall any shareholder, officer, director, member, partner, affiliate, agent or employee of Buyer or Seller or any of Buyer's or Seller's affiliates be or be held liable or responsible in any way for the obligations or liabilities of Buyer or Seller, as applicable, under this Agreement.
- 13.17 Effective Date.** The term "date of this Agreement", or "date hereof", or "Effective Date", as used herein, shall mean the later of the following dates: (1) the date of Seller's signature; (2) the date of Buyer's signature; or (3) the date of the Corporate Approval of Buyer.
- 13.18 CORPORATE APPROVAL OF BUYER. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, NEITHER THIS AGREEMENT NOR ANY AMENDMENT HERETO SHALL BE A VALID AND ENFORCEABLE OBLIGATION OF BUYER UNLESS THE AGREEMENT OR AMENDMENT IS EXECUTED BY EITHER ONE OF DONALD R. HORTON, DONALD J. TOMNITZ, OR BILL WHEAT,**

**WITHIN 10 BUSINESS DAYS OF THE EXECUTION OF THIS
AGREEMENT OR SUCH AMENDMENT BY SELLER AND BUYER'S
REPRESENTATIVES.**

13.19 Intentionally Omitted.

Signatures on Following Page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BUYER

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation, its manager

By: _____
Kevin Capuzzi, VP/Director of Land Acquisition

Date: _____, 2014

By: _____
Michael T. Jones, VP/President of the Seattle Division

Date: _____, 2014

SELLER

TACOMA HOUSING AUTHORITY

By: _____
Michael Mirra
Executive Director

Date: _____

BUYER'S CORPORATE APPROVAL:

By: _____

Name: _____

Title: _____
An Officer of Buyer Not an Individual

Date: _____, 2014

ACCEPTANCE BY Title Company

The undersigned hereby acknowledges receipt of a copy of this Agreement executed by Buyer and Seller, and agrees to act as escrow agent and title insurer in accordance with its terms.

DATED: _____, 2014

BY:

Chicago Title Insurance Company
701 5th Ave, Ste 2300
Seattle, WA 98104
206-628-5619 phone
206-628-9739 fax

List of Exhibits

Exhibit A – Legal Description
Exhibit B – Intentionally Omitted
Exhibit C – Form of Bargain and Sale Deed
Exhibit D – Environmental Disclosure Statement
Exhibit E – Illustration of Distribution of Affordable Housing Units
Exhibit F – Intentionally Omitted
Exhibit G – Materials Specifications
Exhibit H – Housing Mix Plans
Exhibit I – Development Strategy
Exhibit J – Construction Activities Requirements
Exhibit K – Collaboration Agreement
Exhibit L – Form of Notice of Payment Obligations
Exhibit M – Form of Memorandum of Agreement
Exhibit N – Form of General Assignment Agreement
Exhibit O – Form of Declaration of Restrictive Covenant Re Affordable Housing

EXHIBIT "A"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

LEGAL DESCRIPTION OF PROPERTY

LOTS 1 through 10, INCLUSIVE, BLOCK 24;
LOTS 1 through 6, INCLUSIVE, BLOCK 25;
LOTS 1 through 12, INCLUSIVE, BLOCK 27;
LOTS 1 through 10, INCLUSIVE, BLOCK 28;
LOTS 1 through 22, INCLUSIVE, BLOCK 29;
LOTS 1 through 7, INCLUSIVE, BLOCK 30;
LOTS 1 through 9, INCLUSIVE, BLOCK 31; of SALISHAN DIVISION NO. 4, ACCORDING TO THE PLAT
THEREOF RECORDED JULY 15, 2010 UNDER RECORDING NUMBER 201007155004, IN PIERCE COUNTY

SITUATE IN THE CITY OF TACOMA, COUNTY OF PIERCE, STATE OF WASHINGTON

EXHIBIT "B"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

Intentionally Omitted

EXHIBIT "C"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF DEED

Upon Recording, Return to:

D.R. Horton, America's Builder
Attn: Brandon R. Carroll
12910 Totem Lake Blvd N.E.
Suite 220
Kirkland, WA 98034

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein) : BARGAIN AND SALE DEED
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: n/a <input type="checkbox"/> Additional reference #s on page ____ of document(s)
GRANTOR(S) (Last name first, then first name and initials) HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation

THA-DR HORTON: SALISHAN 4 PURCHASE AND SALE AGREEMENT – C-2

<input type="checkbox"/> Additional names on page ____ of document
GRANTEE(S) (Last name first, then first name and initials)
SSHI LLC, a Delaware limited liability company
<input type="checkbox"/> Additional names on page ____ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range)
<input checked="" type="checkbox"/> Additional legal is on page ____ of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER
<input type="checkbox"/> Assessor Tax # not yet assigned

BARGAIN AND SALE DEED

The Grantor, HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation ("Grantor"), for and in consideration of ten dollars (\$10.00) in hand paid, does hereby bargain, sell, and convey to SSHI LLC, a Delaware limited liability company, the real property more particularly described on Exhibit A attached hereto, and subject only to those matters set forth on Exhibit B attached hereto.

Grantor, for itself and for its successors in interest, does by these presents expressly limit the covenants of this deed to those herein expressed, and exclude all covenants arising or to arise by statutory or other implication, and does hereby covenant that against all persons whomsoever lawfully claiming or to claim by, through or under said Grantor and not otherwise, Grantor will forever warrant and defend the said described real property.

Dated this ____ day of _____, 2014.

SELLER:

TACOMA HOUSING AUTHORITY

By: _____
Michael Mirra
Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated: _____, 2014.

(Signature of Notary Public)

(Printed Name of Notary Public)

residing in _____

My Appointment expires _____

EXHIBIT A
Legal Description

EXHIBIT B
(Permitted Exceptions)

EXHIBIT "D"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

ENVIRONMENTAL SECTION OF SELLER DISCLOSURE STATEMENT

NOTICE TO PURCHASER:

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY KNOWN AS COMMERCIAL LOT 2 WHICH IS A PORTION OF THE PROPERTY LEGALLY DESCRIBED ON ATTACHED EXHIBIT B ("THE PROPERTY").

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'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?			
B	Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?			
C	Are there any shorelines, wetlands, floodplains, or critical areas on the property?			
D	Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?			
E	Is there any soil or groundwater contamination?			
F	Has the property been used as a legal or illegal dumping site?			
G	Has the property been used as an illegal drug manufacturing site?			

VERIFICATION

The foregoing answers and attached explanations (if any) are complete and correct to the best of Seller's knowledge and Seller has received a copy hereof. Seller authorizes all of its real estate licensees, if any, to deliver a copy of this disclosure statement to other real estate licensees and all prospective buyers of the property.

SELLER: HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____
Its: _____

DATE SIGNED _____, 2014

ADDITIONAL NOTICE TO PURCHASER

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

EXHIBIT "E"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

ILLUSTRATIVE DISTRIBUTION OF AFFORDABLE HOUSING UNITS

Salishan Div 4 Affordable Homes	
Block	<u>Lot</u>
24	2
	5
	8
25	2
	5
27	5
	8
	11
28	1
	4
	9
29	2
	8
	12
	16
	19
31	22
	3
Total	8
	19

Circled Lot numbers on following map denote Affordable Housing Lots.

EXHIBIT "F"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

Intentionally Omitted

EXHIBIT "G"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

MATERIALS SPECIFICATIONS

Buyer and Seller acknowledge the following basic material and elevation specifications will apply to the homes constructed by Buyer:

Garage Doors – Garage doors will be painted in the same primary color as the house. Garage doors will include window across the top door panel. All Lots are front-loaded.

Window and Door Trim – Both windows and doors facing public streets (other than alleys) will be trimmed in the standard Buyer painted wood trim. Homes flanking alley entries or the first house on an alley off a street shall have painted wood window trim on the elevations that face the public streets (other than alleys).

Siding Colors – The range of paint colors for the cementitious siding or similar product Buyer uses within the Salishan development will include a sufficient number of colors so as to complement the color palettes of the other homes also being developed in Salishan and shall be approved by Seller and the applicable homeowners association committee as described in the Agreement. Paint colors shall be reasonably disbursed throughout the Salishan community.

In order to maintain neighborhood cohesiveness and variety the following minimal aesthetic design criteria shall apply to all for-sale units at Salishan.

Facade and Street Presentation

All framed decks that are placed greater than 12" above grade shall have a skirt feature or plant material that provide a base screen that masks exposed grade and under deck structure. Fascia trim at decks shall cover side trim edges. Porch roof columns shall utilize at least 6"x6" nominal columns or wrap smaller structurally sized posts to meet the 6" minimum dimension in all directions for all traditionally styled homes.

Units that use the similar palette along the same street shall be separated by at least two non-similar units. Buyer shall not build the same style of home on adjacent Lots or Lots across from each other.

Any facade (front, side or rear) facing a street or a neighboring house greater than 28' away, shall have at least two different colors or materials and include trim around all windows and doors of at least 3.5" in width nominally and shutters at windows of bedroom size or larger where possible and shall be of a contrasting color to the adjacent siding. (vinyl siding 'J'

bead does not qualify as trim) Window boxes and shutters can be used as acceptable alternates to trim.

THA will need to review and approve in writing the palette of materials and colors deemed to be compatible with the neighborhood context. Range of colors must fall in different hue (grey, red, etc) and tonal categories (light, medium and dark) for each siding type (shingles, board and batten).

THA will need to review and approve in writing the models DR Horton plans to offer as models that will be available to be built for sale to homebuyers unless they are purchasing the plans from Quadrant that were intended to be built at Salishan which were previously approved by THA.

Exterior Options – Homebuyers may, at their discretion and subject to the constraints of a particular exterior elevation, be able to choose optional features. The cost of adding these optional features will be borne by the homebuyer. These optional features include, but are not limited to, masonry or stone accents, window boxes, window grids, windows in the front door, windows beside the front door, and upgraded garage doors.

EXHIBIT "H"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton
tHA

HOUSING MIX AND PLANS

Plan Type	Series	Plan #	Square Footage	Base Pricing	Initial Pricing	Sales Quantity
Front Load	Cottage	3706	1,807	\$ 219,995	\$ 219,995	2
Front Load	Destination	3722	1,983	\$ 229,995	\$ 229,995	2
Front Load	Destination	3724	2,297	\$ 244,995	\$ 244,995	3
Alleys	Illumination - Affordable	A103	1,392	\$ 164,995	\$ 164,995	6
Alleys	Illumination - Affordable	A104	1,525	\$ 184,995	\$ 184,995	6
Alleys	Illumination - Affordable	A105	1,497	\$ 179,995	\$ 179,995	7
Alleys	Illumination	A104	1,525	\$ 194,995	\$ 194,995	10
Alleys	Illumination	A105	1,497	\$ 189,995	\$ 189,995	13
Alleys	Illumination	A106	1,850	\$ 214,995	\$ 214,995	12
Alleys	Illumination	A107	1,747	\$ 204,995	\$ 204,995	15
Total						76

EXHIBIT "I"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

DEVELOPMENT STRATEGY

DR Horton will market, sell, construct and turnover to homebuyers 76 single family detached homes in Division 4 of the Salishan Redevelopment. The goals for this effort are as follows. DR Horton will make all reasonable efforts to fulfill them. These goals are in addition to the other requirements of the Purchase and Sale Agreement.

1. Goals:

- a. To provide the homeownership component of a redeveloped and revitalized Salishan community that will be attractive, economically and ethnically integrated, and well managed;
- b. To initially offer homes for sale all of which sell in the approximate price range between the mid \$150,000.00s and up to the mid \$240,000.00s;
- c. The population of Tacoma/Pierce County is racially and ethnically diverse. The current rental and homeownership population at Salishan reflects this diversity. THA desires similar diversity among future Salishan homeowners. DR Horton shares this goal. THA will assist DR Horton to advertise homeownership opportunities with various ethnic and racial populations by providing a list of media and contacts recommended by local groups that serve these diverse populations. DR Horton will cooperate with these efforts as part of its own efforts to affirmatively further fair housing;
- d. To offer home designs per Exhibit G that are generally compatible with the designs of the existing homes and structures in the Salishan community.

2. Strategies:

a. Product Strategy:

- i. DR Horton intends to feature a product line at Salishan that will generally include front and alley loaded designs with attached 1 or 2 car garages. The product line includes, but is not limited to, a 30' width home "Series" of homes, with 3-4 home plans, with each plan representing an approximate square footage and containing 2 elevation choices.

- ii. Product offered will range in size from approximately 1300 square feet to just under 2,300 square feet. Lot topography and dimensions limit the flexibility of product that can be built on each lot. Same Elevations are not allowed either next door or across the street (or alley) from one another. Similarly, DR Horton will manage exterior color choices to aid in the diversity of streetscape.
- iii. A spreadsheet of the potential Product Mix that is initially projected for Division 4 is attached to the Purchase and Sale Agreement as Exhibit H. Projected initial selling prices for most of the base homes assumed in the Product Mix range from a projected low in the mid - \$160,000.00s for the smallest product up to the mid \$240,000.00s.
- iv. Intentionally Omitted.
- v. All base prices are subject to increases based on the number and nature of options selected by the homebuyer. DR Horton will manage the pricing structure to deliver appropriate velocity and to be in general conformance with the goals set forth above and the basic philosophy of the Salishan re-development.

b. Marketing Strategy

- i. DR Horton intends to include its offerings at Salishan along with its other communities in advertising, press releases, collateral material etc. In addition, DR Horton expects to rely on buyers' agents and will market to agents as well as homebuyers. DR Horton will include Salishan in all of its Tacoma, Pierce County and South King County area broker outreach activities. The sales center is expected to consist of at least one model home/sales office and at least one "spec" home to demonstrate product available. A model home/sales office will be used on site for approximately 24 months while the model/sales office is being constructed. Anticipated sales center location will be near Block 27, Lots 1 & 2.
- ii. DR Horton intends to release Lots in portions of the community for selection by prospective buyers in a controlled manner.
- iii. DR Horton will take full advantage of the many outreach and marketing avenues available through the Tacoma Housing Authority, Washington State Housing Finance Commission and other public and appropriate private agencies focused on facilitating homeownership among low income households and households of color.
- iv. DR Horton expects that buyers in Salishan will include existing or former residents of the community as well as others either buying a home for the first time or move-up, lateral or move down buyers.

- v. Examples of collateral, signage, outreach, and general advertising are provided as a visual of how DR Horton intends to market and sell the Salishan community.

c. Closing / Turnover Strategy.

Closing of the home sale will occur upon completion of the home's construction. Buyers must be ready to close on the Closing Date to insure timely possession of the home.

EXHIBIT "J"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

CONSTRUCTION ACTIVITIES REQUIREMENTS

1. Maintenance. As used in this Exhibit, the term "Builder" means Buyer and its successors, assigns, affiliates, contractors, subcontractors, agents or employees, when engaged in construction on the any portion of the Property (the "**Applicable Properties**"). Before Builder moves any equipment onto an Applicable Property in connection with Builder's improvement thereof, authorized representatives of Seller and Buyer shall jointly inspect the Applicable Property and complete a written report describing the condition of any improvements installed or bonded by Buyer. Thereafter, Builder at its sole expense shall: (a) maintain a neat and orderly construction site and comply with any reasonable construction site maintenance requirements adopted by mutual agreement of Seller and Buyer from time to time and all applicable regulations of the City of Tacoma; (b) regularly remove all debris from the Applicable Property; (c) mow grass, trim weeds and otherwise maintain vegetation on the Applicable Property; (d) locate Sanicans only in locations mutually approved by Seller and Buyer; (e) not deposit fill or export other material or debris or construction materials (specifically including but not limited to any concrete or concrete washing water or other liquids other than entirely clean water) on any lot not owned by Builder or on any street, sidewalk, storm drain or common area; (f) maintain unobstructed and reasonably clean conditions in the streets within or adjacent to the Applicable Property; and (g) protect from damage all improvements not owned by Builder, or promptly replace such improvements to their prior condition if damaged by Builder.

2. Coordination; Construction Procedures. Builder shall attend a weekly coordination meeting, unless Seller and Buyer otherwise agree. Builder shall provide Seller and Buyer with a list of emergency contacts prior to any commencement of work on the Applicable Property. Builder shall coordinate site access, crew parking, security plans, safety plans and construction traffic with the other general contractor actively engaged in construction on the Applicable Properties. Builder and its contractors and crew shall abide by any construction procedures, practices or rules established by mutual agreement of Seller, and Buyer relating to safety, access, maintenance or other construction related activities.

3. Drainage; Protection of Natural Areas. Builder shall protect at all times all natural drainage systems and bioswales ("NDS") from damage caused by Builder's construction activities. No parking, driving or material staging shall be allowed within any NDS. Further, Builder shall not damage or adversely affect any drainage, erosion or sedimentation control facilities for or affecting the Property and any surrounding area. Builder shall install effective temporary erosion and

sedimentation control devices immediately after any clearing and/or grading is begun and maintain such devices until final landscaping is complete or otherwise as required by any applicable law, rule, regulation or other authority applicable to Builder or the Lots.

4. Safety. Builder shall comply with all reasonable safety requirements jointly developed by Seller and Buyer, including but not limited to the strict observation of the posted or designated speed limit on all roads in the Project and the maintenance of a neat and orderly job site. Builder shall be responsible for safety and security on all of the Property.

5. Utility and Infrastructure Coordination. Builder shall notify and obtain prior written approval of Seller prior to any utility shutdown. The parties acknowledge that above and below ground dry utility vaults, facilities and transformers may be required within the Applicable Property. The parties shall work with the applicable utility companies regarding the size and location of these facilities, and the parties acknowledge that the utility companies have regulations, controls and specifications which may be binding. Further, the parties acknowledge that the timing for dry utility stubs and service is dependent upon the activities and services of the utility companies.

6. Remedies. If Builder fails to comply with any design or construction requirements contained in this Agreement then Seller shall give Builder notice of such failure, and Builder shall have a period of forty-eight (48) hours (or less if conditions warrant a shorter period and Seller's notice so states) after receipt of such notice to advise Seller of Builder's intended course of action and Builder's schedule for correction of the violations, and to commence such correction. Seller, acting reasonably and in good faith, shall approve or disapprove such course and schedule, and Builder agrees to make such reasonable changes thereto as are necessary to obtain Seller's approval. If Builder fails to correct the violations in the manner or within the time approved by Seller, then Seller, at its option, may require the removal of the persons responsible for such violations from the Applicable Property and/or exercise its cure rights in accordance with Section 13 of the Purchase and Sale Agreement, provided that any disputes relating to defaults or remedies shall be resolved through the collaborative process outlined in Exhibit J.

7. Collaboration and Dispute Resolution. Any disagreements between the parties arising under this Exhibit J shall be resolved through the collaborative process outlined in Exhibit K.

EXHIBIT "K"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

COLLABORATION AGREEMENT

1. Intent. The parties recognize that successful development of Salishan Division 4 will require ongoing collaboration between the parties to ensure that each party's objectives, as stated in Sections 2 and 3 below, are realized to the greatest extent reasonably possible. While the parties believe that in most cases the objectives of both parties are reconcilable and can be met, they acknowledge that conflicts between those objectives and disagreements on how best to implement the objectives may arise from time to time, and a method for resolving such conflicts and disputes must exist to allow the Project to proceed. This Exhibit J sets forth the three-step process by which such conflicts and disputes shall be resolved and also identifies the objectives that the Mediator, Arbitrator and other parties involved in resolving the conflict or dispute are to consider in resolving the conflict or dispute.

2. Seller Objectives. Within and subject to the constraints expressly established by this Agreement, in no particular order of priority, the Seller's objectives in connection with this Project are as follows:

- Create an economically integrated and sustainable community.
- Ensure that the new privately owned single family residences to be built are attractive, complement the existing neighborhood architecture and aesthetic appeal, and are constructed in a reasonable timeframe.
- Ensure that all construction occurs with the safety, security, and privacy of the neighborhood and residents in mind.
- Make sure that measures are taken during construction to protect the environment and the bio swales.
- Work to see that the development is kept clean and orderly during the construction process.

3. Buyer Objectives. Within and subject to the constraints expressly established by this Agreement, in no particular order of priority, the Buyer's objectives in connection with this Project are as follows:

- Construct homes at a level of quality and marketability consistent with standard DR Horton program.
- Provide its homebuyers with a well thought out Community with fair CC&Rs and adequate infrastructure.
- Live up to contractual commitment and expectations of its home buyers.
- Keeping its costs in acquiring and developing homes on Division 4 as low as is reasonably possible while still meeting its objectives and fulfilling its contractual obligations.
- Develop the project safely.
- Not impair the reputation of DR Horton.

4. Initiation of Dispute Resolution Process. In the event of a dispute or conflict that the main project representatives for Seller and Buyer are unable to resolve ("Conflict"), either project representative may, by written notice to the other party, invoke the provisions of this dispute resolution process to resolve such conflict ("Conflict Notice"). The Conflict Notice shall describe in reasonable detail the nature and scope of the Conflict.

5 First Step of Dispute Resolution - Meeting of Senior Officers. Within the subsequent 5 business day period following delivery of the Conflict Notice, a meeting shall be scheduled and held between the parties for the purpose of attempting to resolve the Conflict, which meeting shall include not only the project representatives, but also at least one (1) senior executive (including Vice-Presidents of Operations or equivalent) from each party with decision making authority ("Conflict Resolution Meeting"). Engineers, consultants and other appropriate individuals may be asked to participate in the Conflict Resolution Meeting. If a party is dissatisfied with the outcome of the Conflict Resolution Meeting, either party may, by written notice to the other party, demand mediation of the Conflict under Section 6 below ("Mediation Demand"). Any Mediation Demand must be made within 5 business days after conclusion of the Conflict Resolution Meeting.

6. Second Step of Dispute Resolution - Mediation. Upon a Mediation Demand being timely delivered, the parties shall use good faith efforts to resolve the conflict through mediation in accordance with this Section 6. The parties shall use reasonable efforts to schedule a non-binding mediation session ("Mediation") within 10 business days after delivery of the Mediation Notice. The mediator for the Mediation ("Mediator") shall be Stew Cogan, or if he is unavailable, Chris Brain. If neither is available to conduct the Mediation or either Party believes that another individual would be a more appropriate Mediator, the parties shall select a different Mediator by mutual agreement. An officer of the Seller and an officer of the Buyer, both having full authority to settle the claim, must attend the Mediation. If the Mediation does not result in a settlement of the Conflict, the Mediator shall, within 3 business days of conclusion of the Mediation, issue a non-binding written recommendation of how the Mediator believes the Conflict should be resolved ("Mediator's Settlement Proposal"). If a Conflict is not resolved following Mediation and issuance

of the Mediator's Settlement Proposal, either party may, by written notice to the other party, demand arbitration of the Conflict under Section 7 below ("Arbitration Demand"). Any Arbitration Demand must be made within 10 business days after issuance of the Mediator's Settlement Proposal. The Mediator's fee shall be shared equally by Seller and Buyer, and each party shall be responsible for payment of any attorneys' fees and consultants' fees incurred by it in connection with the Mediation.

7. Third Step of Dispute Resolution - Expedited Arbitration. Upon an Arbitration Demand being timely delivered, the Conflict shall be resolved through binding arbitration in Seattle, Washington conducted under the American Arbitration Association ("AAA") Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by this Agreement ("Arbitration"). The Arbitration shall be conducted by one arbitrator ("Arbitrator"), who shall be an attorney with at least fifteen (15) years commercial real estate law experience. The Arbitrator shall be selected by the parties within 5 business days of the Arbitration Demand. If the parties are unable to agree on an Arbitrator within such 5 business day period, then the Arbitrator shall be selected by the Mediator. The Arbitration shall be held within 21 day of the Arbitration Demand. There shall be no substantive motions or discovery. The statements and proposals made by the parties in the Conflict Resolution Meeting, Mediation and in related settlement discussions shall not be admissible and the Mediator's Settlement Proposal shall also not be admissible. The Arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge, including specific performance. The Arbitrator shall issue to each party written findings and conclusions in support of its decision. As part of its decision, the Arbitrator shall determine which party is the non-prevailing party and the non-prevailing party shall be responsible for paying all costs of the Arbitration and also the attorneys' fees and consultants' fees incurred by the prevailing party in connection with the Arbitration. The Arbitrator's award shall be final and binding on the parties and may be entered in any court of competent jurisdiction.

8. Continuing Performance. During the pendency of any mediation or litigation, to the extent reasonably possible, each party shall continue to perform their obligations under this Agreement.

EXHIBIT "L"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF NOTICE OF PAYMENT OBLIGATIONS

WHEN RECORDED MAIL TO:

Above space for recorder's use

NOTICE OF PAYMENT OBLIGATIONS

THIS NOTICE OF PAYMENT OBLIGATIONS ("Notice") is made as of _____, 20____, pursuant the terms of that certain Purchase and Sale Agreement dated _____ 2014 ("Agreement") between TACOMA HOUSING AUTHORITY ("Seller"), and SSHI LLC, a Delaware limited liability company, dba DR Horton ("Buyer"):

RECITALS

A. Seller was the owner of certain real property known as _____, (the "Subdivision"), in the City of Tacoma, Pierce County, Washington, upon the land which is more particularly described in **Exhibit 1** ("Property").

B. Seller and Buyer entered into that certain Purchase and Sale Agreement dated _____ 2014 ("Agreement"), with respect to the sale of the Property, which agreement obligates Buyer to pay Seller certain amounts specified in Section 8.5.7.2 of the Agreement under certain circumstances set forth therein. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

C. The Agreement further provides that if Seller fails to timely pay any amount due following satisfaction of all conditions to payment, then Seller shall have the right to execute and

record execute and record a notice against all remaining Lots of the property then owned by Buyer in the Salishan development, which shall state that Buyer and Seller are parties to an agreement whereby Buyer is obligated to pay a portion of the proceeds of any future Lots sale to Seller. The Agreement is incorporated in this Notice by this reference.

NOTICE

1. This Notice is being recorded to provide notice to any and all subsequent interests in the Property of the Buyer's obligation to pay to Seller under the Agreement the amount of _____ Dollars (\$ _____), with interest accruing thereon at a rate of twelve percent (12%) per annum together with such additional amounts as may accrue under the provisions of Section 8.5.7.2 of the Agreement and that Buyer is obligated to pay the same from the proceeds of any future Lot sale.

2. This Notice is being recorded to provide notice to any and all subsequent interests in the Property of the rights and obligations of the parties to the Agreement and is not intended to modify or change the provisions of the Agreement. To the extent of any inconsistency between the Agreement and this Notice, the Agreement shall control.

3. This Notice shall inure to the benefit of and shall be binding upon Buyer and Seller and their respective successors and assigns.

SELLER:

TACOMA HOUSING AUTHORITY

a _____

By: _____
Name and title of individual

Date of Execution: _____, 20__

By: _____
Name and title of individual

Date of Execution: _____, 20__

[Add notary acknowledgement]

EXHIBIT "M"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF MEMORANDUM OF AGREEMENT

WHEN RECORDED MAIL TO:

Above space for recorder's use

MEMORANDUM OF PURCHASE AND SALE AGREEMENT

THIS MEMORANDUM OF PURCHASE AND SALE AGREEMENT ("**Memorandum**") is made as of _____ 2014, between TACOMA HOUSING AUTHORITY ("**Seller**"), and SSHI LLC, a Delaware limited liability company, dba DR Horton ("**Buyer**"), who agree as follows:

RECITALS

C. Seller is the owner of certain real property known as _____, (the "**Subdivision**"), in the City of _____ (the "**City**"), _____ County (the "**County**"), Washington, upon the land which is more particularly described in **Exhibit 1** ("**Property**").

D. Seller and Buyer have entered into that certain Purchase and Sale Agreement dated _____ 2014 ("**Agreement**"), with respect to the sale of the Property, upon and subject to the provisions and conditions set forth in the Agreement. The Agreement is incorporated in this Memorandum by this reference.

AGREEMENT

1. Seller hereby agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property, upon and subject to the provisions and conditions set forth in the Agreement, as the same may be amended from time to time.

2. This Memorandum is being recorded to provide notice to any and all subsequent interests in the Property of the rights and obligations of the parties to the Agreement and is not

intended to modify or change the provisions of the Agreement. To the extent of any inconsistency between the Agreement and this Memorandum, the Agreement shall control.

3. This Memorandum shall inure to the benefit of and shall be binding upon Buyer and Seller and their respective successors and assigns.

SELLER:

TACOMA HOUSING AUTHORITY

a _____

By: _____
Name and title of individual

Date of Execution: _____, 2014

By: _____
Name and title of individual

Date of Execution: _____, 2014

BUYER:

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation, its manager

By: _____
Michael T. Jones, VP/President of the Division

Date of Execution: _____, 2014

EXHIBIT "N"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF GENERAL ASSIGNMENT AGREEMENT

THIS GENERAL ASSIGNMENT AGREEMENT ("Assignment"), is made as of the _____ day of _____, 2014, by and between TACOMA HOUSING AUTHORITY, a _____ ("Assignor") and SSHI LLC, a Delaware limited liability company, dba DR Horton ("Assignee").

ASSIGNMENT

Assignor is the owner of that certain land (the "Land") located in the City of _____, County of _____, State of Washington as more particularly described in Exhibit "A" attached hereto, and all rights, privileges and easements appurtenant to the Land (the "Appurtenances"), and all buildings and other improvements thereon (the "Improvements"). The Land, the Appurtenances and the Improvements are hereinafter referred to collectively as the "Real Property." The Real Property is being conveyed by Assignor to Assignee pursuant to a grant deed ("Grant Deed") of on or about even date herewith.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys without any warranty of any kind expressed or implied and delivers to Assignee to the extent such rights are assignable all of Assignor's right, title, interest, benefits and privileges in and to the following (collectively, the "Rights"):

(a) All "as-built" drawings applicable to the infrastructure serving the Real Property, and all structural reviews, reports, and certificates and other design documents applicable to the "as-built" condition of said infrastructure.

(b) All soils tests, engineering, seismic and geological reports and similar materials relating to the physical condition of any or all of the Real Property;

(c) All governmental entitlements (including, but not limited to, all environmental impact reports, negative declarations, map approvals, conditional use permits, building permits and certificates of occupancy for the Improvements), approvals, permissions, environmental clearances, authority to subdivide the Land, rights, licenses and permits which relate to the infrastructure serving all or any of the Real Property and the development of the Real Property, (including any available fee credits, reimbursements, deposits and prepaid

impact fees from any governmental agency, utility, financing district or other third party and applicable to the Real Property); and

(d) To the extent any of the Rights include or apply to land or improvements other than the Real Property, Assignor's assignment is limited to those Rights applicable to the Real Property and Assignor reserves and retains all such Rights as applicable to such other land or improvements.

2. Assignee hereby accepts the grant, assignment, transfer, conveyance and delivery of the Rights set forth in Section 1 hereof, effective as of the recordation of the Grant Deed. Without limiting the foregoing, (i) to the extent any Rights are not assignable, Assignor shall reasonably cooperate with Assignee in pursuing such Rights, but without any obligation to incur any cost in connection therewith.

3. Assignor hereby represents and warrants to Assignee that, effective as of the date of recordation of the Grant Deed, (i) Assignor has not assigned, sold, mortgaged, pledged or otherwise transferred all or any of Assignor's right, title or interest in or to any of the Rights applicable to the Real Property to any party other than Assignee and (ii) as of the date of Closing, Assignor owns the Rights free and clear from any and all liens, encumbrances and security interests.

4. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

5. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

6. This Assignment shall be governed by, interpreted under, and enforced and construed in accordance with the laws of the State of Washington.

7. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

[Signatures Attached Hereto]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

ASSIGNOR:

TACOMA HOUSING AUTHORITY

By: _____
Name and title of individual

Date of Execution: _____, 2014

By: _____
Name and title of individual

Date of Execution: _____, 2014

ASSIGNEE:

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation, its manager

By: _____
Michael T. Jones, VP/President of the Division

Date of Execution: _____, 2014

EXHIBIT O

AFTER RECORDING, RETURN TO:

Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
Attention: Roberta Schur

DECLARATION OF RESTRICTIVE COVENANT RE AFFORDABLE HOUSING

THIS DECLARATION OF RESTRICTIVE COVENANT RE AFFORDABLE HOUSING ("**Restrictive Covenant**") is made as of this ____ day of ____ 2014, by the HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation ("**Grantor**").

RECITALS

E. Grantor is the owner of certain real property that is a portion of the public housing community known as Salishan which it has redeveloped as a HOPE VI Redevelopment Project, in the City of Tacoma, Pierce County, Washington, a portion of which is more particularly described in Exhibit A ("**Property**" or "**Lots**").

F. Grantor and SSHI LLC, a Delaware limited liability company, dba DR Horton ("**Buyer**") entered into that certain Purchase and Sale Agreement dated for reference purposes as ____, 2014 ("**Agreement**"), whereby Buyer is acquiring the Property together with other single-family home lots in Salishan, which are not encumbered by this Restrictive Covenant, from the Grantor.

C. The Agreement provides that the Property must be sold to homebuyers qualifying at or below 60% of Area Median Income for the Seattle-Tacoma-Bremerton metropolitan statistical area ("**Low Income Buyers**") in accordance with the restrictions as established by the United States Department of Housing and Urban Development ("**HUD**") and recorded in that certain Declaration of Restrictive Covenants recorded at Pierce County AFN # 200801220236 and the Revitalization Plan referenced therein, adopted by Grantor and approved by HUD with respect to the Salishan development (the "**Affordable Housing Requirement**"). The Affordable Housing Requirement only applies to the first sale of a home on a Lot subject to this Restrictive Covenant.

C. Grantor and Buyer have designated the Lots to be developed and sold to qualified Low Income Buyers to satisfy the Affordable Housing Requirement. Upon the closing of such a sale of any of the Lots to a qualified Low Income Buyer, Grantor shall immediately release this Restrictive Covenant from the Lot.

NOW, THEREFORE, to assure implementation of the Affordable Housing Requirement Grantor, on behalf of itself and its successors and assigns to the Restricted Property, hereby declares that the Restricted Property shall hereafter be held, sold and conveyed subject to the following, all of which are intended to and shall be covenants running with the land:

RESTRICTIVE COVENANTS

1. The Lots shall be held, owned, used and developed only for the purpose of fulfilling the Affordable Housing Requirement. One (1) home shall be constructed on each of the Lots and shall be marketed pursuant to the Agreement for purchase by families or persons with incomes that qualify as Low Income Buyers. Concurrent with the closing of a sale of a Lot to a Low Income Buyer, Grantor shall release this Restrictive Covenant from such Lot.

2. The foregoing provisions shall be covenants, terms, and conditions running with the land and shall be binding upon Buyer, its successors and assigns, including, but not limited to, any mortgagee or deed of trust holder which acquires any of the Lots through foreclosure, or other proceeding to enforce the applicable security instrument or by deed-in-lieu of foreclosure, until a Lot(s) is sold to a Low Income Buyer.

3. The terms and conditions of this Restrictive Covenant may be enforced by Grantor in an action for specific performance.

EXECUTED as of the day and year first above written.

GRANTOR:

TACOMA HOUSING AUTHORITY

By: _____
Its: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF _____)

On _____, 20__, before me personally appeared _____, to me known to be the _____ of **TACOMA HOUSING AUTHORITY**, the public corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ was authorized to execute said instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Signature: _____
Name (Print): _____
NOTARY PUBLIC in and for the State
of Washington, residing at _____
My appointment expires: _____